The Madras Journal of Co-operation

SILVER JUBILEE SOUVENIR OF

The Madras Co-operative Central Land Mortgage Bank, Ltd.

HONY. EDITOR :

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

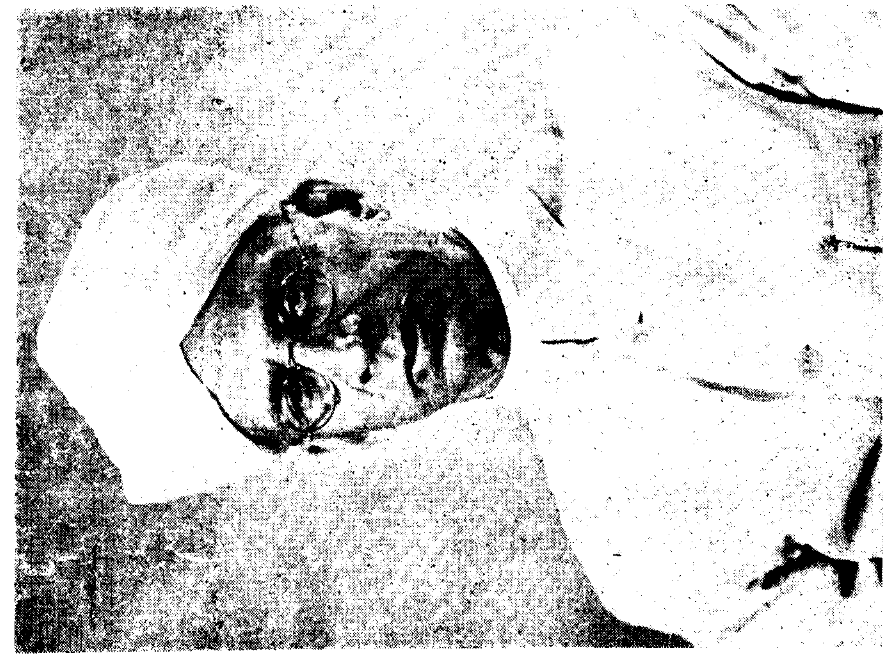
ASSOCIATE EDITOR

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

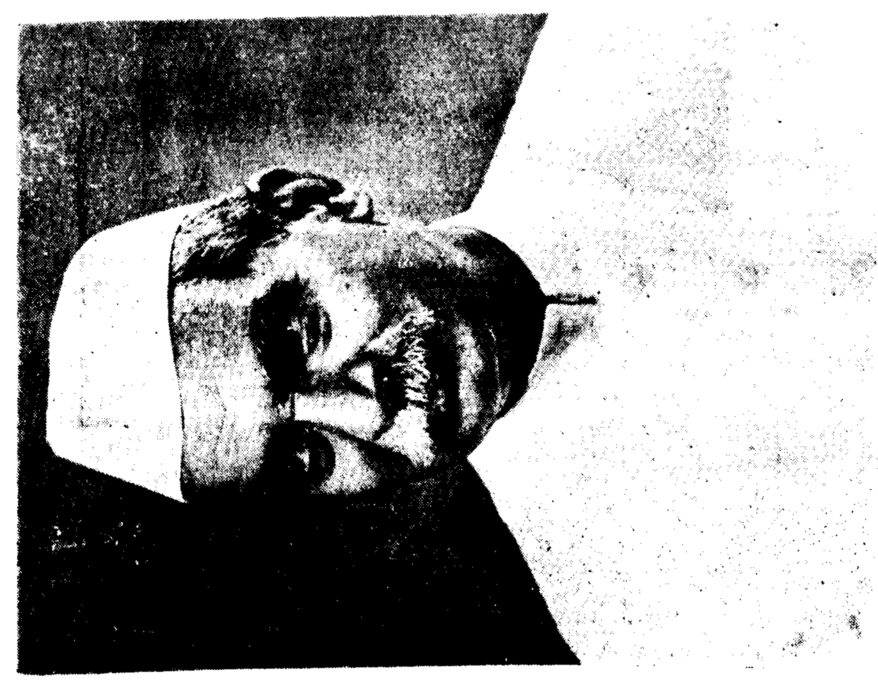
VOL. XLVII] DECEMBER, '55 / JANUARY '56 [Nos. 6 & 7.

CONTENTS

180



Dr. S. Radhakrishnan, Vice-President, Indian Union.



Dr. Rajendra Prasad, President, Indian Union.

Pandit Nehru, Prime Minister of India.

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH 180

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

DECEMBER 1955 & JANUARY 1956. No. 6 & 7, VOL. XLVII PRICE As. 12 NET

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month. Reproduction of the articles or other matter of this journal in other journals, etc., either in English or translated into other languages is permitted, provided the source is acknowledged.

Thought for the Month

THE MORAL TASKS OF CO-OPERATIVE CREDIT

It is not merely cheap and facile credit that is required; it is a credit, which must indeed be cheap, and facile in that it shall be ever at hand, but it must be credit, which shall only be so obtainable, that the act and effort of obtaining it shall educate, discipline and guide the borrower; it should be granted only to those, who have learned to think, to plan, to save; the method of providing it must teach the lessons of self and mutual help, and suggest the extension of those lessons to matters outside of mere credit; it must be safe not merely in eliminating the dangers of usury, but in being controlled, heedful and productive.

F. A. NICHOLSON.

Editorial Notes

CO-OPERATIVES IN THE SERVICE OF THE CYCLONE AFFLICTED.

Nature has been once again in 'tooth and claw'; and cyclone, its chosen emissary has hit with a tragic violence many southern parts of Tamil Nadu; especially the Tanjore, Madurai, Ramanathapuram and Tirunelveli Districts have been ravaged by the devastating effects of the terrible cyclone; many people have been rendered homeless; farmsteads and fields have been blown away; cocoanut and plantain groves have been rendered bleak and barren; The cyclone has taken a heavy toll of human and cattle lives.

The severity of the cyclone has been intense. The Governments—both at the Centre and the State have taken energetic measurers to render aid to the cyclone affected areas; but, still, there is ample work to be done. The cyclone is one of the major natural calamities of the recent times and the people should come to the rescue of their afflicted brethren in the cyclone-hit areas. Voluntary organisations like the Ramakrishna Mission have done invaluable relief work, supplementing the efforts of the State.

Madras Co-operatives have always been in the vanguard of relief operations. Rendering prompt assistance to the affected people is a major concern of the Co-operatives, which are essentially self-help organisations, with a social purpose.

Recently, the Registrar has issued a circular requesting all the Co-operative Institutions to render liberal contributions to cyclone relief work from out of the Common Good Fund. The remittances may be sent to the Secretary, The Madras State Co-operative Bank, 379, Netaji Road, Madras. We fervently appeal to all the Co-operatives in the Madras State to contribute liberally to the Cyclone Relief Fund and thus add one more dimension to the social welfare potential of the Co-operatives.

EXEMPTION TO CO-OPERATIVES FROM THE MADRAS SHOPS AND ESTABLISHMENTS ACT, 1947.

The Madras State Co-operative Union had had a very very difficult job in persuading the Governmet to accept the Union's proposal to exempt all the Co-operatives from all the provisions of the

Madras Shops and Establishments Act, 1947. After long protracted negotiations, the Union succeeded in getting the exemption, from all the provisions of the Shops and Establishments Act, 1947 for a period of one year from 14-10-1953, subject to the condition that Societies amend their respective bylaws on the lines of the special by laws relating to service conditions of persons employed in Societies, appended to the notification and also include the provisions of Chapters II, III, V and VII of the Madras Shops and Establishments Act, 1947, in their standing orders and exhibit them in their premises as per G.O. Ms. No. 4432, Development Department dated 29-9-1953. Subsequently as per the G. O. Ms. No. 2874, Industry, Labour and Co-operation dated 16-10-1954 the period of exemption was extended by one year from 14-10-1954; very recently, as per the G. O. Ms. No. 3992, Industry, Labour and Co-operation Department dated 25-11-1955, the period of exemption was extended for one more year from 14-10-1955. But the G. O. specifically states that though the exemption from the Act has been given to Co-operatives for one more year, the Commissioner Labour shall have to enforce the Madras Shops and Establishments Act, 1947 fully in respect of the Societies, which have not complied with the conditions laid down in the Government Order.

We have been receiving information that some Co-operatives have not yet taken steps to pass the Special By-laws, in the manner specified and to exhibit them in their premises. We appeal to all the Co-operatives to observe the conditions prescribed in the G. O. and make the necessary subsidiary regulations, so as to conform to the legal requirements. As per the G.O., the Board of Management itself is empowered to make the required subsidiary regulations in accordance with the conditions laid down in the G.O. as expeditiously as possible. It may be noted that unless the conditions laid down in the G.O. Ms. No. 3992, Industry, Labour and Co-operation Department dated 25–11–1955 are adhered to by Co-operatives, the Commissioner of Labour shall have to enforce all the provisions of the Madras Shops and Establishments Act, 1947. We therefore, request all the Co-operatives to take immediate steps to satisfy the G.O. and thus enjoy the privilege of the exemption from all the provisions of the Madras Shops and Establishments Act, so dearly secured to them by the persistant and persuasive efforts of the Madras State Co-operative Union.

THE SECOND MADRAS STATE CO-OPERATIVE CONFERENCE OF MILK CO-OPERATIVES.

After a passage of nine years, the Milk Co-operatives of the State had met at a Conference on 24-12-1955 at Madras. It was a great and momentous occasion. Sri M. S. Palaniappa Mudaliar, who hoisted the Co operative Flag made a fervant plea for making a persistent and continuous endeavour in the matter of breeding and upgrading our livestock. Sri Medai Dalavoi Kumaraswami Mudaliar made a feeling reference to the good work done by the Milk Co-operatives: "Milk Co operatives have come to stay; they exercise an effective control over the milk production in this State and bring about a marked improvement both in the quantity and in the quality of milk made available to the public." Sri A. B. Shetty, after making a lucid survey of the problems of Milk Co-operatives and the Dairy Development Plans gave an assurance that the Government will give sympathetic consideration to every measure calculated to promote milk co-operatives. Sri M. Bhakthavatsalam, Minister for Agriculture referred with anxiety to the low per capita consumption of milk in this State i.e. 2.4 ozs. He detailed the measures taken by the Govarnment to augment milk production. The Toned Milk Factory, he added was set-up to produce cheap, good milk. He also referred to the Pasture-cum-Dairy Colony, that is proposed to be established. Whatever measures are taken by the Government to improve dairying, we hope that they will not in any way stifle the growth of Co-operative effort. Sri K. Nachchinarikinia Sivam, the President of the Conference covered a very wide ground and presented a vivid picture of the problems, the obstacles and the difficulties of running the dairy industry on a co-operative basis. In the production of toned milk, he apprehended a keen rivalry to co-operative milk trade. He pleaded for the exemption from Sales Tax and the abolition of the tender system in the matter of supply to public institutions. His suggestion for the establishment of a Milk Powder Factory to solve the surplus milk problem merits serious consideration by the Government. Likewise, his appeal to liberalise the conditions for the issue of loans for the purchase of milch cattle, and his suggestions for the revival of calf subsidy scheme, the expansion of veterinary and up-grading facilities etc. are not only thought provoking but are also eminently practical. We appeal to the Government to examine the suggestions carefully and take energetic steps to implement them as expeditiously as possible.

The Conference, in the evening session, considered several issues pertaining to the working of co-operatives. The Conference discussed and passed as many as 38 resolutions. Two of them deserve special mention. The conference resolved that the Government should exempt milk sales from sales tax, considering it as a perishable. We have repeatedly pleaded for such an exemption. Secondly, the Conference requested the Government to revoke the G. O. No. 560, Health Department dated 14-2-1955 and to reinstate the G. O. Ms. No. 668 Health Department dated 19-3-1954. It is a very modest request and it will remove the present hardships caused to the co-operatives in the matter of supply of milk to Hospitals. A Deputation consisting of Sri K. Nachchinarkinia Sivam, Sri Madai Dalavoi Kumaraswami Mudaliar, Sri V. V. Ramaswamy, M. L. C., Sri S. Swayamprakasam, M.L.A., Sri M.S. Palaniappa Mudaliar, with Sri Dr. P. Nateasn as Convenor will shortly meet the concerned Ministers. We wish the Deputationists all success.

SILVER JUBILEE OF THE MADRAS CO-OPERATIVE CENTRAL LAND MORTGAGE BANK, LTD.

It is very happy indeed, to reflect that the Madras Co-operative Central Land Mortgage Bank, Ltd. has completed 25 years of dedicated service in the field of long-term credit. Madras has been the pioneer in the field. Madras has also the proud privilege to record the steadfast growth of the institution, which had been piloted 2½ decades ago. The Bank has ventured into a new and difficult path; it has provided an excellent and efficient long-term credit service to the peasants of our State. It has lit new hope in the homes of our farmer-folks and has kept them away from the usurious clutches of the land grabbers. The Bank has flourished under the fostering care of a team of public spirited men like Dr. Swaminathan, Sri Mocherla Ramachandra Rao, Sri V. Ramdoss Pantulu, Sri T. A. Ramalingam Chettiar, Sri C. S. Rathnasabapathy Mndaliar, Sri Bogaraju Venkatarathnam and Sri N.S. Ramalingam. When the Bank started in 1930, it had 19 primaries and 124 individuals on its rolls and a paid-up share capital of Rs. 70,400. The Bank was biurcated in September, 1953. Even to day, the Bank is one of the biggest long term credit institutions, with a paid up share capital of Rs. 15.70 lakhs. The Bank has till now issued debentures to the value of Rs. 9.41 crores.

The Silver Jubilee Celebrations was marked by a serenity and a gaiety, becoming of the occasion. Sri N. S. Ramalingam paid glowing tributes to the Pioneers, who had built up the institution. Sri A. B. Shetty spoke about the plans of development and the need for the issuance of the short-dated debentures. Sri P. T. Rajan, the President of the Day, was in a happy rominiscent mood that the good work, which he piloted 25 years ago had borne fruit. Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies spoke about the new trends in land mortgage banking—namely productive land mortgage finance, short dated development debentures etc. He also detailed the schemes relating to the expansion of land mortgage banking in the Second Five Year Plan.

The Nation is on the move towards the goal of a Socialistic Pattern of Society. In the context of egalitarian land reform measures, the responsibilities of the Bank in the matter of providing long-term credit will be immense. We hope that the Bank will become a powerful instrument of credit in the changing pattern of economy and play a pivotal role in building the agrarian economy on sound lines.

Silver Jubilee of the Madras Co-operative Central Land Mortgage Bank, Ltd.

MESSAGES

Sri S. Radhakrishnan, Vice-President of Indian Union, New Delhi.

" Thank you for your letter of 17th October, 1955.

" I am glad to know that the Madras Co-operative Central Land Mortgage Bank, Mylapore, has completed 25 years of useful service. There is a great future for the co-operative movement in our country and I hope you will contribute your best to it."

His Excellency Shri B. Pattabhi Sitaramayya, Governor, Madhya Pradesh, Nagpur.

" Prior to partition, the Madras Co-operative Central Land Mortgage Bank was perhaps the leading bank in India dealing with Rs. 7 crores of debentures. The formation of the Andhra State on the 1st October 1953 has thinned out the area of operations as well as the amounts of money that had to be found for accommodating the needs. Even after the division, the residual bank had enough field of work. It has at present 73 Primary Land Mortgage Banks as against 130 on the date prior to the bifurcation, the total membership being 42,326 on 31st December 1934. If I remember right, the money forthcoming for the purchase of debentures in the residual State was much greater than the investment in the same area, while the Andhra area showed opposite situation. Of course, the moneylenders is in an equally difficult position whether he has more money than the borrowers require or whether he has less money than their demand. But the former position, namely, the resources being greater than the investment is a happy one except that the money that has flowed into the co-operative field has not been utilised co-operatively. I hope therefore for the expansion of your needs and you may rest assured that your supplies will be quite commensurate with them. I wish you uninterrupted progress and trust that you will work in co-operation with the bank in the Andhra State so that you may organise on the basis of mutual helpfulness. I have seen the brochure that you have sent me on the work and the financial position of the bank and I find it very good. I wish you success."

His Excellency Shri Sri Prakasa, Governor of Madras.

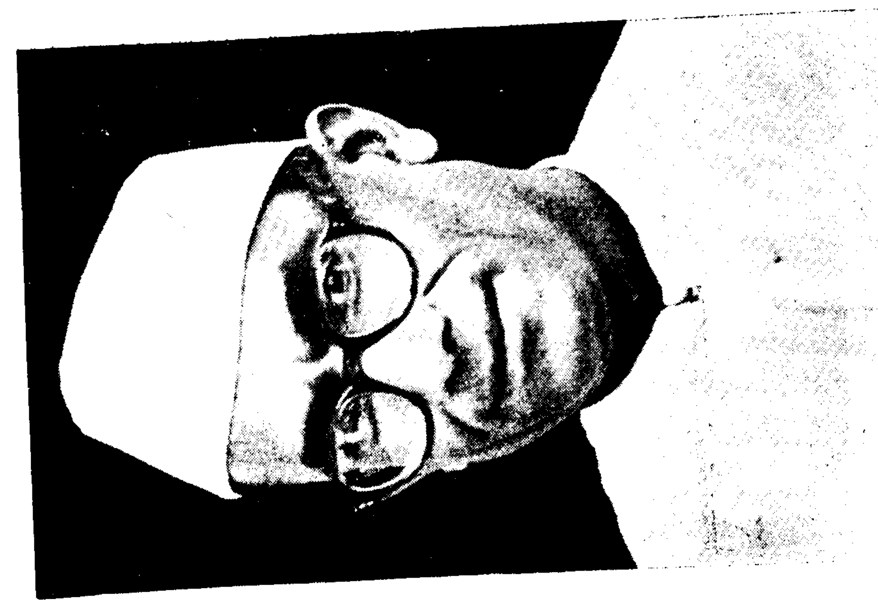
"I am glad that the Madras Co-operative Central Land Mortgage Bank, Ltd., Madras, has completed twenty five years of useful service to the agriculturists of this State, and will be celebrating its Silver Jubilee shortly. You may recollect that I had an occasion to review the splendid progress made by your bank when I inaugurated the Twenty Second Conference of Land Mortgage Banks in March 1952. I was then impressed with the steady development which your institution had been making, and wished it god-speed to celebrate its Silver Jubilee.

Started in December 1929 which 19 primary banks and 124 individuals on its rolls, with a paid up share capital of Rs. 70,400, the bank had on June 30, 1955, a membership of 73 primaries and 342 individuals with a paidup share capital of Rs. 15.70 lakhs. The bank has so far issued fifty series of debentures the value of debentures in circulation on June 30, 1955, was Rs. 429.49 lakhs: its various reserves amount to Rs. 19.41 lakhs. The bank issued from its inception upto June 30, 1955, loans to the tune of Rs. 1,066.39 lakhs of which a sum of Rs. 339.2 lakhs was outstanding on June 30, 1955. Though the partition of the Madras State necessitated the bifurcation of the bank and its reconstitution with a smaller jurisdiction, I am glad to note that this event has not halted the progress of the bank or damped the enthusiasm of the Directors.

I find that though the bank has, as its aim, the provision of finance to the agriculturists at comparatively low rate of interest, the conditions in the money market have made it impossible for it to realise this objective. The bank floated its last series of debentures at 4¼ per cent; the lending rate charged to the ultimate borrower is 6½ per cent. I am confident that the bank will soon in collaboration with the Government and the Reserve Bank of India, evolve suitable measures to make the loans available if possible at lower rates of interest. I envisage a bright future for the bank. The framers of the Second Five Year Plan have rightly laid great stress on increase in agricultural production and in this context the bank has a great role to play specially in the issue of productive loans to agriculturists.

I congratulate the bank on its successful working and wish the bank a long life of continued usefulness to the agriculturists in the State. I wish the Silver Jubilee celebrations every success."

Sri Dr. Punjab Rao S. Deshmuk, Union Minister for Agriculture.



Sri Ajit Prasad Jain, Union Minister for Food and Agriculture.

Sri K. Kamaraj, Chief Minister of Madras.

H. E. Shri Sri Prakasa, Governor of Madras.

Sri C. M. Trivedi, I.C.S., Governor of Andhra State, Kurnool.

"I am very happy to learn that the Madras Co-operative Central Land Mortgage Bank is celebrating its Silver Jubilee in Dec. 1955. I have had the privilege of working for about five years in the co-operative department in Madhya Pradesh in the early years of my service, and I was Registrar of Co-operative Societies in that State from June 1925 to January 1929. This period was one of the most interesting and instructive to me, and since then I have always endeavoured to retain interest in the Co-operative Movement. Long-term credit is an essential feature of the Co-operative Movement. At one time the Punjab led in Co-operative Land Mortgage Banks, but for one reason or another it lost the lead, which was taken by Madras and Bombay. The Madras Co-operative Central Land Mortgage Bank has, during the last quarter of a century, done notable service to agriculturists, but it is a truism to say that even long-term co-operative credit, let alone other forms of co-operation, touches only a fringe.

I send my very best wishes to the Madras Co-operative Central Land Mortgage Bank, Limited. May it grow from strength to strength! Jai Hind!".

His Excellency Shri P. S. Kumaraswamy Raja, Governor of Orissa, Cuttack.

"I am glad to learn that the Madras Co-operative Central Land Mortgage Bank will be celebrating its Silver Jubilee in December and I send my best wishes to it on that happy occasion.

I wish the Silver Jubilee celebrations every success and I also wish the bank a long period of continued fruitful endeavour in the service of the people of the Residuary State of Madras.

Shri V. L. Mehta, Vice-Chairman, Bombay Provincial Co-operators Institute, Bombay.

"I am very happy to learn from your letter dated the 17th October that your bank will be celebrating its Silver Jubilee in December 1955. This is an occasion on which Co-operators from all over India should hasten to offer congratulations to the institution on the completion of 25 years of a distinguished career. There is hardly an institution in India which can look back on its past record with such degree of satisfaction as the Madras Co-operative Central Land Mortgage Bank, Ltd. These 25 years have witnessed steady progress all along on sound and healthy lines. While State guarantee and administrative assistance have helped a great deal, it is the spirit of service in which representatives of primary banks and other Directors have worked all these years that enable the bank to establish a unique reputation. May the bank continue to prosper and render even still meritorious service in promoting the economic development of the peasantry in Madras State."

Sri J. C Ryan, Chief Officer, Reserve Bank of India, Bombay.

"It gives me great pleasure to send my good wishes to the Madras Co-operative Central Land Mortgage Bank Ltd. on the occasion of its Silver Jubilee Celebrations. Apart from contributing to the welfare of the agricultural community in the State, this institution, by its successful working, has influenced, in no small measure, the growth and development of similar institutions elsewhere in the country. It can look back with satisfaction to a long record of useful and efficient service and, according to the Second Five Year Plan, and even more important and effective role awaits it in the future. Your bank will, doubtless, address itself to the task of providing an increasing volume of developmental credit for productive purposes in the agricultutal sector and thus contribute towards the creation of a strong and prosperous rural economy in the Madras State. I wish the bank every success."

Shri S. N. Sahaya, M.P., Bailey Road, Patna.

"I learn with great pleasure that the Silver Jubilee of the Madras Co-operative Central Land Mortgage Bank is being celebrated. Having started with humble beginning, the bank has made remarkable progress and this is a matter of gratification not only for those who believe in the ideals of the Co-operative Movement, but for all well-wishers of this country. India really means rural India and any individual or institution, which helps the progress and uplift of the rural population, really helps in banishing poverty from this land of ours. Land Mortgage Banks have saved many an agriculturist, who would have fallen an easy prey to the usurer and would have lost their favourite land. The Land Mortgage Bank has been their saviour. Land improvement in India, increased productivity from from mother Earth, depends upon the investment of a capital, which should only be repaid in instalments extending over a long period. Here again Land Mortgage Banks have done remarkable service and your institution, therefore, deserves the gratitude of the country in general and of those whom you have served in particular."

"I wish the Land Mortgage Bank a long career of useful and benevolent activity."

Shri Ajit Prasad Jain, Minister for Food and Agriculture, New Delhi.

"I am glad to know that the Madras Co-operative Central Land Mortgage Bank Ltd. is shortly going to celebrate its Silver Jubilee. With a modest beginning in 1929, the bank has now grown both in membership and strength and is serving a large number of agriculturists. As complementary to the Co-operative Credit Societies, the Madras Co-operative Central Land Mortgage Bank Ltd., has played an important role in the supply of institutional rural credit.

I wish success to the bank."

Hon'ble Shri A. B. Shetty, Minister for Health, Madras.

"I am happy to note that the Madras Co-operative Central Land Mortgage Bank has completed 25 years of useful service and proposes to celebrate its Silver Jubilee in December 1955. I congratulate the bank upon its good work and wish it a bright and happy future."

Hon'ble Shri M. Bhakthavatsalam, Minister for Agriculture, Madras.

"I am in receipt of your letter dated the 17th instant for which I thank you. I am glad to hear that your bank is celebrating the completion of twenty five years of useful existence. I have no doubt the useful institution will play a worthier part in the years to come, when it is proposed to expand rural credit considerably.

Shri R. G. Saraiya, Chairman, Bombay State Co-op. Bank, Ltd., Bombay.

"I thank you for your letter of 3rd November. I am glad that the Madras Co-operative Land Mortgage Bank, Ltd., will be celebrating its Silver Jubilee during December 1955.

The progress of the Madras Co-operative Central Land Mortgage Bank has so far been quite impressive. I am sure that the progress of the bank will be further accelerated in view of the increasing importance attached to the Co-operative Movement and of the greater need of the country for land development and better production all round.

I wish every success to the Silver Jubilee celebrations; may your institution grow from strength to strength in the service of the country."

Sri J. A. Madan, President, The Bombay Provincial Co-op. L. M. B., Bombay.

On the occasion of completing quarter of a century of outstanding services to the agricultural population, I send my sincere congratulations to the Madras Co-operative Central Land Mortgage Bank. This is indeed an unique occasion of which the Madras State can be proud, since the Madras Co-operative Central Land Mortgage Bank is an example to all Land Mortgage Banks in various States in regard to stability, extent of operations, progressive methods and sound management. We here in Bombay congratulate you heartily on your past achievements and sincerely and fervently hope that your progress may be still more impressive in future."

Hon'ble Sri K. Kamaraj, Chief Minister of Madras.

"I am glad to note that the Madras Co-operative Central Land Mortgage Bank has completed twenty-five years of useful service and will be celebrating its Silver Jubilee in December 1955. I am confident that in the days to come, the Bank will continue to play its important role in the provision of long-term credit to the agriculturists. I wish the Bank a very bright and happy future."

Shri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras.

"It is a matter of great joy that the Madras Co-operative Central Land Mortgage Bank, Limited, Madras will be celebrating its Silver Jubilee in December 1955. The celebrations will register a land mark in the history of the co-operative long-term credit movement in the Madras State in particular and in the Indian Union in general.

Started in December 1929 with 19 Primary Land Mortgage Banks and 124 individuals on its rolls with paid up share capital of Rs. 70,400 the Bank has grown steadily and today occupies a foremost place among institutions of its kind in the Republic of India. On 30th June 1955, the Bank had on its rolls 73 primary land mortgage banks and 232 individuals as members with a paid-up share capital of Rs. 15.70 lakhs.

It has issued 50 series of debentures and the value of debentures on 30-6-1955 was Rs. 429.49 lakhs. The various reserves of the Central Land Mortgage Bank amount to Rs. 19.41 lakhs. The total amount of loans issued by the Bank from its inception upto 30-6-1955 was Rs. 1,006.39 lakhs of which a sum of Rs. 339.2 lakhs was outstanding on 30-6-1955. These figures reflect the splendid work, the bank has been doing for the past 25 years, thanks largely to the devotion with which earlier founders piloted the institution and successive Boards of Management, who guided its affairs. I confidently see a bright future for the Bank. The All India Rural Credit Survey Committee has made several recommendations for

re-orientating the policies of the Central Land Mortgage Banks and implementation of these recommendations will enable this bank to enlarge its sphere of usefulness to the ryots for whose benefit it has been established.

I send my warmest felicitations and greetings to all on this happy occasion and wish the function the best of success and the Bank a long career of useful service to the agriculturists of the Madras State."

Dr. P. Natesan, M.B., B.S., General Secretary of the Madras State Co-operative Union, Madras.

I am glad to learn that the Madras Central Co-operative Land Mortgage Bank will be celebrating its Silver Jubilee on the 25th December 1955. The Bank has done pioneering work in the field of long-term credit and even to-day continues to be the biggest and the most efficient institution of its kind in the whole of Asia. Land Mortgage financing is one of the formidable problems of Banking and the growth and development of the Bank is a proud achievement in the annals of the Co-operative Movement. In an era of planned progress, the Bank is bound to be a very useful instrument of long-term credit to the rural folk; with re-adjustment of loan policies to suit development needs, the Bank is bound to be a bulwark of strength to the farmers of our State.

I wish the Bank a dynamic growth and a progressive future.

Sri M. D. T. Kumaraswami Mudaliar, President The Madras State Co-operative Bank, Ltd., Madras

"The Madras Co-operative Central Land Mortgage Bank, Ltd., is to be congratulated on the celebration of its Silver Jubilee this year. The bank can look back with pride on its brilliant record of achievement and useful service in the Co-operative field for the past 25 years. Since the inception of the bank in 1929, it has been rendering uniformly yeoman service to the agriculturists of this State, who have been groaning under heavy loads of ancestral debts. The achievements of your bank have been looked upon as a model by other banks in India, if not the whole of the East, and I am confident that the same progress will continue under the guidance of my esteemed friend, Sri N. S. Ramalingam, a son of the veteran co-operator, the late Sri N. R. Samiappa Mudaliar, and his collegagues on the Directorate."

Sri Bikkani Venkataratnam, President, The Andhra State Co operative Bank Ltd., Bezwada.

"Thank you very much for your kind lettar of the 11th instant.

I am glad that the Madras Co-operative Central Land Mortgage Bank, Ltd., is going to celebrate the Silver Jubilee. The starting and the progress of this co-operate institution is one of the greatest achievements of the southern region, sponsored and developed by eminent co-operators like late lamented Sri M. Ramachandra Rao and Sri T. A. Ramalingam Chettiar and improved to this size by the further attempts and vigorous drive given by the successive Presidents, Sri Rathnasabhapathi Mudaliar and Sri B. (Bhogaraju) Venkataratnam. It is one of the greatest monuments which we the co-operators of both the Madras and Andhra States can feel proud of. Also its great advancement is due to the best efforts and advice of our Registrar of Co operative Societies, Sri J. C. Ryan whose zeal and enthusiasm for the movement are known to all of us.

It was expected some time back that this great institution will celebrate the Silver Jubilee in its own buildings. But the acquisition of the buildings has not been completed even by this time and I will be very glad and proud if this is celebrated in its own premises. I hope it will not be long before it will have its own premises. I wish still more success for this institution and celebrations."

Sri B. Rama Rau, Governor of Reserve Bank of India, Bombay.

"I send my greetings and good wishes to the Madras Central Land Mortgage Bank, which is celebrating its Silver Jubilee. It gives me great pleasure to note that the bank has rendered yeoman service to the Co-operative Movement in the sphere of long-term agricultural credit. May it, in the years to come, continue to serve the interests of cultivators as effectively as in the past."

Miss. Margaret Digby, Secretary, The Horace Plunkett Foundation. 10, Doughty Street, London, W.C.I.

"It is a great pleasure to learn that the Madras Co-operative Central Land Mortgage Bank is celebrating its Silver Jubilee, having successfully served the farmers of Madras State for a quarter of a century. This occasion will be a landmark in the progress of co-operation in Madras, and on behalf of the Trustees of the Horace Plunkett Foundation I should like to offer warmest congratulations and good wishes for success and expansion in the future."

Shri P. S. Deshmukh, Minister for Agriculture, New Delhi.

"The celebration of the Silver Jubilee of the Madras Co opera-tive Central Land Mortgage Bank, Ltd., Madras, is an important occasion, since it has, I understand, played a significant role in making long-term credit available to agriculturists and landholders in Madras State.

The absence of cheap credit facilities on a long term basis has long been one of the serious drawbacks in India's agricultural economy. It is, therefore, gratifying to learn that an institution, set up with the objective of providing this much needed assistance to the farmers, has completed its twentyfive years of useful existence.

I congratulate the management on their achievement and wish the bank continued prosperity to underline the benefits which the country in general and the agriculturists in particular can derive from co-operative endeavours."

Sri K. Subrahmanyam Naidu, M.A., I.A.S., Registrar of C.S. Andhra.

"I am really happy to learn that the Madras Central Land Mortgage Bank proposes to celebrate the Silver Jubilee sometime this month. This should be a matter of great pleasure to all those who have been associated with the working of the bank and those who have had the privilege of coming within its beneficient influence. The Madras Co-operative Central Land Mortgage Bank came into existence at a time when co-operative land mortgage banking was hardly known in most of the provinces in India, and it is remarkable that when co-operative mortgage banking has yet to become part of the credit system in many of the States, your bank should be celebrating Silver Jubilee. This is a testimony to the Pioneers and when we are celebrating the Silver Jubilee, we are reminded of the great services rendered by the late Sarvasri V. Ramadoss Pantulu, M. Ramachandra Rao and T. A. Ramalingam Chettiar. The solid foundations which were laid and the subsequent progress which the bank has made, are in no small measure due to the efforts of these veteran co-operators, their devotion and the attention they gave to the work of the bank. This has rendered the work of subsequent Presidents rather easy. It is a matter of history that the land mortgage banking system, as it has been built up in Madras—our system in Andhra is the same as that in Madras—has set the pattern for land mortgage banking in the country and has become a subject of study by students and administrators. The bank has rendered great service to the agricultural community in the State and in the context of large schemes of agricultural development following in the wake of irrigation projects, the bank will have to play a far larger role and provide long-term capital for productive land development and utilisation. Our land mortgage banks have long been the subject of criticism as they largely concern themselves with provision of loans for discharge of prior debts or redemption of mortgages on land. They have not actively and deliberately followed a policy of providing capital for land development and improvement and increased agricultural production.

I wish your Silver Jubilee celebrations all success."

Economic Policy of the Government of India with special reference to Agriculture, Land and Rural Credit*

SHRI A. P. JAIN,
Union Minister for Food and Agriculture

The importance of the agricultural sector in the economy of the country can hardly be over emphasised. Contributing as it does more than 50 per cent of our national income and providing livelihood for about 70 per cent of the total population, the agricultural sector is bound to loom large in any plan of economic development. The First Five Year Plan rightly gave the highest priority to the development of agriculture; the accent being on increased production of food and raw materials to achieve the target laid down in the Plan. In the circumstances of shortage and high prices, emphasis on production was justified, but now that we have achieved a substantial measure of success in stepping up the tempo of agricultural production, we can afford to take a broader view and aim at the development of the agricultural economy as a whole.

" The expansion of agricultural production in relation to the targets fixed under the First Five Year Plan has not only strengthened the agricultural base of our economy but has also created a favourable climate for stepping up the rate of investment. The production of foodgrains has increased from 50.0 million tons in 1950–51 to 65.8 million tons in 1954–55, exceeding the planned target for 1955–56 by about 4.2 million tons. Whereas we imported 4.7 million tons of foodgrain in 1951, our imports during 1955 are expected to be not more than 0.8 million tons and this is intended not so much for meeting the requirements of present consumption as for building up an adequate reserve. In fact, the food position has taken such a favourable turn that it has been possible for the Government to allow exports of rice, jowar, maize, gram and other pulses and wheat products. I may strike here a note of confidence by emphasizing that the overall food situation in the country would not be seriously affected by the recent floods in Assam, West Bengal, U P., Bihar and Orissa, however distressing they may be in other respects. I do not apprehend any difficulty in meeting the requirements of food in these

NOTE—This is a text of the Speech by Shri A.P. Jain, Minister for Food and Agriculture initiating the Economic Policy debate in the Lok Sabha on Sep. 30, 55.

**Source*: Agricultural Situation in India, October 1955.

areas, judged by the reports of crop conditions I have received from the various States and the reserve stocks that the Goverment have at their disposal.

Not only is the position satisfactory in the case of foodgrains alone; the production of commercial crops, on which depend our industries for their raw materials and which contribute so much to our export earnings, has also shown a considerable improvement. The production of cotton has increased from 2.9 million bales in 1950-51 to 4.3 million bales in 1954-55 and has thus already exceeded the target set for 1955-56. Similar is the case with regard to oilseeds whose production in 1954-55 has exceeded the first plan target by 0.4 million tons. Only in the case of jute is the pace of progress somewhat slow; but even here current production has been substantially higher than in the base period of the plan. The production of sugar touching nearly 16 lakh tons in 1954-55, has been the highest on record and in view of the considerably easy sugar position, there is no intention to place new orders for import of sugar.

The expansion in agricultural production which has been the outstanding economic development during the period of the first Plan has not only to be sustained but considerably improved upon under the Second Plan if we have to meet the food requirements of our increasing population, provide for a higher standard of living for our people and earn the foreign exchange that would be needed for the general economic development of the country. With this objective in view, we propose to make a substantial provision in the Second Plan. The matter is still in consideration but present indications are that it would probably be about 50 per cent higher than what was provided in the First Plan. We propose to step up the production of foodgrains by about 10 million tons by 1960-61, i.e., an increase of 15 per cent over 1955-56. The additional area to be irrigated by minor as well as major schemes is likely to be well over 20 million acres. The Central Tractor Organisation alone proposes to reclaim about 10 lakh acres of waste land and the States are also expected to reclaim a substantial area. The distribution of nitrogenous fertiliser is proposed to be stepped up to three times and three new fertiliser factories will be set up. A new country-wide scheme for the multiplication and distribution of improved seeds through a net work of 5,000 seed farms and seed stores, one in each development block is proposed to be started. A much greater emphasis is being put on plant production work than ever before. Central pools of plant protection

equipment will be located at ten strategic centres in the country and a special Field Station will be set up for carrying on investigations on locust control. Research, Education and Extension Service have been subjected to a thorough examination by a joint team of Indian and American experts, whose report is keenly awaited for removing the weakness of our system. Education in agriculture is being largely expanded with a view to providing trained personnel and maintaining a constant flow of improved technique to the National Extension Service, which is being extended rapidly so as to cover the entire country by 1961. Our broad objective is to step up through these methods the index number of our agricultural production, which compared to base year 1949-50 has already gone up to 114 in the current year and which we shall endeavour to raise to 135 in 1960-61. This will enable us to improve the *per capita* daily calory intake from 1,800 as at present to 2,250 in 1960-61 and increase the *per cabita* annual availability of cloth from 15 yards to at least 18 yards. We also propose to lay greater emphasis on the production of protective foods—milk, fruits, fish, meat, eggs, etc. with a view to removing the deficiencies in our diet. It is essential, however, that if the broad objectives have to be fulfilled, certain basic factors which govern agricultural production should now claim our increasing attention. I have in mind particularly three factors: (1) the maintenance of agricultural prices at a reasonable level, (2) provision of marketing, ware housing and credit facilities and (3) reform of land systems including reorganisation of agricultural sector both as a measure of social justice and as an incentive to greater efficiency

The downward trend of prices after decontrol has raised doubts in the mind of some people whether the proposed increase of food grains and other agricultural produce under the Second Five Year Plan will not lead to a glut and further depression of prices A certain amount of fall in prices was inevitable after the decontrol, but a part of fluctuation and fall in the prices is temporary. I do not think that we have reached a stage of absolute surplus in our agricultural economy. With the increasing population, need for improved nutritional standards, and increased purchasing power, I see no reason why we should not be able to consume the additional production. In any case I consider that an economy of surplus is any day better than one of shortages. We must, therefore, keep up the tempo of our increasing production. With that end in view as a temporary measure to sustain our economy, Government decided to give support to price of agricultural products. Members are no doubt aware of the measures taken by the Government for arresting the downward trend in prices, especially of foodgrains. Government have given limited price support to coarse grains like jowar, bajra and maize and to wheat and gram. Announcement of a minimum price for jowar, bajra and maize at Rs. 5-8-0, Rs. 6, and Rs. 5-8-0 per maund respectively and of Rs. 10 for wheat and Rs. 6 for gram has had the desired effect of stemming the fall in prices, which at one stage threatened to be precipitous and today the prices of these commodities are ruling well above the specified minimum. In fact, prices of late have shown a hardening tendency. The purchases made by the Government in pursuance of the policy of price-support has been small. By the end of July 1955, about 76,000 tons of wheat, 38,000 tons of jowar, 1,200 tons of gram and a very small quantity of maize have been purchased by the State Governments. The purchase of Khariff coarse grain and gram has practically ceased. The question of giving price support to rice was recently considered by a Conference of the Food Secretaries of the principal rice producing States and the officials of the Government of India and it has been decided to purchase coarse varieties of rice at Rs. 11 per maund and coarse varieties of paddy at a price equivalent to that of rice. Government have already set up a Committee to enquire into the nature and causes of variations in agricultural prices over different periods of time and as between different regions in the country. Further for exploring markets for various agricultural commodities and for capturing old ones, the Government are also contemplating to send a Trade Delegation abroad. Government has also liberalised the export quota of a number of other agricultural commodities, placed a number of foodgrains on free list of export, given special facilities for exports to Co-operative Societies and growers and have also reduced export duties in several cases. Rice was exported for the first time after a period of ten years in 1954 and export of gur, gram and pulses has been allowed freely. Liberal export quotas of vegetable oils, oil cakes, castor etc. have been allowed. It will be interesting to note that our purchases of wheat were less than 1 per cent of the total crop and in the case of gram the very announcement of the minimum price produced the steady effect on the prices. It will be a matter of general satisfaction that our stabilisation policy had by and large given the desired effect and the current prices are generally above the minimum prices.

These measures are, however, at best correctives which can be expected to ease the position in the short run; but for any

improvement of a lasting and permanent nature we have to seek other remedies. The ultimate solution to the problem is, no doubt, to reduce the cost of production by improving the efficiency of agriculturists and producing the same quantity at a lower cost or a higher quantity at a proportionately less cost. The various measures which Government are taking in the field of irrigation, improved seeds, fertiliser use, plant protection, research and education will, no doubt, go a long way in this direction. But it would be also necessary to carry out certain institutional changes which will make agriculture profitable and enable the farmer to obtain the optimum return. This brings me to the second point, which I have already mentioned, namely the provision of storage, ware-housing and credit facilities on an adequate scale. One of the important contributory causes for the marked fluctuations in agricultural prices and for the low income of the agriculturist has been his lack of holding power due to the absence of storage facilities and facility for credit.

The Rural Credit Survey Committee came to the conclusion that co-operative structure, in spite of 50 years of efforts, has failed to meet the needs of rural credit and marketing. The share of the Co-operatives was only 3.1 per cent of the total credit annually needed and covered 3.2 per cent of the borrowing farmers. The medium and the small farmer was generally left out. After examining the alternative agencies for the supply of credit, the Committee was of opinion that the agency for the supply of rural credit must be institutional and co-operative. It has recommended the intensification and expansion of the functions of the Reserve Bank for the organisation and strengthening of the co-operative system and the creation of the State Bank of India as a supplementary source for the supply of agricultural marketing credit. The Committee has recommended the creation of certain funds in the Reserve Bank and the Ministry of Food and Agriculture, and the reconditioning of the credit co-operative societies at all levels, primary, district and apex in order to evolve a strong and well-knit structure. The committee has also recommended the creation of a nation-wide network of co-operative marketing societies and warehouses, which should be closely co-ordinated with the credit co-operatives. The State has to play an effective role by subscribing to the share capital of the co-operative societies, training the personnel and exercising broad directional supervision.

The Reserve Bank Act has been recently amended, so as to enable that Bank to effectively discharge the functions assigned to it by the

Rural Credit Survey Committee. For the last many years' the Reserve Bank has been playing an important role in the organisation and supply of credit to the Co-operative Societies. It gives short term credit at the concessional rate of 1½ per cent per annum without any limit of amount provided the security eligible under the law is forthcoming. As the Co-operative Organisation in States gains in strength and the eligible security is available, the amount of the short-term credit loan is augmented by the Reserve Bank. The period of the short-term loan has been increased from 9 to 15 months and its scope has been enlarged to include mixed farming activities, processing of crop, cottage industry etc. In the result short term loans to the State Co-operative Banks have increased from Rs. 5.77 crores in 1950-51 to Rs. 21.21 crores in 1954-55. The Reserve Bank of India Act has also been amended in 1953 to enable it to offer medium term accommodation up to a limit of 5 crores at the same concessional rate of 1½ per cent. The Bank also subscribes to the debentures of the Land Mortgage Banks.

The latest amendment of the Reserve Bank Act has empowered that Bank to create out of its funds the Agricultural Credit (Long-term Operation) Fund and the National Credit (Stabilisation) Fund as recommended by the Rural Credit Survey Committee. The Bank will initially contribute to the long-term operation fund a sum of Rs. 10 crores non-recurring and a recurring sum of not less than Rs. 5 crores every year. Similarly the Bank will contribute to the Stabilisation Fund not less than Re. 1 crore every year. The Long-term Operation Fund will be applied exclusively for the making of loans and advances to State-Governments for subscribing to the share capital of Co-operative Credit Societies, for making medium-term loans to the State Co-operative Banks for agricultural purposes and for making long-term loans and advances to Central Land Mortgage Banks. The Stabilisation Fund will be utilised for the making of medium-term loans and advances to State Co-operative bank to enable them to convert short-term credit into medium-term credit whenever necessary owing to drought, flood, famine or other like calamities. The Reserve Bank is now fully equipped to discharge the function of promoting and financing the Co-operative Movement.

The Imperial Bank of India has been nationalised and converted into the State Bank of India. The role of the State Bank in the supply of rural credit facilities will be a growing one, its exact scope depending on the examination and periodical review by the State Bank, Reserve

Bank and Government of India. Apart from the very valuable assistance to the rural credit implicit in the large programme of branch expansion, the State Bank will provide vastly extended remittance facilities for co-operative institutions. Although the main responsibility for making advances direct to the agriculturists rests with the Co-operative Bank and Land Mortgage Banks, the State Bank of India will assist co-operative marketing and processing and the cottage and small scale industries by making advances against goods and their title documents. It may also buy the debentures of a Land Mortgage Bank and act as the Agent of a co-operative bank. The State Bank of India is now well in a position to undertake these responsibilities.

The broad features of the reconditioned rural credit structure will be the large-sized credit societies at the base. The area of operation of large-sized credit societies will generally be about 5 villages, if irrigated and 10 to 15 villages, if unirrigated. It will have a membership of about 500 persons. The liability of each member will be five times the face value of the capital subscribed by him. The society will have the minimum share capital of Rs. 15,000 which will increase to Rs. 20,000 by 1960-61. The State Government will contribute about Rs. 10,000 to the share capital out of the funds advanced by the Reserve Bank. The annual turnover of the Society is expected to be Rs. 1.5 to Rs. 2 lakhs, which will enable it to employ whole time trained and qualified persons. As it is not likely that the Society will make sufficient profits in the early stages, it will be given a subsidy during the first three years of its working. The large-sized society will not only supply credit but also essential articles like salt, fertilizer, kerosine, matches, etc. It will function as an agent of the marketing society and will have a small godown of its own or take one on rent The loans will be related to production programme and will be advanced on the security of prospective crop instead of rights in land. Efforts will be made to sanction loans as far as possible in kind. It is expected that by the end of 1960-61, about 12,000 large-sized societies will be set up and 5000 godowns constructed. After the absorption of some of the existing societies into the large-sized societies, it is expected that one lakh out of the one lakh and a quarter of the existing societies will continue to survive. Both these types of societies by the end of 1960-61 are expected to advance short-term loans of Rs. 150 crores and medium term loans of Rs. 50 crores which together with long-term loans of Rs. 25 crores would meet 30 per cent of the rural credit needs of the farmers and cover about 1/3 of the villages and population.

The large-sized credit societies will get their loans from the Co-operative Central Banks. Normally, there would be one Central Co operative Bank for one district but in case of large districts, a Central Bank may have to be provided for a smaller administrative unit. About 20 new Central Banks will be opened and the existing Central Banks will be strengthened by increasing the share capital and supply of qualified staff. All part A and Part B States already have Apex Banks which will have to be strengthened to meet the increased needs of the rural credit. The rate of interest which in some States at present is as high as 12½ per cent, is proposed to be reduced to 6¼ per cent.

There are at present 9 Central Land Mortgage Banks and it is proposed to increase their number to 18, so that each part A and B State may have a Central Land Mortgage Bank. The Primary Land Mortgage Banks are at present concentrated in Madras, Andhra and Mysore. During the second Five-Year Plan it is not proposed to set up any large number of Primary Banks, and their normal work will be done by Central Banks through a special section created for the purpose. The total cost of creating large sized society, augmenting and strengthening the Central, Apex and Land Mortgage Banks would come to nearly Rs. 25 crores to be subscribed by the Reserve Bank and about Rs. 10 crores to be supplied by the Central and State Governments for construction of godowns and subsidising the staff.

The Rural Credit Survey Committee has for the purpose of organising co-operative marketing and processing recommended the creation of a National Co-operative Development and Warehousing Board at the policy level and of a National Ware housing corporation and State Warehousing Corporation at the operational level. These will function under the Ministry of Food and Agriculture. The creation of the Board and the Corporation has been accepted in principle and a Bill for setting up these Institutions is being drafted and will soon be placed before the Parliament. The functions of the Board will be to plan and promote on a country wide basis the development of co-operative activities in production, processing, marketing etc. and provide facilities for storage and warehousing of agricultural produce. The Government will pay the Board a non-recurring grant of Rs. 5 crores and a recurring grant each year of

not less than Rs. 5 crores for the next five years and thereafter such sum as may be necessary to enable the Board to discharge its functions. Out of these allocation two funds, viz. a Development Fund and a Warehousing Fund will be created and Rs. 15 crores allocated to each. The developmental activities will include the setting up of primary and apex marketing societies and the promotion of production and processing co-operatives. The Board will advance money to the State Governments as grants and loans and the State Governments will in their turn assist the Co-operative Societies (1) by subscribing to the share capital and (2) loans and grants for construction of godowns and (3) grants to subsidize expenditure on staff during the initial years. The processing Co-oparative Societies such as sugar mills, cotton gins, oil press, jute balers, etc. will be assisted by the advancement of loans on easy terms. It is proposed to set up 1,500 primary Marketing Societies and construct 1,200 godowns during the Second Five-Year Plan period. At the Apex, we hope to set up a number of new Societies and give one Society to each Part A and B State. The total cost of these operations will come to about Rs. 18 crores.

The Bill will also provide for the establishment of a Central Warehousing Corporation and State Warehouse Corporations. The Central Warehousing Corporation will have the share capital of Rs 20 crores, out of which 50 per cent will be immediately subscribed. Government of India will contribute Rs. 4 crores to the share capital and the balance will be provided by the State Bank of India, the Commercial Banks, Insurance Companies, Co-operative Societies etc. The functions of the Central Warehousing Corporation would be to set up warehouses at places of all-India importance and to subscribe to the share capital of the State Warehousing Corporation. Preliminary steps are being taken for the location of warehouses and for the selection of commodities for warehousing. The State Governments have also been advised to include in their second Five-Year programme for construction of warehouses. A Technical Committee has been set up in the Ministry of Food and Agriculture to work out the suggestion regarding the number of warehouses : the type of construction required, choice of commodities to be stored and the requirements of personnel for the warehouses. As a result of the programme of warehouses and the construction of godowns, it is anticipated that by the end of 1960-61 storage space having a capacity of 2 million tons will be available.

The warehousing will cost the Central and State Governments Rs. 10 crores during the Second Plan period.

In order to provide personnel for the co-operative movement each important State will have at least one institute for the training of subordinate rank of personnel, which will turn out 3,000 persons every year. There will be 5 Regional Training Colleges, which will provide 1,500 trained personnel in the intermediate grades during the Second Plan period and the All-India Co-operative Training College, Poona, will train 300 higher grade officers during the same period A Co operative Officer will also be posted in every National Extension Block. The requirements of personnel in this category would be around 4,000. These will be trained separately in 8 Regional Institutions. These, it is hoped, will meet the personnel requirements of the Co operative movement.

To sum up, the cost of fulfilling the entire programme during the Second Five-Year Plan would come to Rs. 25 crores for the Reserve Bank and Rs. 50 crores for the Central and the State Governments. This will be in addition to short, medium and long-term loans which will be available from the Reserve Bank of India

Before I conclude this very important question of rural credit survey, I would like to say a few words on the question of State participation, regulation and control of the co-operative movement, which at one time caused a little stir among the non-official co-operators. The important recommendations of the Rural Credit Survey Committee which attracted some controversy were that at the Apex and the Central level, Government should contribute not less than 51 per cent of the share capital In the primary Societies, the Government may, if need arises, contribute share capital to make up the shortfall. The State's of contribution to the Primary Societies will be retired within a fixed period of time but will continue indefinitely in the case of Central and Apex institutions. In the institutions, in which the Government is the major share-holder, it will have the power to nominate upto 1/3rd of the Directors. Government shall also have the power to reverse or modify decisions or enforce its own decisions on certain important matters, namely, (1) the soundness of financial policies and (2) the larger objectives of loaning policies. A section of the non-official co-operators felt that the States' major participation in the share capital would retard the growth of initiative and destory the autnomous character of the co-operative institutions. It was argued that the state nomination to the Board of Directors of

the co-operative institutions will lead to the centralization of power, the institutions at the lower level being controlled by those above and the whole structure being subjected to the control of the party in power. These among other recommendations of the Rural Credit Survey Committee were discussed at length by the Second Indian Co-operative Congress held at Patna in March last. It was attended, among others, by the representatives of the State co-operative organisations and prominent co-operators. The Congress, after a good deal of deliberation, passed resolutions welcoming State participation in the co-operative movement but cautioned that such participation should be so regulated as not to disturb the democratic character of co-operative institutions. The holding of the shares should not entitle the State to have any preponderant voice in the normal working of Co-operative Societies. State's representatives on the Board of Directors would be desirable but such nomination need not exceed three persons who may not necessarily be Government officials. The power and right of the State Government or their nominee should not be used for interference with the internal administration of the Societies. Government's special power should be strictly confined to the loan policy of the institutions and where such questions of financial policy are involved, the Government should consult the Reserve Bank of India before issuing any directive. All these recommendations of the Patna Co-operative Congress were endorsed by a Conference of the State Ministers of Co-operation convened by the Ministry of Food and Agriculture in April last.

These recommendations have now been accepted by the Government and I assure the House that the State participation in the share capital is neither intended nor will be used to interfere in the normal working of the co-operative institutions. The use of the special overriding powers of the State will also be confined to the soundness of the financial policies and the larger objectives and will be exercised with great caution. These categorical assurances should set at rest any doubts which may have arisen. The Patna Co-operative Congress also recommended that the representatives of the non-official co-operators on the National Co-operative Development and Warehousing Board should be increased from 2 to 4. This recommendation has been accepted by the Government.

The enlarged facilities for better farming, rural credit, marketing, processing and warehousing which I have referred to above are, no doubt, good things, but the farmer cannot be enthused to put in labour and money unless he knows that the land which he is developing today will be his tomorrow and the land system assures to him the fruits of his labour. The First Five Year Plan has laid down the economic objectives of our land system to be the increase of agricultural production and a higher level of efficiency and its social objectives as reducing disparities in wealth and income, elimination of exploitation, provision of securities for tenant and worker which finally promises equality of status and opportunity to different sections of the rural population.

We are working under a federal system, in which there is definite allocation of functions to the Central and the States, each being autonomous within the sphere of its activities, except in respect of items mentioned in the Concurrent List. Rights in land and land tenure come under Item 18 of the State list. Constitutionally, the powers of the Central Government in the matter of land reforms are limited. Historically, land system in India is an organic growth of customary laws extending over centuries. There is a diversity in land tenures ranging from fairly dynamic and progressive ones to archaic and feudal. In particular, the land system in the territories which were formerly parts of the princely states had failed to keep pace with the modern ideas. In the circumstances, it is neither possible nor wise to enforce any rigid pattern of land system all over the country. The Central Government have constituted a Central Committee for Land Reforms to co-ordinate the progress of land reforms and to advise the State Governments on the land reform proposal. Legislative measures of the State Governments before they become law are generally sent to the Central Committee which, after scrutiny, tenders its advice to the State Governments. If necessary, the representatives of the State Government are sent for personal discussion. The approach of the Central Committee is one of persuasion and not of imposition. It must be realised that any attempt to force the views of the Centre will give rise to greater resistance on the part of the State Governments, who are responsible to their own Legislatures. Nonetheless, broad features of the land legislation must conform to the general pattern laid down for the country. In this, I am glad to inform the House that the Central Committee has succeeded to a large extent.

The broad features of the land reform under the first Five-Year Plan may be stated to be :—

(*i*) Abolition of intermediaries.

(*ii*) Tenancy Reforms.

(*iii*) Ceiling on Holdings.

(*iv*) Reorganisation of Agriculture.

The decision to abolish the intermediaries had been taken by a number of States before the planning started. During the plan period, the process has been expedited. Intermediaries have been abolished, or necessary legislations for abolition passed in most of the States. In some territories, such as Travancore and Cochin and Kutch, the Bills have either been introduced or are in the drafting stage. There are only small pockets left in respect of which legislative measures have to be undertaken. Wherever intermediaries have been abolished, the tiller of the soil has generally come in direct contact with the State.

If the term " intermediary " in the abolition laws was used in the literal sense, meaning the middle men between the State and the tiller of the soil as in the case of Uttar Pradesh the problem of tenancy would have been very much simplified. Full ownership rights or security of tenure would have flown directly from creation of direct relationship between the State and the tiller of the soil. The Intermediary Abolition Laws were, however, not considered necessary for the ryotwari areas. In some cases there are sub tenants holding from tenants. The problems in such case are : how are the rights of the landowners and their tenants to be adjusted? to what extent the landowner should be allowed to resume land from the tenant? what should happen to evicted tenant? what are to be rights of the tenant in land which remains with him? The States have followed different policies in laying down the limits of resumable area and conditions of resumption. For instance, in the Punjab a landowner is entitled to resume upto 30 standard acres of land provided his tenant is left with a minimum of 5 standard acres or give an alternative holding of 5 standard acres. In Hyderabad, the landowner can resume upto 3 family holdings provided the tenant is left with at least a basic holding. If it is not possible to leave one basic holding with the tenant the landowner can resume only half the area held by the tenant, but if the landowner owns a basic holding or less, he may resume the entire area. In Rajasthan, the landowner can resume upto the prescribed area provided the tenant is left with the minimum holding with a net annual income of Rs. 1,200. But the underlying principle in all the laws is that the tenant should not, except in rare cases, be deprived of all his land and so far as possible he should be left with a basic holding. In land outside the resumption limit, considerable progress has been made in the conferment of security on tenants in the States of Bombay, Orissa, Punjab, Hyderabad Pepsu, Saurashtra, Himachal Pradesh and Kutch. Other States, namely, Andhra, Assam, Bihar, Madya Pradesh, West Bengal, Mysore, Travancore-Chochin are being urged to take action for conferring security of tenancy. The Planning Commission was of the opinion that generally the rent should not exceed 1/4 or 1/5 of the produce. In Assam, Bombay, Madhya Pradesh, Orissa, Madras, Uttar Pradesh, Hyderabad, Rajasthan, Mysore, Travancore-Cochin, Ajmer, Delhi, Himachal Pradesh and Vindhya Pradesh rents have been accordingly reduced. In Punjab and Pepsu the maximum rent prescribed is 1/3rd of the produce. In other States where rents have not been reduced to the level laid down in the First Five-Year Plan, the State Governments are being urged to take action to bring the rents in conformity with those recommendations. Tenants have been given the right to acquire ownership on payment of price in instalments in Bombay, Punjab, Hyderebad, Rajasthan and Himachal Pradesh. In some of the States the price to be paid by the tenant is a multiple of land revenue or net profits. In others, it is a portion of the market price. The Panel of Land Reforms appointed by the Planning Commission recently went into the question of tenancy reforms and has appointed a Tenancy Reforms Committee which will assess the work so far done and suggest measures for the Second Plan.

The first Five Year Plan has accepted the principle of an absolute limit being imposed on individual holdings. It has further laid down " that as a practical approach to the problem of large individual holdings it would be best to divide substantial farms which are directly managed by their owners into two groups, namely, those which are so efficiently managed that their break-up would lead to a fall in production, and those which do not meet this test. For the latter category, the land management legislation should give to the appropriate authority the right to take over for the purpose of management ". The Planning Commission had further recommended that before finally working out the policy about ceiling, that State Governments should undertake a census of the cultivatory holding in order to obtain data regarding the size and distribution of holding and areas under cultivators and owners and areas leased to tenants. Census work has been undertaken in all the States except West, Bengal, Assam, Uttar Pradesh, Jammu and Kashmir and 12 States have already sent their reports. Meanwhile, Punjab, Jammu and

Kashmir, Hyderabad and Himachal Pradesh have already imposed ceilings on the existing holdings. In Uttar Pradesh, Madhya Bharat, Saurashtra and Delhi, ceilings have been imposed on the future acquisition of land. Assam, Hyderabad, Ajmir and West Bengal have described the area, which an intermediary will be entitled to retain after the abolition of intermidiaries. The Panel of Land Reforms has appointed another Committee, which will consider the question of the ceiling and floors to holdings. Final decision on ceiling will be taken after the census is completed and Committee's report submitted.

While the State Governments have considerable achievement to their credit in the abolition of intermediaries and have done good work in tenancy reforms and imposing ceilings, I regret to say that much has not been done in the re-organisation of agriculture. In the background of the general picture of our countryside as " one of numerous small holdings, a large portion of them uneconomic, a small number of middle peasants and a sprinkling of substantial owners ", the development of co-operative farming among small and middle owners deserves highest priority. We asked the State Governments to encourage co-operative farming by giving preference in the grant of G. M. F. assistance, remission of land revenue and taxes, giving of technical advice, financial assistance etc. The Societies were also to be given priority in the allotment of reclaimed waste lands, supply of water, grant of loans and the like. A provision of Rs. 40 lakhs was made in the First Plan period for providing assistance to States to undertake experiments in co-operative farming. Very few States have, however, been able to formulate any schemes. Recently, the Programme Evaluation Organisation of the Planning Commission has started studies of the working of selected co-operative farming societies in order to evolve a pattern for the establishment of such societies on a large scale. A Committee appointed by the Panel on Land Reforms is also examining the Land Management Legislation, Co-operative Farming and Co-operative Village Management. Some success has been achieved in the consolidation and work has started in a number of States, Bombay, Punjab, U. P., etc., and more are undertaking the requisite legislation.

It is hoped that the work of consolidation will receive considerable impetus in the Second Plan period.

It should not be forgotten that of all the works of land reform in hand, the reorganisation of agriculture is the most difficult. The

Indian farmer, as the farmer in other parts of the world, is highly individualistic in his outlook. An understanding of the co-operative principles, proper leadership and trained personnel have also been lacking in the countryside. But our resolve to implement the recommendations of Rural Credit Survey Committee and to create proper conditions for the understanding and working of co-operative principles in a big way will, I hope, create proper climate for co-operative farming societies to grow.

SAD NEGLECT OF CO-OPERATIVE EDUCATION

Strange indeed while they are built on principles, which are the exact opposite of the principles of private profit business, Co-operatives follow private profit business practices and rate, men, who handle commodities higher than men, who handle education.

CONSUMER CO-OPERATION,
Editorial Notes, Dated March 1942.

Land Mortgage Banking in India—Its Present and Future

SRI J. C. RYAN, M.A., I.A.S.
Chief Officer, Agricultural Credit Department, Reserve Bank of India.

Agriculturists all the world over require long-term loans for such purposes as the discharge of prior debts, land improvement and purchase of lands to round off holdings. In most countries, these loans are provided by land mortgage banks, which are distinct from banks which provide short-term and medium-term credit as the resources of the latter are short-term in character and cannot be employed on long-term business. In India, where the field of agricultural credit was explored by the co-operative movement, co-operative land mortgage banks were introduced in 1920. Punjab led the way and was followed by Madras and Bombay soon after. Difficulties were experienced in raising long-term funds for individual land mortgage banks by floating debentures. Hence, Madras established in 1929 the first central land mortgage bank by federating the primary land mortgage banks and securing a few prominent citizens as shareholders. The function of issuing debentures for raising long-term funds was centralised in this institution.

In 1929-30 there were only about 20 land mortgage banks in the country. The thirties witnessed a considerable growth in the number of land mortgage banks, especially in Bombay and Madras. Central land mortgage banks came to be established in four more States, namely—Cochin, Mysore, Bombay and Orissa, during the thirties. The number of primary land mortgage banks rose to 221 in 1938-39. During the war and post-war years, there was a shrinkage in the business of land mortgage banks. This was mainly due to an improvement in the economic condition of the farmers following a rise in the prices of agricultural produce and the beneficient effects of debt relief legislation in various parts of the country. The fresh advances granted by the Central Land Mortgage Banks declined from Rs. 72.62 lakhs to Rs. 54.29 lakhs during the years 1939-46, despite the fact that their working capital rose from Rs. 248.95 lakhs to Rs. 464.55 lakhs. But, during the post-war years, their business recorded considerable improvement, as is evident from the fact that these banks granted fresh advances amounting to Rs. 132.93 lakhs during 1950-51. During the same period, their working capital rose from Rs. 464.55 lakhs to 772.06 lakhs. The war-time decline and the post-war increase in the business of the central land mortgage banks were reflected in the operations of the primary land mortgage banks as well. The fresh advances granted by them fell from Rs. 78.01 lakhs to Rs. 58.11 lakhs during the years 1939 46 and rose subsequently to Rs. 129.02 lakhs in 1950-51. Their number and membership rose from 221 and 76,196 respectively at the end of 1938-39 to 286 and 1,86,330 respectively at the end of 1950-51 Their working capital rose from Rs. 286.00 lakhs to Rs. 665.73 lakhs during the same period.

Since 1951, land mortgage banking in India has made only limited progress and large parts of the country still remain unserved by land mortgage banking institutions. At present, land mortgage banking facilities are available in 15 States of which 8 are Part A States. The structure of land mortgage banking in these States can be classified into three broad types. Firstly, in the group of States consisting of Madras, Andhra, Bombay, Mysore, Ajmer, Assam and Hyderabad, there is an apex land mortgage bank at the State level with primary land mortgage banks at the base, operating over a whole district or over parts of a district. Secondly, in States such as Orissa, Saurashtra and Travancore-Cochin, the long term credit structure consists of only a central or apex land mortgage banking institutions which deal directly with individuals. Thirdly, in States such as Uttar Pradesh, West Bengal Madhya Bharat and Rajasthan land mortgage banking is being carried on by primary institutions without an apex institution to co-ordinate their working. In Madhya Pradesh, land mortgage banking at the State level and in some districts is being carried on by a separate section of the State and central co-operative banks. As at the end of 1953-54 there were 291 primary land mortgage banks and 9 central land mortgage banks in the country, in addition to the land mortgage banking sections of the State and central co-operative banks in Madhya Pradesh. The membership of the primary land mortgage banks stood at 2.65 lakhs, their working capital at Rs. 9.55 crores and loans due from their members at Rs. 8.79 crores. The working capital of central land mortgage banks stood at Rs. 13.93 crores and their loans outstanding from banks and societies at Rs. 10.35 crores.

Much of the progress that has been made so far in the field of land mortgage banking is in the States of Madras and Andhra among Part A States and Mysore among Part B States. Of the 291 primary land mortgage banking institutions in the country, as at the end of 1953-54, 129 were in Madras and Andhra and 82 were in Mysore.

These three States together accounted for nearly 83 per cent of the total working capital of the primary institutions.

Loans given by land mortgage banks have been predominantly for the purpose of repayment of old debts and redemption of mortgages and only negligible proportions of their total advances are for land improvements or other purposes of a productive nature. This is the position for the country as a whole. According to investigations conducted by the Committee of Direction, All-India Rural Credit Survey, repayment of old debts accounted for 95 per cent or more of the total advances in Madras (including Andhra) and Mysore, 59 per cent of the advances in Madhya Pradesh and 49 per cent of the advances in Bombay. In the last two States, land improvement, including digging of wells, purchase of machinery, tractors etc., accounted for 14 and 20 per cent respectively of the total advances. In Bombay, purchase of land accounted for 18 per cent of the total advances. In Saurashtra, loans were advanced to tenants chiefly for acquiring occupancy rights in the wake of land reforms introduced there. It is of interest to note from the Committee's findings that all co-operative institutions together accounted for only 2.4 per cent of the total borrowings of cultivators for long-term agricultural purposes, and for about 8.7 per cent of the total borrowings for repayment of old debts.

In recent years, there has been a shift in emphasis from non-productive to productive purposes in the loan operations of the land mortgage banks in several States. In 1953-54, in the residuary Madras State, land improvement schemes accounted for as much as 15 per cent of the fresh advances during the year; in Andhra, during the same year, the corresponding proportion was as high as 36 per cent. In Bombay, during 1953-54, land improvement schemes accounted for nearly 50 per cent of the loans granted and purchase of land for nearly 20 per cent; repayment of old debts in that State accounted for only about 27 per cent. This is indicative of a changing trend in the pattern of advances of land mortgage banks in favour of productive purposes.

The Report of the Committee of Direction, Rural Credit Survey, has also drawn attention to the delay which occurs between the date of application and the date of sanction of the loan. According to the Committee, delays exceeding 1 year were reported in the case of 36 per cent of the loans in Madhya Pradesh and 33 per of the loans in

Mysore. The corresponding percentages in the case of Madras and Bombay were 19 and 9 respectively. About 19 per cent of the loans were sanctioned only after 6 to 12 months in Bombay, while in Madras, Madhya Pradesh and Mysore the corresponding proportion was 32, 39 and 41 per cent respectively, The Committee further observe that in the majority of the districts, loans were generally sanctioned by the land mortgage banking institutions studied, after a time lag of three months. They feel that although some delay is unavoidable, since scrutiny of title and valuatian of land have to be carried out, it may be possible to minimise the delay. This would necessarily mean the appointment of adequate trained staff in all central land mortgage banks in the country. The Committee have also emphasized the need for closer co-ordination of the loan policies of the land mortgage banking institutions with the programme of land development of the concerned State Governments.

The main recommendations of the Committee of Direction in regard to issue of loans, supervision etc., by land mortgage banks are that "...they should give first priority to applications for loans for improvement, reclamation and development of land, purchase of agricultural machinery and equipment and other productive purposes. Along with this, non-productive loans of low priority should be discouraged...special efforts should be made to popularise productive loans...The period of repayment of loans for land improvement and production should be related to the purposes of the loans; different periods should be prescribed for different purposes." The Committee further recommend the evolving of a machinery for "the adoption of techniques for making known the schemes of credit and the procedure for obtaining loans, close co-ordination with the appropriate Government departments...and expansion (and where necessary specialization) of staff ..especially for supervision." They also recommend close co-ordination between the supervisory staff of state co-operative banks and central land mortgage banks.

In this connection, a reference may be made to the Land Reform Bills that are being introduced, or are proposed to be introduced in the various State Legislatures. It is important that in defining the objectives of such reforms, the social need for such reforms and the equally important need to provide adequate long term credit through co-operatives have to be taken into account. The specific recommendations made by the Committee of Direction, in this connection are that " the State Governments should review their tenure and tenancy

laws and take steps to eliminate such features in them as...are hindrances to the development of land mortgage banking. Where land reforms necessitate restrictions on the mortgaging of title, the scope of such restrictions should be the minimum necessary. Thus, selective mortgages -e.g., to co-operative societies and to Governments—could be made permissible." Some of the provisions included in the Bill introduced recently in Bombay to amend the Bombay Tenancy and Agricultural Lands Act, 1948, have given rise to operational difficulties, which long-term credit institutions have to face, and the Bombay Central Land Mortgage Bank has taken up the matter with Government.

In regard to the issue of debentures which form the main source of finance for the central land mortgage banks, the Committee recommended that the duration of the debentures issued should be in conformity with the purpose of the loan; thus, debentures for relatively short periods such as 5 or 10 years may also be issued. Since the money market is generally more receptive to securities maturing in shorter periods, this procedure should ease the difficulties which land mortgage banks, especially those which are newly formed, will have to experience in finding a market for that portion of their debentures, which is not subscribed to by the Reserve Bank and the Government of India.

Different procedures are followed by different States for floating debentures In Madras and Andhra, the central land mortgage banks first disburse loans with the aid of a cash credit limit sanctioned by the State Government, accumulate land mortgages and then issue debentures on their security. In Bombay and Mysore, the central land mortgage banks float debentures without the security of mortgages and grant loans later. In the latter case, there are chances of the bank having to maintain heavy idle balances particularly, when more debenture money is realised than mortgages can be secured within a reasonable period of time. In West Bengal, the primary land mortgage banks are financed, in the absence of a central land mortgage bank, by the State Co-operative Bank, not by the issue of debentures but from its general resources. The recent issue by the Andhra Central Co-operative Land Mortgage Bank of a composite series of debentures for two periods, namely, 12 years and 20 years, constitutes a new departure in the method of issuing debentures.

As a result of the recommendations of the All India Rural Credit Survey Committee Report, the Conference of State Ministers held at Delhi in April 1955 under the Chairmanship of the Central Minister for Food and Agriculture desired that at least Rs 25 crores should be provided as long-term loans to agriculturists by 1960-61. In accordance with their wishes, most States have programmed under the Second Five Year Plan for an extension of land mortgage banking and for establishing new central and primary land mortgage banks, where there are none. The Central Committee for Co-operative Training will be introducing shortly a special course for training candidates in land mortgage banking at the Regional Co-operative Training Centre at Madras with the help of the Governments of Madras and Andhra who will provide practical training in land records and survey and valuation of lands. It is hoped that these arrangements will bring about an extensive development of land mortgage banking in the country.

Land Mortgage Banking in the Madras State.

SRI A. PALANIAPPA MUDALIAR, M.A.,

Registrar of Co-operative Societies, Madras.

1. Early History : It is more than ever realised today that a proper system of rural credit is basic to the development of agriculture and therefore, to the prosperity of the country as a whole. Along with this recognition, there is the growing impatience that such a system should be speedily evolved and adopted. The system that will suit the requirements of rural India can only be perfected with reference to past experience in the provision of credit and the ability of the various instruments of credit to improve and expand their technique of activity. It cannot be denied that one of the important suppliers of organised credit to the agriculturists is the Land Mortgage Bank credit and that in this form of credit, Madras has not only been the pioneer but occupies the pride of place. The Madras Central Co-operative Land Mortgage Bank and the large number of primary land mortgage banks affiliated to it have marched forward steadily through three decades from strength to strength and reached a status which is at once remarkable and praise-worthy. It will be useful at this juncture to look into the history of these institutions to find out the reasons for their significant success, and to examine the possible lines of development which they may pursue so that, they may further expand their sphere of usefulness to the agriculturists in the context of the various recent developments in the country.

In Madras, as in the rest of India, Co-operation was introduced as a remedy for relieving rural indebtedness. The Co-operative Credit Societies Act X of 1904, India, sought to regulate the working of co-operative credit societies conferring on them certain special privileges. These village credit societies catered only to the short-term credit needs of the agriculturists for defraying the expenses of cultivation and other agricultural operations. Apart from the debts which an agriculturist contracts for seasonal agricultural operations and other domestic purposes, he usually inherits from his forefathers a sizeable debt, handed down from generation to generation. No scheme which has as its aim, the relief of rural indebtedness, can be said to be complete if it does not aim to help the agriculturists to redeem the mortgages on his holdings by paying off such prior debts. To meet this need, a comprehensive scheme for forming co-operative land mortgage banks was evolved and the first land mortgage bank in the Madras State was started at Kancheepuram in 1925. The Royal Commission on Agriculture in India, which examined the various problems that faced the Co-operative Movement recommended the establishment of a central land mortgage bank for taking over from the primary land mortgage banks, the function of floating debentures, thus eliminating the defects which usually attended the floatation of debentures by several small institutions The Townsend Committee on Co-operation appointed by the Madras Government in 1927 also recommended the formation of a Central Land Mortgage Bank. In pursuance of these recommendations, the Madras Co-operative Central Land Mortgage Bank was formed in December 1929.

2. Constitution and functions of the Central Land Mortgage Bank: The main object of the Central Land Mortgage Bank is the financing of the primary land mortgage banks by a centralised debenture issue. Though in the initial years, the bank issued some 10 or 15 year debentures it has later found it convenient and desirable to float 20 year interest-bearing debentures on the security of mortgages executed by borrowers in favour of the primary land mortgage banks, so that the period of repayment of the loans financed by the debentures might be spread over as long as possible. Government have appointed the Registrar of Co-operative Societies as Trustee of the bank to ensure the fulfilment of the obligations of the bank to its debenture-holder. In order to provide for the redemption of the debentures on the due dates, the bank has constituted a debenture redemption fund. The Government have given ample assistance to the Madras Central Co-operative Land Mortgake Bank and its affiliated primaries by means of several concessions. They grant temporary advances to the Central Land Mortgage Bank at a rate of interest, which is ½ per cent less than the bank rate to enable it to finance the primary land mortgage banks. These advances are repayable within a period of nine months or at the time of next flotation of debentures.

The formation of Andhra State in October 1953 necessitated the bifurcation of the Madras Central Co-operative Land Mortgage Bank, reconstitution of the bank with jurisdiction limited to the residuary Madras State and the formation of a separate Central Land Mortgage Bank for the Andhra State. The reconstituted bank began to function from 5-9-1953.

Sri A. B. Shetty, Minister for Co-operation and Health, Govt. of Madras.

Sri M. Bhaktavatsalam, Minister for Agriculture, Govt. of Madras

Sri A. Palaniappa Mudaliar, Registrar, Madras.

The Central Land Mortgage Bank had on its rolls on 30-6-1955, 73 Land Mortgage Banks and 331 individuals. Its paid up share capital amounted to Rs. 15.58 lakhs. Its borrowings from Government and the value of debentures in circulation on 30-6-55 were Rs. 13.15 lakhs and Rs. 429.49 lakhs respectively. Its reserve fund and working capital were Rs. 14.14 lakhs and Rs. 486.38 lakhs respectively. Since its inception, it had issued loans for Rs. 1,066.39 lakhs. On 30-6-1955 the total amount of loans outstanding against the 73 Land Mortgage Banks affiliated to it was Rs 337.46 lakhs.

3. Constitution and Working of Primary Land Mortgage Banks: The Primary Land Mortgage Bank is designed on the basis of limited liability. It aims at the promotion of the economic interests of its members by helping them to redeem mortgages on lands, to discharge prior debts, and to improve their agricultural land and methods of cultivation and at the inculcation among them of the habits of thrift and self help. The area of operations of a bank is generally restricted to a revenue taluk and in some cases to more than one taluk. Loans may be issued by these banks on systematically and unsystematically cultivated lands, whether wet, garden or dry lands, plantation etc. with reference to the principles laid down by the Government and the Central Land Mortgage Bank.

On 30-6-1955, there were 73 Land Mortgage Banks in the State. Their membership and paid up share capital were Rs. 92,770 and Rs. 27.50 lakhs respectively. They had a working capital of Rs. 373.64 lakhs on that date. The total amount of loans outstanding against members on 30-6-1955 was Rs. 347.61 lakhs.

4. Issue of Productive Loans: As stated already, one of the objects of the Land Mortgage Banks is the financing of their members for the improvement of agricultural lands and of the methods of cultivation. Though in the early stages of the working of these banks, they had perforce to confine their attention to the grant of loans for redemption of mortgage of lands, there has been in recent years, an increasing awareness on the part of the Central Land Mortgage Bank and the Primary Land Mortgage Banks of the need for reorienting their loan policy by granting more loans for productive purposes. But the progress achieved so far in this regard has not been encouraging. Experience has shown that, if the Land Mortgage Banks are to attract more agriculturists into their fold, they should lower their rate of interest. In the U. S. A., the Federal Land Bank charges 4 per cent as the lending rate to the ultimate borrower. In

Great Britain, the Agricultural Mortgage Corporation charges only 4¼ per cent. The All-India Co-operative Planning Committee appointed by the Government of India recommended that long term loans should be made available to the agriculturists at about 4 per cent. But the rate of interest charged to the borrower in a Land Mortgage Bank now is 6½ per cent. This rate is related to the rate of interest allowed by the Central Land Mortgage Bank on the debentures floated by it. The debenture rate is dictated by the conditions of the money market. The Central Land Mortgage Bank had to pay 4¼ per cent on the last 3 series of debentures floated by it. It will be clear from this that as long as the Central Land Mortgage Bank has to depend on the money market for its funds, the ultimate rate to the former is bound to remain high. It is therefore necessary that a way out should be found by which the rate of interest to the agriculturists could be kept down at a rate of, say 4 per cent. It has been suggested that the Central Land Mortgage Bank can float a special series of debenture styled "Developmental Debentures" at a concessional rate of interest, for being subscribed by the Reserve Bank of India wholly or in part, the funds so raised being utilised for financing the ryots for land improvement purposes. A proposal to this effect has been sent to the Reserve Bank of India for its consideration.

5. Some Suggestions: Some suggestions for the development of the land mortgage bank movement :—

(i) *Joint Loans* :—With the completion of irrigation projects in the various parts of the State and the extension of electric energy to the villages, the scope for the land mortgage banks to increase their usefulness to the ryots has vastly increased. The ryots will require finance for carrying out permanent improvements to their lands by installation of electric motors, pump sets, etc., and for the reclamation of lands which were hitherto lying fallow. Under the existing orders of Government, a land mortgage bank cannot issue loans exceeding Rs. 15,000 to any member. There may be cases where it is beyond the financial capacity of some of the members to carry out permanent improvements to their laads which will be larger in size than the average holding. In such cases the land mortgage banks should be enabled to issue joint loans on the mortgage of the joint property of two or more members on their joint and several responsibility. This matter was once considered in 1948 and dropped on account of certain expected legal difficulties. The matter

deserves further examination in view of the rule that land mortgage banks might play if joint loans are permitted.

(ii) *Dismortgaging Insurance* :—One method by which habits of thrift and self-help can be promoted among the members of land mortgage banks is by linking the activities of the land mortgage bank with a scheme of insurance, which will have the added advantage of protecting the borrower's family against the tragic consequences of undischarged debts in the event of his premature death by helping to restore the mortgaged property to the borrower's heir, free of encumbrance. The Vijayaraghavachariar Committee on Co-operation has recommended two alternative schemes viz., the "Straight Insurance Scheme" and the "Scheme of Dismortgaging" by guaranteeing payment of loan outstanding on the date of death of the principal borrower. The second scheme is definitely advantageous from the point of view of the borrower since the premium payable on a policy taken under this scheme will be proportionate to the diminishing debt which becomes extinguished at the end of the period of loan. The Central Land Mortgage Bank may consider these schemes and see how best they could be implemented. The linking of land mortgage bank credit with schemes of insurance has a two fold advantage viz., while the Central Land Mortgage Bank (and the borrower) will be protected against the tragic consequences of untimely death of the borrower, the Insurance company in which such insurance is effected, can be persuaded to subscribe substantially to the debentures floated by the bank.

(iii) *Mobilising Rural Savings* :—The land mortgage banks have an important part to play in taping the savings of the people in rural areas and making them available for productive and useful purposes. For this purpose, the Central Land Mortgage Bank can float debentures in small denominations to suit the needs of rural investors. The Central Land Mortgage Bank has hitherto, largely depended on the money market and urban investors for the funds required for its debentures. Mopping up of savings from the agriculturists by the introduction of 'Rural Debentures' will have to be seriously taken up, if the ryots for whose benefits the land mortgage banks had been established are to feel that they should be made to contribute their mite for their own welfare. These rural debentures should, as far as possible, be for specific objects of development in which the villager is interested in different degrees. The most appropriate time for the issue of such debentures is the harvest time, when money will be available with the agriculturist. The Rural Credit Survey Committee appointed by the Reserve Bank of India has recommended the introduction of this type of debentures and it is up to the Central Land Mortgage Bank to take up the question in right earnest.

The Primary Land Mortgage Banks may also canvass subscriptions to the debentures to the extent of their annual requirements from their area at the time of floatation of evey series of debentures. If this is done, the funds required by the primary land mortgage banks annually would be collected by the primary land mortgage banks themselves, obviating thereby, the need to rely on the money market. This is also one of the ways of tapping rural savings.

(*iv*) *Land Mortgage Banks and Five Year Plan* :—The Planning Commission has assigned a vital role to co-operatives in improving the agricultural and industrial economy of the country and greater emphasis is laid on the co-operative method in reaching the declared goal of socialistic pattern of society. In the agricultural sector, the findings of the All India Rural Credit Survey Committee set up by the Reserve Bank of India have brought out the inadequacy of the provision of agricultural credit by the co-operatives and the various State Governments. These pointed to the imperative need for the formulation of co-operative schemes for rural development for inclusion in the Second Five Year Plan on an intensified and scientific basis. The schemes so drawn provide for the issue of 428 lakhs of rupees as long-term loan through the existing 73 land mortgage banks and 25 land mortgage banks to be formed during the plan period. The existing and the newly-formed land mortgage banks will be helped with a subsidy to meet the cost of additional supervisors to be appointed by them. It is also proposed to strengthen the staff of 23 Co-operative Sub-Registrars by the sanction of 26 additional posts and to create two additional circles of Deputy Registrars for Land Mortgage Banks for land mortgage banks with the required staff. To enable the intending borrowers to decide on the line of land improvement and to help the primary banks to estimate the nature and value of the improvements, one District Agricultural Officer and one Agricultural Engineer will be appointed to work directly under the Registrar. To value the house property offered as collateral security for loans from land mortgage banks, provision has been made for the appointment of two P. W. D Supervisors. It is also proposed to set up a "Guarantee and Relief Fund" with a lump sum contribution of

Rs. 30 lakhs for meeting loss arising out of non-repayment of loans granted to members of rural credit societies on the security of anticipated yield of crops and to compensate the Central Land Mortgage Bank for the loss arising out of the valuation of lands offered as security for productive loans on the basis of their presumptive values.

6. Conclusion :—I would like to pay my tribute on this occasion to the many stalwart co-operators, who moulded the career of the Central Land Mortgage Bank and the several land mortgage banks. Co-operators in Madras owe a debt of gratitude to Government for the grant of several concessions to help the building up of the land mortgage bank movement into a fine edifice that it is to day. Fourteen years ago, the Vijayaraghavachariar Committee on Co-operation said "The fostering care and nursing by the government through many forms of direct and indirect financial help and its guarantee of debentures of the Central Land Mortgage Bank have contributed not a little, to the development of co-operative mortgage banking—a good sample of a wise combination of State and voluntary effort. We are happy to record that the foundations have been well and truly laid and that the superstructure has been carefully planned and built. The Madras System has evoked interest and admiration on the part of students of rural credit, public men and the administrators, who are concerned with similar problems in other Provinces and neighbouring countries." The land mortgage bank movement has travelled far from the position occupied by it in 1941 and has further consolidated itself. It continues and will continue to draw countless economists, co-operators and students of rural credit to the Madras State for study.

I wish the Central Land Mortgage Bank a long career of useful service to the agriculturists.

A CLEARING HOUSE OF IDEAS—THE PRIME NEED.

The big trusts and formations opposing us are spending enormous sums every year on research and on trade development possibilities, in some instances with the financial help of the State. Every idea worth exploring is passed on to the development laboratory. They are alert to seize upon any suggestion, which gives promise of a new avenue to successful trading. Could we not constitute a Clearing House of Ideas within the Movement?

ARTHUR PICKUP AND WILLIAM B NELVILLE.

Land Reforms in Madras

Sri K. G. Sivaswamy

1. Land Reforms should be preceded by providing for membership of all owners and tenants in large sized primary co operatives, fostered by central banks and marketing and supply central societies and managed by a paid staff trained in elements of agriculture, banking and commerce.

2. A tenant with security and paying fair rents is better off than one who purchases land and burdens himself with the commitment of paying the instalment price of land amounting to a sum higher than the sum of fair rent. A tenant-purchase programme which fixes a higher annual instalment of the price of land than the sum of fair rent, to be paid in a defined number of years will only add to his burden of payment to the land owner. It will become a dead letter. It can succeed only, if the purchase price does not exceed six times as in the Hyderabad Act, the sum of fair rent in the case of wet lands irrigated by sources other than wells, and a proportionate number of times the sum of fair rent in the case of other lands. It may be paid in 8 years (vide Section 38, Hyderabad Act). Purchase by tenants and small owners should be limited to an area, which including the existing area will not exceed a family holding.

3. Expropriation of lands of big holders in order to abolish intermediary rentiers will be discriminatory, unless it applied to all rentier holders. No Government to day is in a position to confiscate the lands of the holders from receiving rents of the lands over the prescribed ceiling, only the tenants under them will get the special consideration of paying no rents, while other tenants will be paying them. If ceiling is to apply to lands which are personally cultivated, there should be reasonable grounds for doing so. If cultivation is not efficient, then lands may be taken over by the State. But such a rule should apply to any cultivator, not merely to the big cultivator, Resumption of land improperly cultivated is a difficult administrative problem for any state machinery. Supposing excess lands over the ceiling, which are directly cultivated are resumed from big holders, to whom are they to be granted? Grants to existing labour on such lands will lead to decreased production and indifferent cultivation as has been the experience in Colonisation Societies. Who is to pay the purchase price for such land? Ceiling may be applied to uncultivated wastes and the landowner may be paid the annual rental due to such lands.

4. It should be made a condition of the grant of protected tenancy, that all such tenants should join co-operative farming societies.

5. Legislation should provide that all temple and institutional lands should come into co-operative farming societies.

6. Rules of such societies should provide that rents due to rentier landowners will be the fair rent, which will be unalterable in the future.

7. Tenancy legislation will be evaded unless crop-share tenants are given equal protection. Such a protection may be given for the future. As to the past, labourers, too, are paid their wages in crop share. It is a low proportion of the gross produce. Hence a line should be drawn that rights of protected tenants will be granted only to such crop share tenants, who get at least one third of the gross produce as their share.

8. Landowners will easily resume their lands, convert tenants into labourers, and thus evade tenancy laws. Minimum wage legislation for agricultural labour should therefore be introduced simultaneously.

9. No landowner should be prevented from resuming his land for own cultivation upto three times the family holding. Efficient landowners cultivating more than this holding should be permitted to continue to do so.

10. The controversial point will relate to the sum of fair rent. Rent can only come from net income after meeting cultivation expenses. At least half the net income should go to the tenant for his management of the land and as profits. There can be no rent on that portion of the produce due to tenant's sole efforts and improvements. A rent settlement authority should fix it, collect it, and pay it to the owner. Pending such fixation, a proportion of produce may be paid as rent. As it is generally agreed that cultivation expenses amount to not less than half the gross produce, and as the remaining half alone remains for division as half and half, tenancy legislation in many states has fixed minimum rents as one fourth or one fifth of the gross produce. No tenant can pay more than one fourth of the gross produce as rent to landowners.

11. The landowner today is meeting part of the cultivation expenses of the tenant, when he pays the water rate which in certain areas has been compounded with land revenue. Water-rate should be separated in such cases and collected from the tenant.

Productive Land Mortgage Finance in Andhra

SRI M. DATTATREYULU,
Secretary, The Andhra Co-op. Central Land Mortgage Bank, Ltd.

The History of Productive Land Mortgage Finance

Land Mortgage Banking in Andhra has developed fairly well in the last twenty five years and has been providing long term credit to the agriculturists in ever increasing measure. These Banks have so far issued loans for a total of over Rs. 620 lakhs, half of which has been repaid. The bulk of this amount has been issued for repayment of prior debts. The Reserve Bank of India advised early in 1953 the need for Land Mortgage Banks to reorientate their loaning policies to increase production and for that purpose to issue loans for land improvement than merely for repayment of prior debts. Within two months of the organisation of the Andhra Co-operative Central Land Mortgage Bank, the primary banks in Andhra were requested to give priority in the matter of investigation and sanction of loans for land improvement, so that the proverbial delay in the sanction of loans may be minimised in the case of productive loans.

The Reserve Bank of India in consultation with the Ministry of Food and Agriculture in the Union Government recognised the following categories as productive purposes.

(1) Sinking of irrigation wells, (inclusive of filter point tube wells).

(2) Repairs to or construction of tanks for agricultural purposes.

(3) Purchase of oil engines, electric motors or pumpsets.

(4) Levelling and bunding of land.

(5) Conversion of dry land into wet land.

(6) Purchase of tractors or other agricultural machinery.

(7) Increase of productive capacity of land by addition to it of special varieties of soil.

(8) Raising fruit gardens.

(9) Construction of pucca farm houses, cattle sheds, tobacco barns, sheds for processing agricultural produce like sugarcane etc.

(10) Purchase of machinery like cane crushers, furnaces for jaggery making.

Sri B. S. Vijayagopal, B.A., B.Com., Secretary, The Madras District Co-operative Central Bank, Ltd. who had been on a study tour to U.K., Ireland and Germany sponsored by the I.L.O. had returned to Madras on 22nd January 1956. During his tour for a period of over 4 months, he had studied the working of the Consumers' Co-operatives and the Workers' Production Societies in England, Agricultural Co-operatives in Ireland and the Co-operative Credit System in Germany.

(11) Any other purpose, which aims at the development or improvement of land and its increased productivity, and

(12) discharge of prior debts incurred for any of the above purposes, provided the debt was incurred and the land improvement effected, within such reasonable time before the application for the loans, as to make available adequate proof that the improvement in question was the purpose of the debt.

As an incentive to Land Mortgage Banks to undertake productive loaning, the Reserve Bank of India offered to subscribe to 40 per cent amount of each series of debentures (20 per cent for the account of the Reserve Bank of India and 20 per cent for the account of the Government of India) or the short fall in the subscriptions to the debentures by the public, whichever was less, on condition that within twelve months of the closing of the issue, not less than 50 per-cent of the total amount so invested should be advanced for productive purposes by the bank. They also expressed the anxiety that the schemes of productive loaning should as far as possible comprise Community Project areas, National Extension Service Block areas and other areas, where intensive agricultural development is scheduled to take place, as a result of a major irrigation work, having become operative in any area.

Early Efforts

In March 1954, the Board of Directors of the Andhra Co-operative Central Land Mortgage Bank instructed the Primary Banks, that propaganda should be carried on in the villages in their jurisdiction widely advertising the fact that Land Mortgage Banks would finance land improvement works and urging on the ryots to undertake such works. The banks were also instructed not to entertain applications for over Rs. 5,000 unless the amount in excess is required for effecting improvements to land. The banks were also requested to see that atleast two in every five loans recommended and 2/5 of the amount of the loans sanctioned was for productive purposes. The Registrar of Co-operative Societies instructed the Co-operative Sub-Registrars and Primary Banks to get into touch with the Project Executive Officers in charge of the Community Development Projects and National Extension Service Blocks and ascertain whether there was any particular land improvement scheme in the area, which could be financed by Land Mortgage Banks and if so, contact the ryots, who proposed to undertake the improvement and arrange to sanction loans for the purpose. The Registrar also issued necessary instructions to ensure proper estimate of the cost of the improvement and its utilisation for the purpose. The banks were asked to obtain an estimate of the proposed improvements and verify the cost with the local rates approved by the P. W- D. Where the improvement proposed consisted of purchase of an oil engine, a tractor or any other machinery, the banks were to secure and file an estimate of the cost of such machinery from a reputed firm of machine dealers, so that the amount required for the improvement may be sanctioned. To ensure proper application of the sanctioned loan for effecting the improvement, the banks were instructed to disburse the amounts against invoices for supply of machinery to the dealer direct. In other cases, the loan amount was to be disbursed in two or three instalments, the first instalment to be paid on completion of a third or a half of the work. The second or final instalment is disbursed only after the supervisor and a director of the bank have visited the place, verified the improvements and certified that the improvements as proposed at the time of the loan application have been effected.

Initial Difficulties—Delay in Sanction of Loans

The main difficulty in the development of productive loaning by Land Mortgage Banks is the delay in the sanction of loans on account of the time taken by the applicants to file the documents, which make up the title of the applicant to the land offered for mortgage. While the scrutiny of title and other details take time, the improvement should and could be effected only in a particular season. Naturally the applicants cannot lose the season and prefer private borrowing for the purpose. It would save a good deal of time and facilitate productive loaning by Land Mortgage Banks, if in the matter of securing loans from Land Mortgage Banks for land improvement are placed on the same footing as Land Improvement Loans issued by Government under the Land Improvement Loans Act. Lands receiving the benefit of improvement from the loan under the Land Improvement Loans Act carry a first charge (next only to land revenue) to the extent of the loan amount sanctioned for the purpose. If Government should pass similar binding legislation creating a charge in favour of Land Mortgage Banks to the extent of loans sanctioned for land improvement purposes, loans could be issued after a summary enquiry without fear of being dragged to civil court and losing the security.

Handicaps in Full Finance

Another difficulty experienced in advancing funds for reclamation work is that the lands will not provide adequate security for the loan, even after reclamation for the first few years, as their value is low and the amount required for reclamation is much more than the amount that could be advanced according to the rules of the bank. The Government of Andhra was requested to guarantee to the Bank for a period of four years from the date of first instalment of principal fell due, the difference between the amount required for reclamation work, which is actually advanced by the bank, and the amount that could be sanctioned as per the rules. This is particularly applicable to new project areas, where the land values prior to reclamation are low and the amount required for reclamation is much more than the eligible amount.

Govt. Loans *vs*. L. M. B. Loans

Further, Government issue takkavi loans at $5\frac{1}{2}$ per cent interest and without much investigation of title, repaying capacity etc, whereas land mortgage banks charge interest at $6\frac{1}{2}$ per cent and as ask for numerous details, which the Revenue Department never worries itself about, when sanctioning the loan. The Government's decision on these two points have not been received. Land Mortgage Banks have not, therefore, been able to make any headway in making advances for reclamation work in the Tungabhadra Project area. It is hoped that favourable orders of Government on this matter will be received soon, when it is expected some substantial lending for reclamation work will be undertaken by land mortgage banks.

The Agricultural Department are issuing loans at cheap rates of interest ($4\frac{1}{2}$ per cent) for purchasing of oil engines, electric motors, tractors aud other agricultural machinery. The loan is sanctioned in a short time after a summary enquiry. In the Community Development Project areas and N.E.S. Block areas also, the Project Officers have been allotted substantial amounts to be advanced to the agriculturists for issue of loans for development purposes. They would naturally be anxious to sanction loans themselves than recommend land mortgage banks for the issue. Still, in a few villages in one community project area two or three land mortgage banks could make some headway and sanction loans for filter point tube wells and oil engines and this was because the area was a co operatively well developed area and the ryots could appreeiate the facilities, like the longer period for repayment of the loan offered by these banks. On the whole, it may be said that land mortgage banks could not do much in the development areas as such and in fact had to face competition from the Government Departments, which were able to issue loans after a summary enquiry. Further there was not any co-ordination of the work of land mortgage banks with that of the Agricultural Department, so that the Banks could hardly undertake financing land development proposals recommended by the Department and uudertaken by the ryots. The banks were, therefore, left with the only alternative of developing productive loaning in general and not in any particular area or as a result of any particular scheme of land development.

Our Achievements

During the years 1953-54 and 1954-55, the Andhra Central Land Mortgage Bank disbursed loans for a total of Rs 43.33 lakhs and 48.41 lakhs respectively. An analysis of the purposes for which the loans were made is given in page 211.

In the first year of the drive for productive loaning, the bank could disburse only a sum of Rs. 15.70 lakhs for productive purposes, of which only a sum of Rs. 3 lakhs was advanced for effecting the improvements and the balance for repayment of debts incurred for land improvement. In the second year, however, the amount advanced for productive loaning increased to Rs. 31.87 lakhs of which Rs. 10.95 lakhs was advanced for effecting the improvements, while the amount advanced for repayment of debts incurred for productive purposes amounted to Rs. 20.92 lakhs. Every attempt is being made to increase loans for effecting improvements, as it will then be possible for the banks to have a greater control over the execution of the improvement.

Unsurveyed Villages – the Cindrellas

Large numbers of villages, which have not been surveyed and settled have not so far received the benefit of long-term credit from land mortgage banks. These villages were excluded from the purview of land mortgage banks, as it was felt that without survey and settlement, it would not be possible to secure a correct encumbrance certificate in respect of lands in such villages and assess the title. After the abolition of the Zamindaries, Government have taken up survey work of the unsurveyed villages. It is expected that survey and settlement work will be completed by 1960 61. If for a perfect

Classification of Purposes	Loans issued by Primary Land Mortgage Banks for productive purposes for the period from 5-9-'53 to 30-6-'54.		Loans issued by Primary Land Mortgages Banks for productive purposes for the period from 1-7-54 to 30-6-55 Class fied purpose.	
	Amount disbursed for effecting the improvements.	Amount disbursed for repayment of debts incurred for effecting improvements.	Amount disbursed for effecting the improvements	Amount disbursed for repayment of debts incurred for effecting improvements.
	Rs.	Rs.	Rs.	Rs.
1. Sinking of irrigation wells etc. ..	35,475	1,42,823	1,15,531	2,59,036
2. Repairs to or construction of tanks ..	7,944	20,680	18,600	48,829
3. Purchase of oil engines, etc. ..	67,412	84,512	1,23,917	1,14,219
4. Levelling and bunding etc. ..	44,250	80,991	1,92,325	3,40,943
5. Conversion of dry into wet land etc....	10,358	46,993	1,10,947	2,20,362
6. Purchase of tractor or other Agricultural mechinery ..	12,000	18,280	950	17,311
7. Pati earth etc. ..	1,25,802	2,82,057	4,25,741	5,76,961
8. Improvements of lands repairs etc. ..	890	4,44 227	82,962	3,98,524
9. Raising of fruit gardens ..	—	12,681	13,065	20,380
10. Repairs or construction of cattle sheds.	1,860	1,32,148	11,004	90,479
11. Construction of puccafarm houses, tobacco-barns etc .	—	—	—	4,700
	3,05,491	12,65,392	10,95,042	20,91,744

Other Purposes :—	Rs.	Rs.
1. House hold expenses ..	4,40,845	1,50.771
2. Agricultural operations ..	2,72,796	1,87,018
3. Purchase of Bulls etc. ..	3,00,356	2,99,118
4. Marriage ..	2,93,549	49,404
5. Education ..	82,826	27,016
6 Repairs or constructions of dwelling houses ..	1,82,997	1,85,036
7. Purchase of land ..	4,30 761	4,17,154
8 Payment of taxes ..	55,152	10,510
9. Other purposes ..	7,53.395	3,28,319
Total ...	27,62,177	16,54,346

encumbrance certificate, we should wait for another 24 years thereafter, these villages will be denied the benefits of long-term agricultural credit for another generation. Production will naturally suffer for want of adequate finance and if this is to be remedied, some method should be found, by which land mortgage banks could finance agriculturists in such villages as well. If legislative protection could be given creating a charge in favour of land mortgage banks, in respect of land improvement loans, then such loans could be advanced to the ryots. But in these villages, it is necessary that loans should be made to refinance old debts also and perhaps it may not be possible to create a charge in respect of such loans. The problem has to be carefully studied and a proper solution found in the interests of the ryots of these unsurveyed villages.

Land Reforms and the Era of Uncertainties

Land Mortgage Banking in Madras and Andhra States has succeeded all these years, as there are till now no legal restrictions on the free transferability of land. The owner could retain his full rights by leasing the lands. Now land reform measures are being introduced creating special rights for the tenants. The sale value of the lands will, therefore, necessarily depreciate, thus affecting the security of the land mortgage banks. If tenants are to get special rights in the land and they could not be evicted as long as they pay the stipulated lease amount, it is quite possible the land owners will not take as much interest as they have been hitherto taking in improving the lands, thus adversely affecting production. The tenant may be willing to effect improvements but lacks the resources, as even loan capital will not be available to him, as he has no rights in the land as such but is entitled only to a share in the produce. In such an event, loans should be made available to tenants for effecting improvements to the land; such advance having a charge on the land benefiting from the loan.

Financing Land Purchases—A Creditable Service

In the early years of their working, land mortgage banks had helped the agriculturists to retain their property by issuing loans for repayment of prior debts, whose burden was really very heavy during the decade 1930 to 1940. After 1940, with the rise in prices of agricultural produce, agriculture became really worth while for the cultivator and with the aid of fertilisers and other improvements, production increased. The small agriculturist owning four or five acres

of wet land or 8 to 10 acres of dry land slowly saved some small amounts and began purchasing neighbouring lands to make up an economic holding for himself. The short fall in the purchase money, they borrowed from land mortgage banks. Thus many a small ryot strengthened his economic position by purchase of small areas and provided himself with better employment on his own lands. Though a change of land from one hand to another cannot be considered as having in any way improved production, it may be said without fear of contradiction that land mortgage banks, which advanced loans to small ryots for repayment of debt incurred for purchase of land have done a distinct service not only to the parties directly benefiting from such help but also to the community at large, as they have helped to make agriculture remunerative to those, who have made it their profession.

THE TASK OF CO-OPERATION.

Co-operation substitutes the service of the Community for the profit of the individual, establishes a genuine interdependence between its members throughout the world and a means through international association of achieving equilibrium in the economic sphere between the needs of the people and the world resources. It dethrones capital from the dictatorship of economic life and puts in its place the Association of Mankind on the basis of mutual and active participation in the enterprise.

I.C.A. DECLARATION.

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

On the 24th December, 1955, the Second Madras State Co-operative Conference of Milk Supply Unions and Societies was held at the Rajaji Hall, Mount Road, Madras. There was an impressive gathering and more than 200 delegates of the Milk Supply Unions and Societies attended. Prominent Co-operators from all over the State and high ranking officials of the Government also attended the Conference.

Sri P. D. Swaminatha Mudaliar, Sri Swayamprakasam, M.L.A., Sri V. V. Ramaswamy, M.L.C., Sri V. R. Rajagopalan, Director of Animal Husbandry, Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras, Sri N. Murugesa Mudaliar, Deputy Secretary, Agriculture Department, Janab Mohamed Abdul Hafeez, Sri S. Nityanandam, Sri A. Hirudayaswami, Joint Registrars were among those present. The Conference discussed about 72 resolutions and passed as many as 38 resolutions on various aspects of Co-operative Dairying.

EXHIBITION

An interesting Exhibition was conducted in connection with the Conference. The Southern Regional Station of the National Dairy Research Institute, Bangalore, the Department of Animal Husbandry, Madras, Dairy Section of the Department of Co-operation, the Government Milk Factory, the Madras Co-operative Milk Supply Union, Vulcan Trading Company Ltd., and Larsen and Toubro Ltd., were the institutions which participated in the Exhibition. Before the conference began, Sri A. B. Shetty, Sri M. Bhakthavatsalam, Sri Medai Dalavoi Kumaraswami Mudaliar, Dr. P. Natesan, Sri Nachchinarkinia Sivam, Sri M. S. Palaniappa Mudaliar, Sri A. Palaniappa Mudaliar, Sri V. R. Rajagopalan, Sri N. Murugesa Mudaliar and others went round the stalls and evinced a keen interest in the exhibition. All the delegates also witnessed the exhibition. The exhibition was of great educative value.

FLAG HOISTING—SPEECH

SRI M. S. PALANIAPPA MUDALIAR.

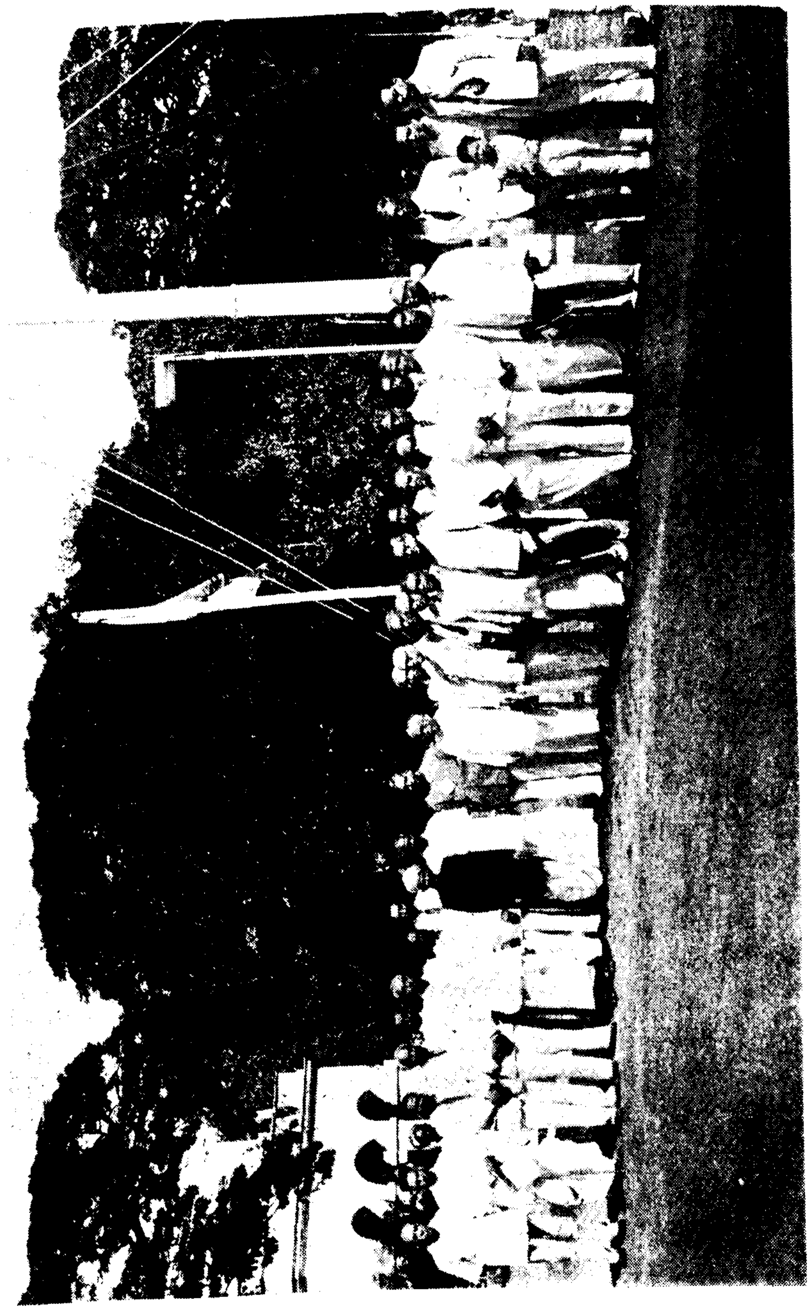
Joint Secretary The Madras State Co-operative Union.

Friends,

Since the first conference was held at Coimbatore in 1946, we are meeting to-day for the second time. Perhaps, as the convenor

The Second Madras State Co-operative Conference of Milk Co-operatives

24th December '55.



Sri M. S. Palaniappa Mudaliar hoisted the Co-operative Flag at the Conference in the lawns before the Rajaji Hall.

The Second Madras State Co-operative Conference of Milk Co-operatives, 24th December '55.

An interesting Exhibition was held at the Rajaji Hall on 24-12-55. Sri M. Bhakthavatsalam, Sri A. B. Shetty, Sri A. Palaniappa Mudaliar, Sri M. S. Palaniappa Mudaliar, Sri Medai Dalavoi Kumaraswami Mudaliar, Sri K. N. Sivam, Dr. P. Natesan and others are seen inspecting the stalls.

of the First Conference of Milk Unions and Societies, I am favoured and entrusted to do the Flag-Hoisting ceremony to-day. I thank the President, Sri Medai Dalavoi Kumaraswami Mudaliar and the Secretary, Dr. P. Natesan of the Madras State Co-operative Union, the convenors of to-day's Conference. I venture an idea that struck me on this occasion. I felt that in such a Conference as this, dealing entirely with the "Milk Problem", we may be right in hoisting along with the Co-operative Flag, a flag on which "Kamadhenu," honoured as a deity in our Country, is incorporated. We may keep this in mind for such future Conferences, as our endeavour and goal is "milk" in "plenty"—and both are associated with Kamadhenu.

When we met at Coimbatore for the first time 9 years ago, Milk Unions and Societies were few and far between. That was a time, when Co-operative Movement had not made much headway in Milk trade. All our resolutions were dictated by the conditions, as existed then. Now we have met when more Unions and Societies have been started and are working well and are put on sound basis. Our problems now are altogether different. To-day's Conference President, Sri K. Nachchinarkiniasivam is well placed to deal with these problems such as (1) Sales Tax, (2) the relationship between Co-operative Milk Organisations and the Institutions of Government, (3) Surplus milk in flush season and deficit in draught period and (4) unrestricted import of milk-powder into the State.

It is a good augury, that we are having in our midst our State Ministers, Sri A. B. Shetty and Sri M. Bhaktavatsalam. This indicates clearly the importance they attach to this Conference and the interest they have for making available to the citizens of our country enough and wholesome milk. This also clearly indicates their intention to use the Co operatives on a large scale for produc. tion and distribution of milk. To-day's President of the Conference is the son of late revered Sri K. Deivasikamani Mudaliar, who was solely responsible to make the co-operative movement to enter the milk trade. It was he, who stayed for 2 months at Coimbatore, at a place close by the premises of the Milk Supply Union and gave me instructions and advice as how best to start, work and develop the Co-operative Milk Societies and Unions. To him, let us pay our humble homage on this memorable occasion.

Those who are in the Milk trade know about different kinds of milk of late. There are the usual cow's and buffolo's milk; there are the milk out of milk powder and the "toned" milk. I know of "milk", in which there is not a drop of milk added. But the general public are ignorant of all these. They assume that whatever is sold as milk comes either from a cow or a buffalo and price their purchases of milk accordingly. Knowing this full well, it is up to us, co-operators, to increase the number of co-operative institutions dealing in milk and increase the trade of each society to overhaul the conditions in the present milk trade.

It is well-known that our country and our State are very backward in milk production. If we carefully note one aspect that exists, we can clearly understand what I say. There are a number of breeds in our State for work bullocks; especially, there is the Kangayam breed. But there is no breed of milk cattle, nor any has taken root so far. Till we attained Independence, there was not much interest evinced on such matters. Now there is a feeling rising among the public, that the milk production must be increased. At this juncture, it is for the Government to utilise this position, and with the co-operative efforts of both the Co-operative and Animal Husbandry departments, to increase the milk-yielding capacity of milch animals and increase their number. Co-operative breeding societies must be started at all places, that are well-suited for breeding purposes. I am sure that the policy of our Government is to encourage in such matters co-operative effort in preference to individual effort. For cows, bulls, not available in our State, such as Sindhi, Ongole or Ayershire and for buffaloes, murrah bulls must be made available in sufficient number. To get sufficient milk in our State, this breeding work must be carried on for at least 5 to 6 generations continuously for about 15 to 20 years. A breeding scheme of such a nature has borne good fruits in Valparai hill tract and you find that all the cows now there are Sindhis.

There is not much difference in breeding of milch animals and work bullocks. A cow of 4 generations of continuous parentage of Scindhi will go on giving more and more milk at each generation. But a heifer of such cow if fathered by a Kangayam bull, the milk from it will be reduced to less than half of the first generation cow in the series. So, to increase milk producing capacity, Scindhi bull should be used continuously. If we are interested in work bullocks, then the best results can be obtained from Kangayam bull. To be to the point, I venture to suggest that our endeavours must be persistent and continuous and without break in getting a satisfactory breed of milk animals.

Apart from other reasons, there is intimate relationship between increased milk production and reduced prices. Poor and lower middle class people cannot afford to purchase milk at the present price level. As in the western countries, each cow must be bred to give more and more milk. Then only price of milk will come down, and all people will be able to get milk. In the last 2 years prices of fodder and concentrates have gone down; but we dont find a corresponding reduction in price of milk. There are many valid reasons for such non-reduction. Firstly, among those, that are in the milk trade, only co-operatives are paying sales tax. Secondly, similarly due to enforcement of labour welfare regulations, co-operatives alone have to foot an increased establishment bill. Thirdly, the surplus milk in flush season entails all co-operatives in heavy loss. To overcome this third problem I feel there is only one way out. That is to arrange the service of the cows with bulls throughout the year. This seems to be not natural, but I learn that adoption of this method has paid good dividends in other countries. If that is found to be good for our country, this procedure can be profitably adopted in the future.

We are all aware of the Cyclonic catastrophe that took tolls of life of people and cattle recently in the Districts of Tanjore, Ramanathapuram, Madura and Tiruchirapalli. Death of cattle, they say, is due not only to floods, but also to cold winds. Knowing that, we must provide in future in this area well-protected sheds for cattle. From other places of the State, cattle must be sent to this cyclone-affected area free of cost and at low cost and thus console the people of area.

This evening, we will discuss and decide as how best to change our methods in the Unions and Societies and what improvement schemes we have to adopt. This Conference will, of course, show us the way as how best to give the citizens enough milk at low cost with the active and willing help and co-operation of the Departments of Co-operation and Animal Husbandry. I thank the Madras State Co-operative Union authorities for having enabled me to actively participate in this function and to you all I tender my respects.

WELCOME ADDRESS

SRI MEDAI DALAVOI KUMARASWAMI MUDALIAR,
President, The Madras State Co-operative Union

Hon'ble Ministers and Brother Co-operators,

On behalf of the Madras State Co-operative Union, I have great pleasure in welcoming all the delegates of the Milk Supply Unions and

Societies of the Madras State and the distinguished visitors to the Conference. This Conference is the second of its kind and I am sure, that in this Conference the mature wisdom and ripe experience of the delegates will be pressed into service and the resolutions, that will be passed at this Conference will give a fresh momentum to this movement and that the Co-operative Milk Industry will be put on a sound basis. We would have been happy if Dr. Punjab Rao S. Deshmukh· Union Minister for Agriculture had been here with us today and inaugurated the Conference, but due to indisposition, he could not be here today. I pray for his speedy recovery and I hope, thet erelong he would take vigorous measures to put Dairying on a sound co-operative basis. I am deeply indebted to Sri A. B. Shetty, Minister for Health and Co-operation for his keen interest and wiling readiness to inaugurate this Conference and guide its deliberations. I am particularly thankful to Sri M. Bhakthavatsalam, Minister for Agriculture for having consented to participate in the Conference, It is particularly apposite that both the Ministers, who are in direct charge of Animal Husbandry and Health respectively should join us in this Conference ; for this auspicious combination of authorities is a sure symbol of the success of the Conference.

It is a particular privilege for me to request Sri Nachchinarkinia Sivam, to be the President of the Conference and to welcome him amidst us. Though a young co-operator, he has already shown great enthusiasm and exhibited a zeal and leadership in administering the Madras Co-operative Milk Supply Union, which is now a first class co-operative enterprise, spreadover a good part of Chingleput District, capable of supplying nearly 20 per cent of the milk requirements of the growing City. I must on this occasion pay my tribute and homage to that great pioneer in Co-operative dairying, Sri Kilacheri Deivasigamani Mudaliar, Retired Registrar of Co-operative Societies, to whose indefatigable energy and administrative ability, we owe this mamooth organisation—The Madras Co-operative Milk Supply Union. Sri K. Nachchinarkinia Sivam is verily the 'chip of the old block' and he continues to direct the Milk Union with the same zeal and application of his erstwhile father.

I extend a hearty welcome to our able and popular Registrar, Sri A. Palaniappa Mudaliar, whose initiative and leadership has been the main driving force for convening this Conference. I am also glad to welcome Sri M. S. Palaniappa Mudaliar, an ardent Co-operator of Tamil Nad, who had kindly hoisted the Co-operative Flag.

More Milk Campaign

I must refer at the outset to a significant move by the Government early last April. On the Tamil New Year's Day, the Minister for Agriculture, Sri M. Bhakthavatsalam, issued a stirring appeal to celebrate it as "More Milk Day". This Campaign was an unprecedented success and it did create a bias for dairying and gave a good fillip for more milk production. It focussed the attention of the public on the importance of increasing the production and consumption of milk, both in the urban and rural areas.

Objectives of the Conference

We have now assembled here to continue the momentum given to the Co-operative Milk Industry by the "More Milk Campaign" in a business like manner. The Governments-both at the Centre and the State-are now engaged in formulating the Second Five Year Plan. The draft Plan Frame contemplates a 25 per cent increase in production of milk and other dairy products. The draft Second Five Year Plan of Madras State has provided for the increase of milk production in urban areas from 40,000 Madras Measures per day to 60,000 Madras Measures per day, the installation of pasteurization plants at 10 centres, hygienic handling of milk by the Madras Co-operative Milk Supply Union, establishment of 5 more salvage farms and 12 more cattle breeding societies. Liberal assistance from the Centre is to be availed of. In the context of planning, the dairy industry has become a first rate development programme. Therefore, it is matter of utmost urgency that the problems of milk co-operatives and their development should be discussed in detail and workable solutions found. This will enable us to formulate concrete proposals for Government assistance and also bring to the attention of the Government, the existing difficulties in the working of the Milk Co-operatives. We can, thus chalk out a programme, which will enable us to move forward in our sphere of work.

Cardinal Facts

We may now cohsider a few cardinal facts. Though India has nearly a third of World's cattle, still, the yield of Indian Cow is poor i.e. 413 lbs. per lactation period, when compared with that of foreign stock, which varies between 3,000 lbs. 4,000 lbs. As a consequence, the average per capita consumption of milk and milk products is indeed very low, being 5.8 ozs ; in Madras State, it is still lower i.e. 2.4 oz. Thus, it becomes clear that in order to enhance the standards of national health, there is an urgent need to increase milk production by better breeding and scientific animal husbandry, besides augumenting and strengthening the milk supply organisations, in order to ensure prompt and hygienic distribution.

More Milk Production

The task of increasing milk production requires the integrated efforts of the State, the Milk Co-operatives and the farmer-producers. The yield of the Indian Cow must be stepped up. The upgrading of our stock should be done in a planned manner, through the systematic distribution of stud bulls and through the intensification of the Key Farm Centres. Alongside our efforts at scientific breeding, a concerted programe of salvaging of dry cows and she-buffaloes should be pushed through; ample grazing facilities and balanced feeding facilities should be provided. Above all, cattle diseases must be eradicated promptly and the State should take the main responsibility for working out a scheme of efficient and prompt veterinary assistance.

Scientific Distribution

It is not enough, if milk production is increased. There should be an effective method of collecting the milk produced in the rural areas, processing the milk and finally distributing it to the Consumers in big Cities and in Towns. It has been found that dairying is best organised through the Co operative agency. By this method, the farmer-producer gets an assured market and a better price; the Consumer of milk gets pure, unadulterated and hygienic milk. Thus Co-operative dairying is a double blessing. In our Madras State, there are 20 Milk Supply Unions and 560 milk supply societies. They produce about 40,000 Madras Measures per day and distribute about 10 to 12 per cent of the total milk produced in the State

Some Problems

Though the Milk Co-operatives have been doing silent and steadfast work for more than two-decades, yet they have to face continuously problems from time to time. The problem of 'Surplus Milk' is a perenniel one; it is now aggravated by the imports of milk power from abroad; secondly, the question of supply to Hospitals etc. is another major problem confronting the milk societies. Thirdly, the Sales Tax on milk sales. Lastly, the prevention of adulteration.

I hope that this Conference will consider all these and allied problems and find out ways and means of solving them in the best

possible manner. Milk Co-operatives have now come to stay; they exercise an effective control over the milk production in this State and bring about a marked improvement both in quantity and in quality of milk available to the public. May this Conference lead to fruitful deliberations and put dairying on a solid co-operative basis!

I welcome you, Gentlemen, once again to this Conference.

INAUGURAL ADDRESS

SRI A. B. SHETTY,
Minister for Health and Co-operation.

Brother Co-operators,

This Conference is meant to take stock of the progress so far made by the milk co-operatives and to chalk out the lines, on which their activities should be developed. The average Indian diet consists largely of cereals and lacks protective food-stuffs such as milk, eggs, fish and meat. Milk is a rich source of first class animal protein, mineral salts, mainly, calcium and vitamin 'A'. Milk proteins are of high biological value and they supply essential amino-acids needed for protective nutrition. The protein and fat of milk are the most easily absorbed of all food proteins and fats. The carbohydrate of milk is lactose or milk sugar, which is an important aid in the maintenance of good intestinal conditions. Milk may be said to be the greatest nutritional need in South India, particularly for vegetarians. Milk products like butter, ghee and curd are much in demand. Skimmed milk and butter milk, though devoid of fat, are useful sources of protein and calcium and so they are of great value for expectant and nursing mothers and children. The milk-in-school-scheme was started in Britain, because the educational authorities there were greatly impressed by demonstrations of the good effect of extra milk on school children. It has been found that the average Indian children show increase in height and weight and improve in their general condition, when skimmed milk is given to them in schools and hostels.

More Milk Production

Though this country maintains a huge cattle population, the production of milk is comparatively very low. The per capita consumption of milk is only $5\frac{1}{2}$ oz. in India as against 30 to 40 oz. in countries advanced in dairying. Within our own country, States like the East Punjab consume a high quality of milk, while the per capita consumption in Madras State is only about 2.4 ozs. Nutrition experts have suggested the inclusion of 8 ozs. of milk per day in the average Indian diet. The problem of increasing the consumption of milk is two fold viz. raising production and lowering prices to bring it within the income levels of the poorer sections of the population. The main problem confronting the dairy industry in this country is the low milk yielding capacity of our cattle and the shortage of cattle feeds and fodder. Government have been taking steps to improve our breeds of cattle by establishing cattle farms, supplying approved types of bulls to the people and starting artificial insemination centres. Attention is being paid to help the better feeding of cattle by encouraging cultivation of fodder grasses and supply of concentrates. The Key Village system is one of the recent schemes for cattle improvement.

Milk Colony

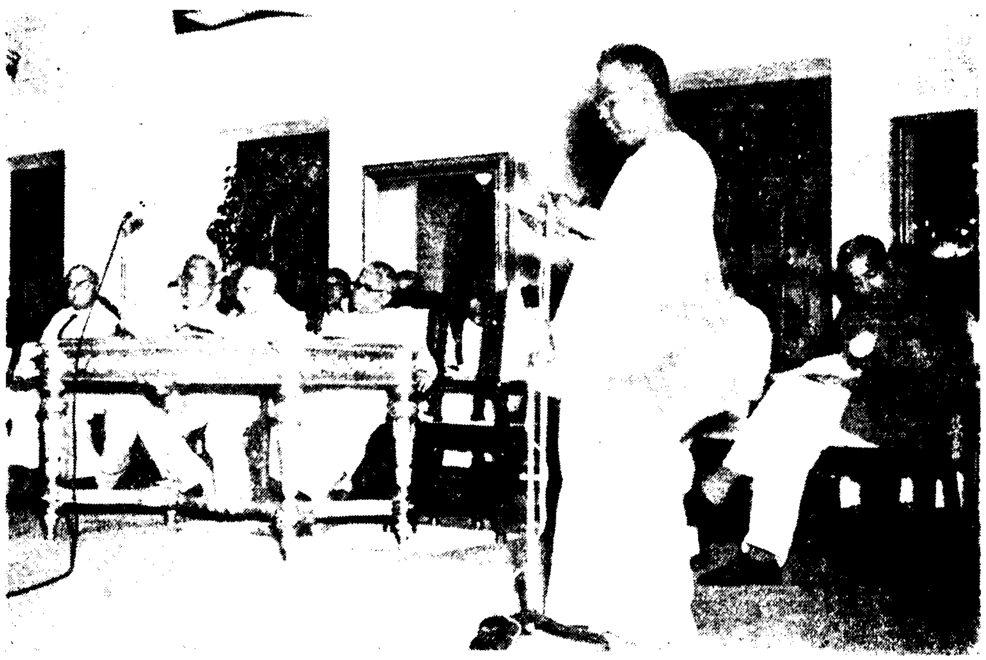
The keeping of cattle in congested localities in towns is detrimental to the interests of public health. It also affects adversely the milk yield of the cattle and their breeding capacity. The cost of maintenance in towns is high and this reacts unfavourably on the consumers' prices. The co-operative milk supply unions and societies are developing rural sources of milk supply by encouraging ryots to take to milk production as a side line of agriculture. In countries like Denmark, Sweden and Norway, milk trade and dairying has been well organised on co-operative basis and more than 90 per cent of the national output of milk is handled by co-operatives. It is understood that the milk co-operatives are collecting and distributing approximately 10 to 12 per cent of the total milk produced in the State. Besides regulating the milk trade in the centres where they operate, these co-operatives have also taken steps, wherever possible, to improve the quality of the milch cattle by providing facilities for breeding, supplying cattle feeds to the members and running salvage farms for dry animals. Bombay and Calcutta have set a good example by removing the milch cattle from the City and launching a big milk supply scheme. The Government of our State are taking steps to establish colonies on the outskirts of the Madras City for settling the City cattle with their milkmen. A cattle colony will shortly be established at Erukancheri near Madras City. It is expected to provide in all accommodation for 7,000 cattle during the Second Plan period at a cost of Rs. 120 lakhs. The City Corporation is taking steps to have a sewage farm on a site of 800 acres at Kudumbiyur for growing green fodder for the colonised cattle at a cost of Rs. 16 lakhs.

The Second Madras State Co-operative Conference of Milk Co-operatives 24th December '55.

Sri Medai Dalavoi Kumaraswami Mudaliar is seen delivering the Welcome Address.

Sri A. B. Shetty, Minister for Co-operation and Health is seen delivering the inaugural address.

The Second Madras State Co-operative Conference of Milk Co-operatives 24th December '55



Sri K. Nachchinarkiniya Sivam is seen delivering the Presidential Address.

Sri M. Bakthavatsalam, Minister for Agriculture is seen addressing the Conference.

Checking Adulteration

Adulteration of milk with water and milk powder seems to be practised in many places by the milkmen and some of the hotel keepers. A great deal of the curd sold by vendors is said to be of skimmed milk containing some quantity of whole milk added for flavour. Such toned milk is not detected by ordinary tests. Much of the milk powder in the market seems to be of doubtful quality. It has been noted that the milk powder itself is sometimes adulterated. Milk powder, if not stored properly, will deteriorate rapidly and become liable to bacterial contamination. Pasteurisation minimises the risk of milk-borne diseases and preserves the keeping quality of Milk. The Co-operative Milk Supply Union in Madras has long been pasteurising its milk. The F.A.O. team of dairy experts, who went round the Union Factory during their visit to Madras last month have suggested that provision should be made for cooling the milk as it takes about 6 hours before it is pasteurised. They have also pointed out the necessity for controlling the quality of milk at the village level and for bacteriological control of the pasteurising process and for keeping the cans aseptically clean. The Union will have to provide itself with necessary laboratory facilities and exercise proper check over adulteration or contamination of milk at all stages. The boiling of milk at home before consumption is a most wholesome practice followed in our country. A suitable can or method of bottling milk with seal has to be devised to prevent adulteration. In the Bombay milk supply scheme, bottles are used for supply of milk to consumers and they are sealed with crown cork sealing with aluminium. The Madras Milk Factory also delivers milk in bottles.

Dairy Development in the Second Plan

It is gratifying to note that Planning Commission has understood the importance of the development of Dairying and Animal Husbandry. Schemes relating to milk supply and improvement of cattle wealth have been drawn up and included in the Second Five Year Plan. The schemes proposed are the following and they are expected to cost of Rs. 35·95 lakhs :—

1. Development of milk production in urban areas.
2. Installation of pasteurisation plants in ten Co-operative milk supply unions.
3. Hygienic handling of milk by the Madras Co-operative Milk Supply Union by supply of coolers, insulated vans, provision for sterilization of cans, etc.

4. Establishment of 5 co-operative salvage farms for dry cattle.
5. Establishment of co-operative societies for cattle breeding.

The implementation of these schemes will help towards improving the quality of our milch animals and increasing the output of pure milk to the public at fair prices.

Toned Milk

The Government Milk Factory at Teynampet, Madras, has started production of toned milk, instead of reconstituted milk from July, this year. The toned milk, which is prepared by adding a certain proportion of whole buffloe's milk to skimmed milk is intended to make a cheaper kind of wholesome milk available to the poorer section of the City's population, who cannot afford to buy and consume the whole milk of milch cattle. There is a scheme for the installation of a new plant for manufacture of toned milk under the Second Five Year Plan.

Government's Sympathetic Interest

The milk co-operative have to face competition from milk vendors, who adulterate milk and sell it at reduced prices. They expect Government to extend various concessions and privileges to them and one of these concessions is in regard to supply of milk to State hospitals. Government will give sympathetic consideration to every measure calculated to promote milk co-operatives in deserving cases.

You have before you a number of subjects of importance for consideration. Sri Nachchinarkinia Sivam, the President of the Conference and the Registrar of Co.operative Societies who is here, will give you the benefit of their experience and help you to come to conclusions, which when implemented will record further progress for the milk co-operatives.

PRESIDENTIAL ADDRESS

SRI K. NACHCHINARKINIYA SIVAM

President, The Madras Co-operative Milk Supply Union, Ltd.

Hon'ble Ministers and Brother Co-operators,

I am thankful to the Madras State Co-operative Union for having elected me to preside over the Second Madras State Co-operative Conference of Milk Supply Unions and Societies. at this important juncture, when the details of the Second Five Year Plan are being settled. I consider it a great honour extended to the

Madras Co-operative Milk Supply Union, which had been the pioneer and inspirer of co-operative milk activity not only in this State, but also in the Indian Union.

We would have been happy, if Dr. Punjabrao S. Deshmukh, Union Minister for Agriculture had been here with us today and inaugurated this conference. But he could not go over to Madras due to indisposition. I pray for his speedy recovery and I am sure his abiding interest in Co-operative dairying will give a fresh momentum to this line of activity. I am grateful to Sri M. Bakthavatsalam, Minister for Agriculture and Sri A. B. Shetty, Minister for Co-operation and Health, for their keen and abiding interest in the development of the milk industry on co-operative lines. My gratitude is also due to Sri A. Palaniappa Mudaliar, our popular Registrar who, by his special study of the organisation of milk, has perhaps contributed most, to its great development in the past decade

Dairy Development in the Second Plan for Madras

We are meeting at a time, when the blue print of the Second Five Year Plan is in the making. Milk, being the most nutritive and complete food available to man, it is imperative that the supply of pure milk to the people in adequate quantities at reasonable cost should receive top priority in any scheme of Public Health. The Registrar's draft plan contemplates the increase of urban milk production from 1,60,000 lbs. to 2,40.000 lbs. per day; the installation of 10 pasteurisation plants in ten important centres; the establishment of five more salvage farms and 12 more cattle breeding societies for upgrading the stock and mechanising the handling of milk in the Madras Co-operative Milk Supply Union.

Dairying on a Co-operative Basis

In our State, after a good deal of trial and error, it has now been accepted that the organisation on a Co-operative basis of the small farmer milk producers in villages and poor milkmen in towns offers the best scope for the small producer to receive the benefits of his industry in full. Dairying gives remunerative subsidiary occupation to a large number of farmers. These farmers with one or two milch cattle earn a few rupees every month by sale of milk and milk products and by organising them co-operatively. It is possible to retain for them the fruits of their industry. The integration of these small farmers distributed over numerous villages into co-operative milk supply societies and the organisation of a milk supply union was first taken up in 1927 by my beloved father, the then Joint Registrar, Sri K. Deivasikhamani Mudaliar. He organised the farmer producers of Chingleput District into village milk supply societies and federated them into the milk supply union at Madras. The milk produced in the villages was transported to Madras and distributed by the Union. The Madras Milk Union has, at present, 161 feeder societies spread over 700 villages of the Chingleput District affiliated to it. The Union has a pasteurisation plant and cold storage facilities and supplies the City with pasteurised hygienic milk at a reasonable price. As a Co-operative institution, it takes into account the interests of the consumer as well, and is constantly on the look-out to reduce production costs and pass on the benefit to the consumer. The members of these milk societies are small farmers, who have taken up sale of milk as a subsidiary occupation to supplement their meagre income from agriculture. The terms 'dairy' and 'dairying' as understood in the Western countries is something entirely different from what is obtaining in our State. The milk supply organisations here have been built up with government help to secure for the poor agriculturist a subsidiary income.

Madras Shows the Way

Nevertheless, they have helped the consumers including the Government in obtaining pure milk at a reasonable cost. The Madras organisation has been copied in the Bombay State by the Kaira District Co-operative Milk Supply Union with its headquarters at Anand. That Union has 75 feeder societies, the entire quantity of milk produced in these societies is pooled at Anand, pasteurised and sent to Bombay in insulated railway wagons. The Central Dairy at Aarey, which is run by the Government, purchases the entire quantity of milk received from Anand and distributes it through its organisation to the citizens of Bombay. The Kaira District Co-operative Milk Supply Union has, therefore, no problem of distribution of its product, whereas the Milk Supply Unions and Societies in our State have to arrange for distribution also.

Quality Control

Another difficult problem, the milk co-operatives have constantly to reckon with, is that of preserving the high quality of milk supplied by them. Effective checking in different stages is necessary to perserve the quality. The Madras Milk Union maintains a well

equipped laboratory to analyse milk before acceptance for pasteurisation and during distribution to the consumers. Every possible precaution is taken to maintain the quality. Still there are complaints of adulteration and the distributors are suitably dealt with. But if this problem is to be satisfactorily solved, it can only be by supplying milk in hermetically sealed bottles. The Madras Milk Union has earlier tried the supply of milk in bottles. But it could not continue such supply on account of the prohibitive cost involved in sterilizing and sealing them. It has been worked out that the sealing process would cost about one anna per bottle, which the consumers feel as a heavy impost. There is also the difficulty of securing at a reasonable cost bottles of quality, which can stand steam sterilisation. But for these difficulties, it would be ideal to supply pasteurised milk in sterilised bottles, as it ensures hygienic handling and purity of milk. A high degree of co-operation from the public is also necessary to ensure success of such a scheme. The collection and distribution of milk brings in its train, a number of problems; the first is that of capital for buildings, pasteurisation plant and transport vehicles. Experience has shown that an efficient milk supply organisation can be built up and sustained only, if the organisation can procure the necessary capital for plant and machinery etc. The Government can help the institutions by providing loan capital for the purpose, which could be recovered within an overall period of ten years.

Liberal Loans for the Purchase of Milch Animals

The Government of Madras have all along been helping the co-operative milk supply organisations in a number of ways. With a view to increasing production, the milk supply unions and Government have been providing finance to the villagers for purchase of milch animals. The entire amount advanced is repaid within a period of 12 monthly instalments. Recently, Government have ordered that loans issued out of Government funds should not be given to any society, which has borrowed for this purpose for three consecutive years, and this condition is working as a hardship, as it is not always the same member who borrows, though the society has borrowed for the three years consecutively. As the milk supply societies ensure that milch animals are purchasd with the amounts advanced and after inspection brand them, there is no possibility of the loan being misused. It should not be forgotten that the animals have to be replaced more often than is generally imagined. Having regard to the need for frequent replacement of the animals in order to keep up the production, and to the possibility that members other than those who have borrowed consecutively for three years require loans for the purchase, I request that Government may reconsider their orders and issue loans for purchase of milch cattle liberally as hitherto.

Upgrading Facilities

I wish now to refer to two or three important measures that have been taken by Government to ensure increased milk production in the State to keep up with the demand not only from the growing population but also to meet the requirements of the people, who have to be supplied with milk to promote nutritional standards. The yield of the Indian cow is miserably low. For getting a better yield, up-grading of milch cattle, must have top priority. For this purpose, the Government have introduced Key Farm Centres, where pedigree stud bulls are kept for service and artificial insemination on a large scale is also undertaken. These Centres have been very useful in up-grading the stock within a radius of about five to ten miles. But the number of Key Farm Centres working in the State is only six. This is far too inadequate to meet the growing demand for up-grading the animals in the countryside.

Veterinary Assistance

With the up-grading of animals and the emphasis attached to dairying, veterinary facilities have now acquired a new significance. Our farmers have realised the efficacy of veterinary measures, both in arresting cattle diseases and in improving the yield of milk. But, the number of Veterinary Dispensaries and First Aid Posts are few and there is an urgent need to increase these units in the countryside to protect the animals owned by the farmers. In the case of milk supply societies, the Government have ordered that they should contribute 50 per cent of the cost of first aid posts and medicines. Veterinary protection should be the responsibility of the State Government and I appeal to the Government not to ask the milk supply societies to bear one half the cost of the veterinary aid. It should be remembered that the members of these societies are poor peasants, who are supplementing their meagre income from agriculture by sale of milk. These are not the persons, who should be asked to contribute for veterinary aid.

Revival of Calf-Subsidy Scheme

By distribution of pedigree bulls and maintenance of Key Farm Centres and other measures, the Government are helping the up-grading of milch cattle. It is important that the progeny born to these pedigree bulls should be properly reared and taken care of, so that there could be a continuous supply of high grade animals in the country. It is well known that in cities and towns, the milkmen are more particular about the milk they get from the animals and pay no attention to the calves. In fact, the calf is a problem to them. There is, therefore, a high percentage of mortality among the calves. To arrest this wastage, Government introduced a subsidy scheme and agreed to pay Rs. 30 for each one-year old calf of quality breed. This served as a good stimulus for the urban milkmen. But, for some reasons or other, Government have withdrawn the scheme. Though the payment is an outright loss to the Government, it leads to an addition of cattle wealth to the community and I request that the Government may reconsider their orders and work the scheme for a period of five years in important towns in the State.

Better Grazing and Feeding

The milking capacity of an animal will depend not only on its parantage but also on the feed it gets before and after calving. The quality of milk from animals, which are allowed to graze in pastures and fed with sufficient green fodder or silage will always be better than milk from stallfed animals. But, these facilities are not available in many of the villages. In fact, in some of the villages, there is not enough room for cattle to go about and to have even a moderate exercise. Wherever there are reserve forests, it is in the interests of the community that Government should reserve the required extent of land, where fodder grass could be cultivated and where milch cattle could be allowed to graze. In municipal areas, the sewage water may be diverted and utilised for growing green fodder, which could be made available at a reasonable cost to the milkmen. The villagers may also be encouraged to silage fodder grass, so that it may be made available to the animals in summer. Thus, if milch cattle are provided with proper feeding, it will help a great deal in improving their milk yield.

Scientific Salvaging

Another important measure, that should be adopted to ensure continuance of good breed cattle is, that during the dry period, they should be taken care of properly and salvaged. With some help and assistance from the Government, the Madras Milk Supply Union is running a Salvage Farm, which is mainly intended for salvaging she-buffaloes. The Kozhikode Milk Supply Union is also running a Salvage Farm. The Government themselves are running a Salvage Farm for cows In these three Salvage Farms, 550 animals are salvaged every year. It is clear that these salvaging facilities are quite inadequate and more salvage farms should be started. Perhaps one or two farms for each district are necessary and it will be in the interest of the State to organise these salvage farms to preserve the animal wealth of our State. The capital requirements and recurring expenditure of the salvage farm viz., for the purchase and maintenance of stud bulls and agricultural machinery, like tractors for fodder cultivation have to be subsidised by the Government, as otherwise, the cost would be too high for the poor milkmen to take advantage of the salvaging facilities made available. At present, the cost of salvaging an animal comes to about Rs. 100. It is very difficult for a milkman to meet the cost of salvaging at a time, when he gets no income from the animal. I have suggested that in the interests of the milkmen as well as the preservation of good milch cattle, the amount required for salvaging should be advanced as a loan and recovered in easy instalments during the following lactation period. This was agreed to, but the loan for salvaging was also included within the scheme of loan for three consecutive years. It is important that in towns, milkmen should be encouraged to salvage their dry animals by advancing the necessary funds, as otherwise they will be sold away outright or their condition will deteriorate.

Milk Colonies—A Suggestion

For some time now, Government have been contemplating a scheme for colonising milch cattle outside the city limits as a measure of improving sanitation and health standards. In any such scheme of colonisation, two important points have to be borne in mind. The facilities made available for the animals should include not only good stalls but also enough grazing land. The milkmen and their attendants should have living quarters with modern sanitary fittings and other amenities, so that they may comfortably live there. The Government should subsidise a part of the cost of building the quarters and recover the balance from the residents in small instalments, so that at the end of the period they become owners of these houses. Once these amenities are provided, it will be easy to attract the

milkmen to transfer themselves and their stock to the colony. Perhaps for Madras, which has a fine record of co-operative effort in our country, the organization of city milkmen outside the city limits in co-operative milkmen's colonies will be fruitful and more beneficial and less costly from the point of view of the State Exchequer.

Surplus Milk

A very important problem, that the co-operative milk societies have to face is the problem of surplus milk in the winter months. We have been trying to mitigate the impact of the surplus to some extent by advising the milkmen to arrange for crossing of their animals in different months, so that the calving and consequently the surplus problem may be spread over evenly during the year. Still, nature plays a much greater part in this and the problem of surplus has to be tackled. If the surplus milk could be disposed of without loss, the sale price of milk could be reduced. During the surplus season, co-operatives are trying to get as much as they could from out of the surplus milk by converting milk into by-products like curd, butter and ghee. But the income from such conversion cannot even be 35 per cent of the cost. I made a suggestion about two years ago, when Mr. Chester C. Davis of the Ford Foundation visited the Madras Co-operative Milk Supply Union, that the problem of surplus could be effectively tackled, if a plant is installed to convert milk into milk powder and children's food. I request that during the Second Five Year Plan, Government may provide at least at two or three centres in the State the necessary machinery required for the purpose. The Kaira Milk Supply Union has recently installed a similar plant and to that extent, they have solved their surplus problem.

Milk Mindedness

Another factor, that has to be taken into account in considering milk production and distribution scheme in our State is that the consumption of milk is compartively low, as the milk-drinking habit is not ingrained in most of us. This is partially due to the relative shortage of milk and comparatively high cost, one has to pay for it. The Health Department has to carry on intensive propaganda to make the people milk minded, for milk is the only complete food. Many of our children do not get any milk at all. Recognising this fact, the Government of Madras directed in 1946, that school children in the City of Madras should be supplied with milk during the school hours at the cost of the Government and it was reported that there was perceptible improvement in the health of the children. But on grounds of finance, this scheme was withdrawn. The Government may consider whether supply of milk to the children of the State and incurring the necessary expenditure as a preventive measure is not better than spending money on supply of medicines for curative purposes. If Government should subsidise milk production and distribution at low costs, it will lead to increased consumption of milk by the people and the expenditure on this account will repay itself by savings in the Public Health Sector. I appeal to the Government to consider this as a national necessity and formulate suitable measures in the Second Five Year Plan.

Exemption From Sales Tax

I may take this opportunity to mention that Government, in spite of several representations from co-operative milk societies, have been continuing to collect Sales Tax on milk. Government have exempted perishables like fish, flowers, potatoes and other vegetables from the operation of the Sales Tax. Milk is perhaps the most perishable food article; for, if it is not used in the course of two or three hours, it will go bad. Perhaps, Government are under the impression that milk is a luxury article used by the well-to-do. But the direct effect really is on the poor milkmen gathered in the Co-operatives, for it is only the milk co-operatives that pay sales tax on milk. It is argued in the Government order on the subject, that milk need not be exempted from sales tax, as it could be coverted into by products, forgetting for the moment that by converting milk into by-products, one can hardly realise not even 35 per cent of the cost of milk.

Ban on Milk Imports

The biggest problem facing the milk producers in our State, at present, is competition from imported skim milk powder converted into milk. This product is difficult of detection, when mixed with genuine milk, and a flourishing trade in such milk is carried on in towns and cities, adversely affecting the sale of genuine milk by the co-operatives and on account of this, the societies are experiencing surpluses even during summer months. The Government themselves have been encouraging the sale of toned milk, which is manufactured by mixing an equal quantity of water in genuine milk and adding skim milk powder to it. Sale of reconstituted milk in the city was started by the Government during the war years, on account of an acute shortage of milk. But it had continued to stay

on, even after the shortage was made good and co-operatives are unable to dispose of the genuine milk produced by their members even during the summer months The Expert Committee appointed by Government condemned the sale of reconstituted milk and advised the supply af toned milk in the City to make up for milk shortage, so that persons of low income groups, who cannot afford to pay the high cost of genuine milk could go in for this toned milk, which could be sold cheaply. They also expressed the view "that children below the age of ten and certain categories of patients in the hospitals, who are suffering from any diseases in the alimentary canal, intestinal or other digestive disorders etc. may not use this milk." Toned milk is being sold at one rupee per Madras measure, whereas genuine full cream milk is available at Rs. 1-3-4 per Madras measure. The public do not seem to have shown any predilection in favour of toned milk, as Government are able to sell only 200 Madras measures of milk per day to the public. The balance 800 Madras measures of toned milk manufactured at the Government Milk Factory is supplied to the Government hospitals for the use of patients, who perhaps would not have purchased this toned milk for their consumption. In any scheme of milk supply, top priority should be given to the patients and when cow's milk of good quality is available for the use of patients, I can see no justification for the Government to continue to supply toned milk to the hospital patients.

Toned Milk or Pure Milk

It is paradoxical that the Animal Husbandry Department should be entrusted with the manufacture of toned milk. The efficiency of a Department will naturally be judged with reference to the results achieved by it in the work entrusted to it. If the Department is able fo push up the sale of toned milk, naturally it will affect the production of genuine milk. It should be remembered that the Animal Husbandry Department's main function is the improvement of the cattle wealth of the country and also the quantity and quality of genuine milk. Thus the Government have set to themselves two contradictory functions (1) to encourage milk production and (2) to adversely affect that function by developing toned milk production. It is pertinent to note here that the Animal Husbandry Department has programmed to increase the production of toned milk in the next five years from its present level of 4,000 lbs. per day to 6,20,000 lbs per day. They have also provided for an expenditure of Rs. 15

lakhs for the improvement of the toned milk factory in the next five years. Surely, if this programme of the Animal Husbandry Department should achieve the results contemplated it will, perhaps, deal a death blow to its normal function of improving the cattle wealth in the State. It is for the Government to consider, which activity of this Department should be encouraged.

Milk Supply to Public Institutions A Suggestion

After the organisation of milk co-operatives, Government have been utilising their services for supply of milk to the State hospitals, jails and other Government institutions. Till, recently, the Government were awarding the contracts for supply of milk to hospitals, etc., to the co-operative milk supply societies, even when their rates were higher than the rates quoted by the private contractors, presumably because they were more certain of the quality of the milk supplied and also as a matter of policy, they wanted that the producer should get the best return for his product. Before the co-operatives entered the field of supply of milk to the State hospitals, Government were paying their contractors 250 per cent more than the market rate. Government's latest order on the subject stipulates that tenders of the milk co-operatives can be accepted, if their rates are not more than 5 per cent over the market rate or the lowest tender rate, whichever is less. The market rate of milk is very well-known. All that a private tenderer needs to do, is to quote, say, 10 per cent lower than the market rate. His tender will automatically be lower and the co-operatives will have no chance of securing the contracts for supply of milk. It is, therefore, only a question of one or two years before the milk co-operatives are completely ousted from being suppliers of milk to the State hospitals. Once they are eliminated from the field, the contractors would revert back and quote as high a rate as possible, which is certainly not in the interests of the State Exchequer. Co-operatives in Madras State have all along been used to further State policies and they have never grudged that role. I take this opportunity to make an offer to the Government to utilise the services of the co-operative milk supply unions and societies in the matter of milk supply to hospitals, etc. at rates fixed by Registrar of Co-operative Societies. After all Co-operatives are not interested in making large profits and it is the producer, that should get an economic rate for his produce. The Government, too, are interested in getting a fair price to the producer and so there can be no conflict of interest. My suggestion, therefore,

is that Government should give up calling for tenders and request the Registrar to examine the cost of production plus incidental charges and fix up the rate. The milk co-operatives on their part will abide by such a decision. I request that Government may give their best consideration to this suggestion.

Friends, I have taken much of your time, but I thought that I should place for your consideration my experience of working the Milk Supply Union at Madras, so that you could discuss the problems in all their bearings and place before the Government our requirements immediate as well as long-term for their sympathetic consideration.

SPEECH OF SRI M. BHAKTHAVATSALAM,
Minister for Agriculture.

I welcome this opportunity afforded to me by the convenors of this Conference, to participate in the deliberations and to address this gathering especially as it will enable me to describe in some detail what the Animal Husbandry Department is doing to develop Dairy production and incidentally to indicate the objects with which Government have undertaken recently the production of Toned milk and the Organisation of a Milk Colonisation scheme, both of which I feel have given rise to a certain amount of uneasy feeling in ill-informed quarters which I should hasten and correct to erase.

Considering the fact that I am addressing mainly persons whose connections with the Dairy industry have been longer and more intimate than that of Government, it is unnecessary for me to dwell at a great length on the present unsatisfactory state of the dairy industry in the country and in this State in particular. This is a paradox when it is remembered that our cattle population is far greater than even that of the surplus milk producing countries of the world. The reason for this situation is that the tendency in this country has been to give comparatively more importance to the place of cattle in the agricultural economy than in the domestic economy. While ryots have been evincing greater and greater interest in upgrading and improving the draught and work animals, milch, animals still remain neglected. This neglect through generations have resulted in such a general deterioration in the milk yielding capacity of the milch cattle, that the maintenance of such cattle has become uneconomic. This in turn is the reason for the high price of milk obtaining in this State, and the consequent low per capita consumption of milk. Madras State, especially after separation of Andhra, I am afraid, is behind the rest of the country in this aspect. Whereas the per capita consumption of milk in the country is $5\frac{1}{2}$ ounces, it is only 2.4 ounces, in this State and 2 ounces in the city of Madras. This compare very poorly indeed with the countries advanced in dairying, where the per capita consumption varies from 30 to 45 ounces. The only solution to this problem which unfortunately can only be a long range one—is to upgrade the milch animals of this country with a view to increase their milk yielding capacity. And this is where the Animal Husbandry Department comes in. The Government through this Department are trying to introduce better quality milch animals in the villages, the breeding stock having been built up after years of research in the Government livestock farms and their milk yields are comparatively far better than that of the average locals. Special officers have also been appointed to study the problems of late maturity, sterility, long intervals of calving, malnutrition etc.— problems peculiar to the milch animals of this country. Schemes for upgrading of cattle including milch cattle, have been provided for at a cost of several lakhs for implementation during the Second Five Year Plan period which is to commence shortly. The All India Key Village Scheme for cattle development, the establishment of more Artificial Insemination Centres, the development of foods and fodder resources in key villages, the organisation of rural herd and milk recording, the establishment of supplementary extension centres for the utilisation of bulls produced in key villages and the calf subsidy scheme are only some of the many schemes proposed to be taken up during the next five years. In all these the co-operation and enthusiastic response of the ryots and more especially the Co-operative Societies and Unions and Livestock Associations, which deal with groups of cattle owners, is what is most needed. I hope that these will be forthcoming in abundant measure and the combined measures of Government and the public will bring about a transformation of the situation for the common good, and that this State will be able to solve the milk problems in as satisfactory a manner as possible in the shortest possible time, in spite of the innumerable difficulties in the way.

Coming to the milk supply position in the urban areas you will agree with me that this remains unsatisfactory in spite of the best efforts made by the Co-operative Societies and Unions in this regard. I must indeed congratulate them for the services rendered to the

people in this respect. It is unfortunate that in spite of the efforts made by the Co-operative institutions and the Government to improve the production and supply of milk in the State, only the fringe of the problem has yet been tackled. The per capita consumption of milk for this State is, as I have said, only about 2.4 ounces a day, which you will realise is far below the normal standard of nutritional requirements. My hope is that at least every child in this State should be assured of at least 4 ounces of milk a day. The Government have under contemplation a few dairy schemes to be taken up for implementation during the Second Five Year Plan period. The Cattle Colonisation Scheme for Madras City is the most important among these, on which I shall have something more to say presently. The improvement of pasteurisation plants, the salvage of dry cattle by the establishment of more dry farms and the establishment of more urban milk supply units and the cattle breeding centres are the other schemes contemplated for the Second Five Year Plan period.

The Government Milk Factory which has now come under the control of the Animal Husbandry Department and is at present producing 'toned milk' is contributing its little quota to solving the milk problem in Madras City. I shall briefly indicate the reasons which necessitated the setting up of such a factory, and the need for supplementing the supply of whole milk in the city by reconstituted milk. The last world war created an unprecedented situation in the milk supply position of Madras. The Government were therefore compelled to find out ways by which the abnormal increase in the demand could be met and the prices kept down. The Government therefore decided in 1947 to start a Milk Factory to produce reconstituted milk. This timely measure eased the sitution considerably. But the question as to whether it should be continued even after the cessation of the War and, if so, how its production could be improved was taken up in 1953. The Government appointed a special committee presided over by Dr. A. Lakshmanaswamy Mudaliar, to go into this question and submit its recommendations. The Committee among other things.recommended that the factory might be continued to augment the city's milk supply, but advised that it may switch over to the manufacture of toned milk instead of reconstituted milks Toned milk which consists of specified proportions of whole buffaloe's milk, skimmed milk powder and water, has been tested by the experts and certified to be both nutritive and wholesome. In accepting the recommendations of the Committee, and starting the production of toned milk, the Government did not, as must be quite obvious, intend to set up a competition for whole milk. It has never been the intention of Government that toned milk should replace whole milk. It has been introduced only with a view to make a cheaper and at the same time sufficiently nutritive and wholesome milk available particularly to the poorer sections of the city's population and generally to act as a sobering influence on the price of whole milk. Though the present price of toned milk is Re. 1 per measure, steps are being taken to reduce the price a little very shortly and it will be for cheaper than that of whole milk. A drastic reduction would be possible provided the price of whole milk supplied to the factory is brought down and we are taking necessary steps for it.

The other important scheme proposed to be inplemented during the Second Five Year Plan period and which has also been the subject of a certain amount of misapprehension is the establishment of milk colony for Madras City. One of the recommendations made by the Dr. A Lakshmanaswamy Mudaliar Committee was that Government should take steps to evacuate the milch cattle from the city and to provide suitable accommodation for them in the outskirts of the city and to arrange for the supply of wholesome milk to the city. This Colonisation Scheme should be welcomed by all sections of the public though details of the scheme are only being worked out. It has been tentatively decided that the colony site will be near to the sewage farm proposed to be established by the Corporation authorities, so that fodder grown in this farm will meet the fodder requirements of the colony, which in turn will help to reduce the price of milk. Under the scheme it is proposed to provide accommodation not only for the milch animals but also decent quarters and other amenities for the milkmen. While both whole buffaloes' milk and cows' milk produced at the colony will be separately pasteurised and supplied in bottles to the public, some portion of the buffaloes' milk is proposed to be converted into toned milk. It is also proposed to systematically upgrade the milch animals which will be accommodated in the colony with a view to increase their milk yield by correct breeding and feeding. This scheme is intended to improve the city milk supply both in quality and quantity, to bring down the prices and to improve the sanitation of the city. The apprehension therefore that this scheme of Government is meant to stifle the co-operative effort in this direction is utterly baseless and misconceived.

The scheme when it materialises will be a model because even in the Aarey Colony in Bombay there is no combination of pasture and dairy units. It would be a perfect milk production colony and the quality of the milk would be free from the criticisms of imperfect technique of pasteurisation and other defects in distribution now levelled against existing co-operative agencies.

Side by side with the steps to increase the milk production in this State, we should also create a milk consciousness among the public by impressing on them the high nutritive value of milk as a food and inducing them to drink more milk. It is with this object the Government have sponsored the celebration of the More Milk Campaign which was celebrated this year on the Tamil New Year's Day. To make the people live-stock minded the Government have also been arranging cattle shows and competition every year during the Gosamvardhana week.

In no country in the world is the milk position so unsatisfactory as in India. Madras particularly is lagging behind. Bombay and Calcutta for example have gone ahead and I trust that co operative institutions will give their whole hearted co-operation to Government's efforts in our State. I wish to request you to approach the questions which you will be discussing to day from the correct angle and ensure speedy and all round progress. If you do, you will be laying down the foundation for a beneficient milk policy for this State. I wish your celebration success.

PRESIDENT'S CONCLUDING REMARKS.

Sri K. Nachchinarkinia Sivam, President in conclusion said that he thanked the Madras State Co-operative Union for taking the initiative in convening the Conference. He was also thankful to the delegates, who had co-operated so enthusiastically to make the Conference a great success. He appealed to the Government to sympathetically consider the resolutions passed at the Conference and to take all necessary steps to put the Dairying Industry on a healthy Co-operative basis.

Dr. P. Natesan, General Secretary, the Madras State Co-operative Union proposed a vote of thanks.

The Conference concluded with the singing of National Anthem by Sri Vinayagam.

RESOLUTIONS PASSED AT THE SECOND MADRAS STATE MILK CO-OPERATIVE CONFERENCE ON 24-12-'55.

Production

1. "Resolved to request the Government to set apart more funds for the schemes on the dairy development of our State and to equitably distribute the same throughout the State."

2. "Whereas it is the policy of the Government to encourage the Milk Co-operatives and, in general, to give a stimulus to the growth of indigenous industry, the Government have been imposing restrictions on import of several commodities. In this context, the Government have been allowing liberal imports of milk powder. Milk Powder imports creates serious disturbances in the Milk Market and accentuates the surplus milk problem of the Co-operatives. It also severely curbs any attempt to increase milk production. With a view to give a fillip to increased milk production and expand the activity of milk co-operatives it is desirable and necessary that the imports of milk powder from foreign countries must be banned forthwith in so far as sales to public are concerned; and simultaneously, measures must be devised to strengthen the milk co-operatives and assist them liberally to expand their production."

3. "As per the present rules regulating the grant of Civil loans to members for the purchase of milk cattle, it is learnt that if a Society gets loans in three consecutive years, that Society will be rendered ineligible for any further civil loans. The Government may be requested to relax the rules and enable the Societies which are regular in repayment of loan, to get the loans in due course as per the usual conditions, on the recommendations of the Deputy Registrar."

Breeding

4. "Though the Societies are maintaining required number of breeding bulls, the entire demand for service could not be met as the services of the bulls are restricted to a minimum of 60 per bull per annum. Lot of trouble in experienced in rendering services. Therefore, it is necessary to open an artificial insemination centres in each large-sized Society and Union."

5. "Resolved that Milch Calves and he calves of selected breed may be supplied to the members of the milk supply societies periodically from the Government Dairies and Military Dairies."

6. "Resolved to request the Government to organise Calf Competition in each village or firka every year and to give subsidies to owners of quality breed calves in order to give an incentive to quality cattle breeding."

7. "Resolved to request the Government to open more number of salvage farms and key farm centres at the rate of two or three for each district to improve the cattle wealth of the Nation."

8. "Resolved to request the Government to establish Co-operative Societies for the breeding of cows and buffaloes, one for each district, in order to help the producers to improve and increase the milk strain and also to increase the number of milch cattle."

Grazing and Feeding

9. "This Conference requests the State Government to run Pasture Farms by the Agricultural Department for growing fodder like Napier grass and Guinea grass on a large and scientific basis and supply them to members of milk co-operatives at cost or in the alternative, to sanction subsidies to Milk Co-operatives for running such farms, after rendering them fit fodder cultivation, by clearing weeds, cultivating it with tractor and after installing pump sets etc., for irrigation."

10. "Available Government Forests, Darkas lands, poramboke lands may be allotted to Milk Supply Societies for the grazing facility; wherever such lands are not available near by the Societies and the animals are kept indoor and stall fed, the Government should direct the Municipalities to undertake the cultivation of Guinea grass, Napier grass, etc. in the Sewage Farm and arrange to supply this green fodder to the members of the Milk Supply Societies at cheap rates."

Salvaging

11. "Resolved to request the Government of Madras to start one co-operative salvage society in each District with Government subsidies under the Second Five Year Plan; The Salvage

Farms should be provided with extensive grazing fields. Cattle Sheds, Veterinary Units, Artificial Insemination Outfit etc. must be provided at Government cost; Stud bulls must be stationed at the farms. The milch animals of the members of the Milk Co-operatives should be salvaged at nominal costs or free of cost.

Veterinary Facilities

12. "Resolved to request the Government of Madras to post one Veterinary Surgeon or one Livestock Inspector free of cost to each Milk Co-operative producing more than 750 M.M daily to attend to the medical treatment of the animals and to artificial insemination."

13. "Resolved to request the Government of Madras to sanction 50 per cent subsidy and 50 per cent loan towards the cost of following schemes (i) purchase of frigidaire, (ii) First Aid Posts; (iii) Mobile Veterinary Unit in respect of large-size milk co-operatives, with a production capacity of more than 500 M.M. per day.

Cattle Sheds, Milk Bars

14. "Resolved to instruct Municipalities and Panchayats to provide suitable buildings for housing Sales Depots on nominal rents at Municipal Bus Stand and other public places to augment the speedy distribution of pure milk to the consumers"

15. "In order to build hygienic and sanitary cattle sheds in feeder villages, the Government may be requested to construct Cement Concrete Sheds on a 50 per cent subsidy and 50 per cent loan basis.

16. "Resolved to request the Railway Administration to grant permission and give all facilities to Milk Supply Co-operatives, wherever they apply to open Milk Bars at all important Railway Stations at concessional rentals."

Transport

17. "With a view to facilitate transport of surplus milk to big cities, the Government may be requested to provide insulated railway wagons with refrigeration facilities to carry milk to distant places."

18. "Resolved to request the Government to issue directions to bus operators to carry the milk of co-operative societies, wherever they wish to transport."

Surplus Milk

19. "Resolved to request the Government to investigate the possibility of establishing a Milk Powder Factory, one for each District, or in such other suitable centres in order to utilise the surplus milk of all the Co-operative Milk Supply Unions and Societies in the State."

20. "Resolved to request Government to meet the cost of pasteurisation plant in full and to major milk supply co-operatives and to cost of the technical staff for the first three years under the Second Five Year Plan."

21. "Resolved to request the Government of Madras to stop production of Toned Milk."

22. "As the business of milk co-operatives is very much affected by G. O. Ms. No. 590 Health Department, dated 14-2-'55, this Conference requests the Government to revoke the said G. O. immediately and to reinstate the G. O. Ms. No. 668, Health Department dated 14-3-'54; resolved further that a deputation consisting of Sri K. Nachchinarkinia Sivam, Sri V. V. Ramaswamy, M. L. C., Sri Medai Dalavoi Kumaraswami Mudaliar, Sri Swayamprakasam, M.L.A., Sri M. S. Palaniappa Mudaliar and Sri A. Palaniappa Mudaliar, may wait on the Minister for Health."

Sales Tax

23. "In view of the fact, that milk is one of the most easily perishable articles of food, this Conference requests the State Government to reconsider its earlier decision and to pass orders exempting the sale of milk from the operation of the Madras General Sales Tax Rules, 1939 as is being done in the case of other perishables like betel leaves, fruits, flowers, etc."

24. "Resolved that this conference do elect a representative delegation consisting of Messrs. K. Nachchinarkinia Sivam, V. V. Ramaswamy, M.L.C. Medai Dalavoi Kumaraswami Mudaliar, Swayamprakasam, M.L.A., M. S. Palaniappa Mudaliar and A. Palaniappa Mudaliar, Registrar of Co operative Societies to wait on the Hon'ble Ministers concerned (of the State Government) and to impress on them the need for the Sales Tax exemption on milk."

25. "Resolved that the Government may be pleased to exempt milk sales of ex-tappers Society even though milk activity may

be a subsidiary activity and the benefit of the G. O. 24 dated 3-1-1952, may be extended to such societies for the first three years, since the starting of the society."

26. "This conference brings to the attention of the Government the arbitrary nature of collecting sales tax, contrary to the spirit of exemption given in G. O. 2790 dated 24-9-'53 by arbitrarily considering that only exemption is granted to the feeder societies sales to Union, and not to the members sales to the feeder societies; this conference strongly appeals to the Government to stop this collection of sales tax on member's sales to feeder societies and refund the amount collected thus to the members."

Food Adulteration

27. "Resolved to request the State Government to instruct the Director of Medical Services, Madras, that while taking samples of milk supplied to Government Hospitals by the co-operative institutions, the local Medical Officers should exchange identical samples under their seal and authority with their suppliers and comply with the provisions of Sec. 11 and 13 of the Central Act XXXVII of 1954 and the rules framed thereunder."

28. "This Conference feels that the imposition of fine and imprisonment on the office-bearers and the managerial staff of the Society, due to the detection of adulteration in the sample taken from the Societies' milk on account of the negligence or malpractice of the members or vendors is too arduous and regressive and is acting as a deterrent for decent and honest people from taking up the affairs of the Society."

Further, as per the Central Act, heavy fines of Rs. 1,000 and above could be imposed and the societies cannot bear this heavy impost; this Conference is of the opinion that Sect. 17 of the Central Act is arbitrary and should be amended to protect honorary office bearers and managerial staff being prosecuted and punished for the negligence or malpractice committed by the members or vendors; This conference further regrets in the Central Act, no time limit has been fixed for launching prosecution from the date of offence to the date of launching prosecution; and further, this conference requests that prior sanction of the Registrar must be obtained for the

prosecution of the personnel of the Society; This Conference requests the Government to amend the Central legislation No. 37 of 1954 in the manner indicated in the foregoing paragraphs.

Shops and Establishments Act

29. "This Conference requests the Government to amend the provisions of the special by-laws relating to service conditions of employees in respect of milk societies, specified in annexure to the G. O. No. 3992 dated 25-11-1955 as indicated below: (a) the power of suspending milk vendors should vest within President and not with the sub-committee, (b) the powder of forfeiting security deposit of the vendors in the case of reported adulteration should be given to the President, and (c) measures should be introduced to prevent vendors to slipping away from service, without adhering to one month's notice and other formalities prescribed in the special by-laws."

Staff Special By-laws

30. "Due to meagre profits of milk supply societies, they are not able to pay adequate salary to their staff. As such suitable persons with the cash security as per Registrar's Circular are not readily forthcoming. In the interest of the societies, the Registrar is requested to amend the Circular, permitting the societies to collect the required securities in instalments from them in a term not exceeding two years and to reduce the amount also in the case of clerical staff, which should not in any case exceed Rs. 500. This Conference is of the opinion that the fixation of qualification for clerk's post is too high and the minimum qualification may be fixed as S. S. L. C."

By-laws

31. "Whereas Model By-law No. 28 (a) of the Milk Supply Unions clearly states, that they can take milk as much as to their requirements, Model By-law No. 35 of the Milk Supply Societies is not clear regarding acceptance of milk by the societies from the producers. The Registrar is requested to suitably amend the by-laws of the societies also, as it is not possible for the societies to find market for rejected milk on odd days, when there is rejection by the Union."

Cattle Insurance

32. "Resolved to request the Government to formulate and execute immediately schemes for insurance on co-operative lines."

Government Assistance

33. "The Senior Inspectors and the Auditors should be given technical training in Government Dairy Institute."

34. "Resolved to request the Government to sanction a subsidy towards the salaries of staff employed in small Co-operative Milk Societies."

35. "Resolved to request the Registrar to waive the cost of Special Officers of superceded co-operative milk supply societies, which are working on loss atleast to the extent of the basic pay of the Officer on foreign service, as most of the societies are ruined by heavy establishment charges during the supercession period."

Licence for Sale of Milk

36. "Since under the existing rule No. 258 (1) of the District Municipal Act, collection of Milk Trade licence fee from members of co-operatives in Panchayat and Muncipal areas is done, which is deterrent to the continuance of the membership it is resolved to request the Government to exempt the members of Milk Co-operatives from the operation of this rule."

Propaganda

37. "Resolved to request the Madras State Co-operative Union to constitute a special Co-operative Dairying Sub Committee and to commission that committee to attend to (1) Advertisement and Publicity of Co operative dairy productions on a State-wide scale and (2) to facilitate exchange of views on Co-operative Dairying."

38. "Resolved to request the Madras State Co-operative Union to convene a Milk Supply Conference every year."

THE CO OPERATIVE PURPOSE

As Rochdale pioneers would put it. Let it be understood that the purpose of Co-operation is to 'arrange the powers of production, distribution, education and Government" so as to bring in an order of social justice; an order in which there will be no involuntary unemployment, no extremes of wealth and poverty, no humanly avoidable misery and distress no hindrances to the acquisition of a good education, no bar to the fullest utilization of knowledge and nature in making the means of life abundant,

—The Western Producer, 1942.

The Madras Co-operative Central Land Mortgage Bank, Ltd.

PRESIDENTS' GALLERY.

The Late Sri Mocherla Ramachandra Rao, Madras
President (5-1-30 to 16-5-'36.)

The Late Sri T. A. Ramalingam Chettiar, Coimbatore,
President (10-6-36 to 20-1-1943.)

The Madras Co-operative Central Land Mortgage Bank, Ltd.,

PRESIDENTS' GALLERY.

Sri C. S. Rathanasabapathy Mudaliar, O.B.E.,
President (21-1-43 to 26-3-'49)

Sri Bhogaraju Venkataratnam,
President (27-3-49 to 11-1-'55)

The Madras Co-operative
Central Land Mortgage Bank, Ltd.,

PRESIDENTS' GALLERY.

Sri N. S. Ramalingam
President (12-1-1955 onwards)

Proceedings of the Silver Jubilee Celebrations of the Madras Co-op. Central L. M. Bank, Ltd.

25th December, 1955 was a unique day in the annals of the Co-operative Movement in Madras; for it was the day of Silver Jubilee Celebrations of the Madras Co operative Central Land Mortgage Bank, Ltd., which is the pioneering institution in the field of long-term credit. The credit for organising the first Central Co-operative Land Mortgage Bank goes to Madras and fittingly enough, the Bank has ventured into a new path and has provided an excellent long-term credit service to the peasants of our State; it has lit new hope in the homes of our farmer-folks and has kept them away from the usurious clutches of land-grabbers The Bank has flourished under the fostering care of a team of public spirited leaders like Dr. Swaminathan, Sri Mocherla Ramachandra Rao, Sri V. Ramadoss Pantulu, Sri T. A. Ramalingam Chettiar, Sri C. S. Ratnasabapathy Mudaliar and Sri Bogaraju Venkatarathnam.

When the Bank started in 1930, it had 19 primaries and 124 individuals on its rolls and a paid-up share capital of Rs. 70,400. The Bank was bifurcated in September 1953. Even to day, the Bank is the biggest long-term credit institution with 73 primaries and 342 individuals and a paid-up capital of Rs. 15 70 lakhs.

The Nation is on the move towards the goal of a Socialistic Pattern of Society. The Bank, in its turn has become an useful instrument of long-term credit and is playing a pivotal role in the agrarian economy.

Fittingly enough, the Silver Jubilee celebrations was marked by a gaiety and a serenity becoming of the auspicious occasion Rajaji Hall was gaily decorated with flags and flowers and the background of the auditorium was lit with festive incandescence. Earlier, there was a sumptuous tea followed by the Nadaswaram by Kulikarai Pichaiyappa. After tea, the audience moved upto the Rajaji Hall. There was a huge gathering of officials and non-officials. The young and enthusiastic President Sri N. S. Ramalingam welcomed the audience and narrated the story of the Bank and paid tributes to the Pioneers, who had built up the institution.

Sri A. B. Shetty, Minister for Co-operation inaugurated the celebrations with an inspiring address. He referred to a new trend in the sphere of Land Mortgage Banking—namely the issue of short dated debentures for land development purposes.

Sri P. T. Rajan, M.L.A. delivered a lively presidential address. He was in a happy reminiscent mood and reflected with a sense of deep satisfaction, that the good work, which he piloted two and half decades ago had borne fruit and yielded such excellent results. He blessed that the Co-operative endeavour may prove more and more useful to the farmers in years to come. Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies delivered the Jubilee Address. He explained the role of long term credit institutions and indicated the lines of future action. Numerous messages were received from distinguished men of India, wishing the Bank a successful career. Dr. S. Radhakrishnan, Vice-President of India, His Excellency Shri Sri Prakasa, Governor of Madras, His Excellency Shri B. Pattabi Seetharamiah, His Excellency Shri C. M. Trivedi, His Excellency Shri P. S. Kumaraswami Raja, Sri K. Kamaraj, Sri M. Bhakthavatsalam, Sri S. N. Sahaya, Sri V. L. Mehta, Sri J. C. Ryan, Sri S. V. Ramamurthy, Sri Ajit Prasad Jain, Sri B. Venkatappiah and others had sent messages.

Silver Jubilee Prizes and Awards

Sri A. B. Shetty, presented a Shield to the Peelamedu Primary Land Mortgage Bank, which was adjudged as the best bank; The Minister awarded an hundred rupee debenture to Sri T. C. Ranganatha Rao of Srirangam, who was the oldest debenture holder to the Bank.

To mark the Silver Jubilee, the Board have decided to own a building by purchasing or constructing one. They have also decided to present an annual rolling shield to the best working Land Mortgage Bank to serve as an incentive to banks to have a healthy competition in the efficient working of the Primary Land Mortgage Banks. It is also resolved to present a debenture bond of the value of Rs. 100 to the oldest living debenture holder. As an appreciation and recognition of the services rendered by the staff of the Central Land Mortgage Bank and the Primary Land Mortgage Banks whose untiring labours and efforts have contributed so much to the progress of this bank, the Board have resolved to sanction two advance increments to the staff of the Central Land Mortgage Bank and to pay a bonus of one month's salary to those who have completed three years and not more than 10 years of service and two months salary

to those who have got a service of ten years and more to the staff of the affiliated primary land mortgage banks. To make it possible for the staff of the Primary Land Mortgage Banks to attend the Silver Jubilee celebrations, the Board have resolved to meet their Travelling Allowance, batta, etc.

Sri P.B.K. Rajachidambaram, M.L.A., Vice-President of the Bank proposed a vote thanks. The girl students of National Girls High School, Triplicane sang National Anthem.

Later there was a fine Bharatha Natyam performance. At 8 p.m. more than 800 guests attended a lavish Silver Jubilee Dinner at Rajaji Hall. We are publishing the proceedings below :—*Edr.*

WELCOME ADDRESS

Sri N. S. Ramalingam,

President, The Madras Co-operative Central Land Mortgage Bank Ltd.

Hon'ble Minister, Sri P. T. Rajan and Brother Co-operators,

On this auspicious occasion of the Silver Jubilee of the bank on behalf of the Board of Directors of the Madras Co-operative Central Land Mortgage Bank, I extend to you all a most hearty welcome. I am particularly grateful to Sri P. T. Rajan for his having very kindly agreed to preside over the Silver Jubilee Celebrations to-day at such short notice. His deep and abiding interest in the welfare of the agriculturists are well known.

History of the Bank

Please permit me to narrate the circumstances under which the Madras Co-operative Central Land Mortgage Bank came to existence. Since the introduction of the Co operative Movement in this State, the District Co-operative Central Banks besides issuing short-term loans were in practice issuing loans ranging upto seven to ten years. It was the considered opinion of the leaders of the Movement that though money was available for lending for longer terms it was unsound in banking principle to issue loans for periods longer than the periods for which deposits were received. Therefore, they adopted the definite policy of separation of long term from short term credit. In 1925, modelled on the Landschaften of Germany, four Land Mortgage Banks were organized in Madras State, as an experimental measure, with the object of relieving the agricultural indebtedness and for issuing loans for the improvement of lands. Each bank was expected to have a working capital of Re. 1 lakh built up by share capital, deposits and debentures. Since the Government felt that the debentures may not be fully taken up by the public, it took up the debentures to the extent of Rs 50,000 of each bank provided the public first took up the other Rs. 50,000. Experience showed that there was difficulty in selling debentures locally in spite of the assurance. It was, therefore, proposed to form a central organisation at Madras to float debentures on mortgages and other assets transferred to it by Land Mortgage Banks and finance Land Mortgage Banks from the proceeds of such debentures. In Punjab, Bombay and Madhya Pradesh where Land Mortgage Credit had been working for some years, the debenture issue was centralised in the existing Provincial Co-operative Banks. The Registrar's conferences of 1926 and 1928 and the Royal Commission on Agriculture recommended a scheme of Central Debenture Issue to effectively finance the net work of primary banks. The Townsend Committee on Co-operation made definite proposals to organise a separate Central Bank for Land Mortgage Credit. The Government of Madras accepting the recommendation of the Townsend Committee, registered the Madras Co-operative Central Land Mortgage Bank on the 12th December 1929. Thus the credit of having organised the first Central Land Mortgage Bank in India goes to Madras, though the honour of leading the way in starting Land Mortgage Banks is that of Punjab.

Tribute to the Pioneers

It is my duty to pay my homage to those gentlemen who took the lion's share of the trouble in the framing of the scheme and working the same. The Central Land Mortgage Bank has been extremely lucky in having at its helm of affairs stalwarts like Dr. Swaminathan, Sri M Ramachandra Rao, Sri V. Ramadas Pantulu, Sri T. A. Ramalingam Chettiar, Sri C. Gopal Menon, Sri N. Satyanarayana, Sri C. S. Ratnasabhapathi Mudaliar and Sri Bhogaraju Venkataratnam, in shaping its working and placing it on a firm basis. I am too happy to state that in building up this noble edifice both officials and non-officials have always worked together in a spirit of comradeship. Without this it would not have been possible for the Central Land Mortgage Bank to have attained its present stature and to be looked upon as a model institution not only by other States in India but also by the neighbouring countries in South East Asia.

The Present Stature

In 1930, soon after the bank's organisation, nineteen primary land mortgage banks were affiliated to it with a share capital of Rs. 70,400. On 31st August 1953, the number of primary banks affiliated to the Central Land Mortgage Bank had risen to 130 and the paid up share capital rose to 25.05 lakhs. The bank issued loans for a total of Rs. 611 lakhs to Rs 30,462 individuals in 16,225 villages, out of which a sum of Rs. 263 lakhs by 8,475 individuals have been repaid leaving a balance of Rs. 348 lakhs by 21,987 individuals. The bank issued debentures for a total of Rs. 941 lakhs, out of which Rs. 515 lakhs has been redeemed leaving a balance of Rs. 426 lakhs to be redeemed. On the constitution of the Andhra State, a new Central Land Mortgage Bank was organised for the Andhra State area and the assets and liabilities of the Central Land Mortgage Bank relating to the Andhra area were transferred to it. Thus from 5th September 1953 the reconstituted Madras Co-operative Central Land Mortgage Bank has 73 Primary Land Mortgage Banks affiliated to it with a paid-up share capital of Rs. 14.24 lakhs. Its reserves amount to Rs. 18.11 lakhs. Loans disbursed in the reconstituted Madras State area from the beginning till 30th June 1955 amounted to Rs. 611.21 lakhs. I am very glad to report that our debentures are very popular in the market. Every time we float a series, the debentures are over-subscribed. The Land Mortgage Banking Movement has progressed satisfactorily in this State and not a little of this success is due to the unselfish work done by the Presidents and Office-bearers of the Primary Land Mortgage Banks in the State. It is they that have to answer the anxious enquiries of the applicants who have applied for the loans, the criticisms of those to whom loans have been rejected. The Board of Directors of the Central Land Mortgage Bank wish to acknowledge their indebtedness to them.

Primaries Constitute the Foundation

The development of the Madras Co-operative Central Land Mortgage Bank depends directly on the development of primary banks and *vice versa*. Banks which have achieved progress lend strength to provincial institutions. The bylaws of the bank provide for payment of annual subsidies to such of those banks, that are working at a loss and which in the opinion of the Board deserve help. For this purpose, a sum not exceeding ¼ out of 1½ per cent margin of interest realised on loans disbursed in a year is being allotted from out of the profits of the year since 1949.

Help to the Afflicted

I may also mention that this bank has been always in the fore. front in rendering help to those who are in distress and who need aid. It has been donating large sums for charitable purposes. To cite two instances, I may mention that in the year 1953, a sum of Rs 10,000 was donated to cyclone affected areas in East Godavari District. This year also the Board has resolved to pay a similar sum of Rs. 10,000 to Tanjore, Trichy, Madurai and Ramanathapuram Districts for cyclone and flood relief. There can be no two opinion that for the efficient working of the bank, we must have a healthy staff. Therefore, out of the Common Good Fund, a Doctor is engaged to visit the bank twice a week to examine the staff, to give advice and to render free medical aid.

Silver Jubilee Awards and Prizes

To mark the Silver Jubilee, the Board have decided to own a building by purchasing or constructing one. We have also decided to present an annual rolling shield to the best working Land Mortgage Bank to serve as an incentive to banks to have a healthy com petition in the efficient working of the Primary Land Mortgage Banks. It is also resolved to present a debenture bond of the value of Rs. 100 to the oldest living debenture holder. As an appreciation and recognition of the services rendered by the staff of the Central Land Mortgage Bank and the Primary Land Mortgage Banks whose untiring labours and efforts have contributed so much to the progress of this bank, the Board have resolved to sanction two advance increments to the staff of the Central Land Mortgage Bank and to pay a bonus of one month's salary to those who have completed three years and not more than 10 years of service and two months salary to those who have got a service of ten years and more to the staff of the affiliated Primary Land Mortgaged Banks. To make it possible for the staff of the Primary Land Mortgage Banks to attend the Silver Jubilee celebrations, the Board have resolved to meet their Travelling Allowance, batta, etc.

The bank is advancing on safe and sound lines without losing sight of the principles of safe banking and finance. At the same time ti is fulfilling the object for which it was started viz., that of rendering help to the agriculturists.

Tribute to Sri A. B. Shetty

It is my pleasant duty to pay a tribute to the Government of Madras who have always taken a paternal care of this institution and

helped it in all ways. But for the great help rendered by them, it would not have been possible to build up this institution to its present heights. I am grateful to the Hon'ble Minister for Co-operation, Shri A. B. Shetty for having kindly agreed to inaugurate the celebrations. In him this movement in general and the Land Mortgage Banks in particular have a true friend and well wisher. He has evinced great interest in our Movement not only after becoming the Minister in charge of Co operation, but also before that as evidenced by the active part he played as a member of the Legislature in the passing of the Land Mottgage Banks Act ot 1934. He is fully acquainted with our problems. Therefore, I am confident that the interests of the agriculturists and our banks are safe in his hands. I will be failing in my duty if I do not acknowledge the help and assistance rendered by successive Registrars for the good working of this bank. I take this opportunity to thank Sri A. Palaniappa Mudaliar, our popular Registrar for the timely assistance and advice he is giving to the bank and also for his accepting our invitation to deliver the Silver Jubilee Address.

Tribute to Sri P. T. Rajan M.L.A.

Sri P. T. Rajan, who was Minister for Co-operation in the formative period of the Central Land Mortgage Bauk and who piloted the Land Mortgage Banks Act in Madras Legislative Council in 1934 has always a warm corner for the bank and has never missed an opportunity of visiting this institution and advising on the need to keep the working of the institution on a high moral basis. He is happily with us to-day and I am sure he too will be happy to see that his words of advice have been heeded by the successive Boards of Directors of the Central Land Mortgage Bank as well as of the primary banks. I am sure that with his blessings, the Central Land Mortgage Bank will become an instrument of better service to the people in the coming years and that it will have a more glorious part to play in strengthening the economic structure of the agriculturists of our State.

INAUGURAL ADDRESS

SRI A. B. SHETTY,

Minister for Health, Madras

It was very good of Sri P. T. Rajan to have agreed to preside over this funnction at short notice. Sri Rajan is a veteran public worker held in high esteem by all classes of people. When he was the Minister for Co-operation years ago, he had piloted important legislative measures relating to co-operation. He keeps up an active interest in the progress of the Co-operative movement and participates in many such functions.

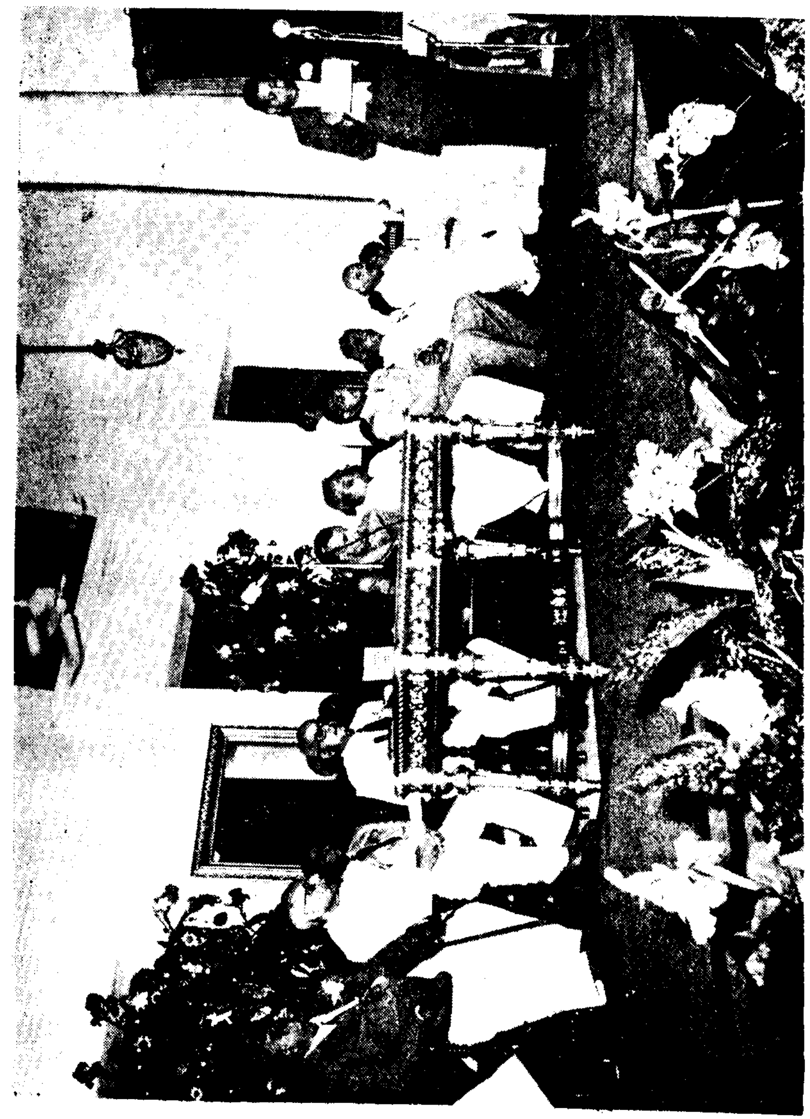
According to the All-India Rural Credit Survey Committee, there is pressing need to-day for a dynamic programme of agricultural credit in order to enable ryots to improve land and increase production. The Central and Primary Land Mortgage Banks are considered by the Committee to be one of the foremost needs of the country's agricultural development at present Unfortunately, Land Mortgage Banking has not made appreciable progress in India. In Madras including Andhra, Land Mortgage Banking has developed best among all the States. This Central Land Mortgage Bank can look back with legitimate pride over its achievement of the last 25 years. One of the criticisms levelled against land mortgage credit is that it is predominantly given for discharge of prior debts, and redemption of mortgages. Whatever justification there may have in the past for giving loans for reducing the burden of debt borne by the cultivator and saving his land from being sold, there is now a significant change in the position on account of higher prices for agricultural produce. The All-India Rural Credit Survey Committee have laid stress on the need for Land Mortgage Banks reorienting their operations for production. A first step towards increasing the number of productive loans would be to take to a positive policy of "priority for production" and give preference to applications for loans for land improvement and development of land and to discourage non-productive loans The Land Mortgage Banks may well be termed as "Land Development Banks" as suggested by the Committee, so as to indicate the change in their policy. The period of repayment of loans given for land improvement may be shorter than 15 or 20 years and debentures also may be issued for shorter periods in conformity with the period of loans. I am happy to note that the emphasis laid by the Reserve Bank on the need to switch over to productive finance has been appreciated by our Central Land Mortgage Bank and the Primary Banks and that vigorous propaganda is carried on among the ryots by the officers and employees connected with Land Mortgage Banks for canvassing more loan applications for productive purposes.

I gather from the Registrar of Co-operative Societies that loans amounting to Rs. 428 lakhs are expected to be granted through the

SILVER JUBILEE SNAPSHOTS

The Madras Co-op. Central Land Mortgage Bank, Ltd., Madras

25th December, 1955



Sri N. S. Ramalingam, President of the Bank is seen delivering the welcome address.

SILVER JUBILEE SNAPSHOTS

The Madras Co-op. Central Land Mortgage Bank, Ltd., Madras.

25th December, 1955

group photo of the Board of Directors was taken on the occasion. Sri P. T. Rajan, Sri A. B. Shetty, Sri A. Palaniappa Mudaliar, Sri N. S. Ramalingam and Sri P. B. K. Rajachidambaram are seen in the picture.

SILVER JUBILEE SNAPSHOTS

The Madras Co-op. Central Land Mortgage Bank, Ltd., Madras

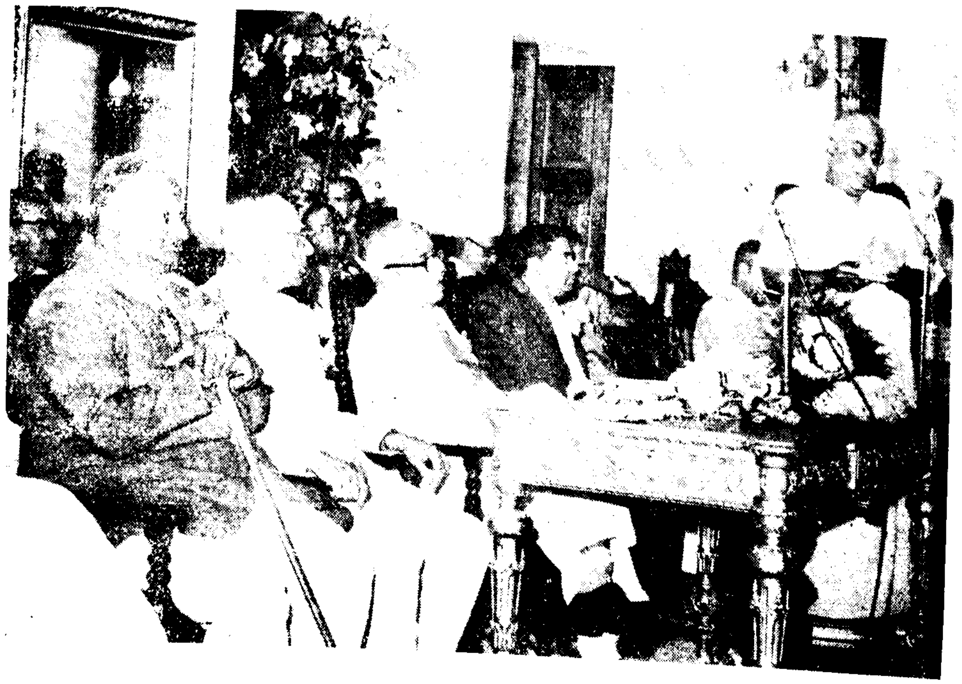
25th December, 1955

Sri A. B. Shetty, Minister for Co-operation and Health, inaugurated the Silver Jubilee Celebrations.

SILVER JUBILEE SNAPSHOTS

The Madras Co-op. Central Land Mortgage Bank, Ltd., Madras

25th December, 1955



Sri P. B. K. Rajachidambaram M.L.A., Vice- President of the bank read the messages and proposed the vote of thanks.

existing 73 Land Mortgage Banks and the 25 Banks to be formed during the next Plan Period. It is envisaged that loans to the extent of not less than a crore of rupees will be issued by this Bank during the last year of the Second Plan Period. By thus enlarging its scope, the Central Land Mortgage Bank is expected, on the one hand, to cater to a wider sector of the agriculturists, while on the other, to exert a salutary and stabilising influence on the rural economy.

Among the chief aims of the co-operative movement, the encouragement, of the savings must be given a high place. In this country the movement has become an organisation for lending money rather than for mobilising savings by attracting deposits from members. The Committee consider that Co-operative debentures can attract rural savings in an appreciable measure. They have suggested the institution of a new type of land mortgage debentures called "rural debentures". These debentures should, as far as possible, be for specific objects of development which would be of benefit to the villagers or those with whom they share a fellowship of interest. Our Central Land Mortgage Bank has hitherto, largely depended on the money market and urban investors. Mopping up of savings from the agriculturists by the introduction of "rural debentures" may well be taken up, if the ryots for whose benefit these Land Mortgage Banks have been establised are to be impressed that they should contribute their mite for their own welfare. The recommendations of the Rural Credit Survey Committee in this regard may be considered by this bank and suitable action taken.

The question of supply of long-term credit to the ryots for productive purposes at lower rates of interest has been engaging the attention of all well wishers of the agriculturists. But this institution has not been able to keep its lending rate at a low level. On the other hand, the ultimate lending rate has increased from $5\frac{1}{4}$ per cent to $6\frac{1}{2}$ per cent during the period 1950-55. This is obviously due to the fact that the funds of the Bank had to be got at a rate which is dictated by the money market. The Committee have suggested that the Reserve Bank should be enabled to give long-term accommodation to Land Mortgage Banks by way of direct loans and by purchase of the whole or part of "special debentures" of the Land Mortgage Banks. I understand from the Registrar that a proposal for the issue of a special series of debentures at a low rate of interest to be subscribed to in full by the Reserve Bank has been sent to it for its views. The funds thus obtained are proposed to be used for financing productive loans.

One of the complaints often made against the Land Mortgage Banks is that there is inordinate delay in the disposal of loan applications. Certain steps have been taken by the Registrar to cut down avoidable delays and place the loan in the hands of the borrower within the shortest time possible. I trust that the Central Land Mortgage Bank will always strive to give full satisfaction to the borrowers in this regard.

The Committee on Co-operation constituted by the Madras State is examining the progress of the movement in all its aspects including the position of the long-term credit movement. It is expeceted to submit its report to Government by the end of next March. I have now great pleasure in inaugurating this important function and wishing the Bank long years of still more useful service to the cause of the agriculturists in our State.

PRESIDENTIAL ADDRESS

SRI P. T. RAJAN, M.L.A.

Mr. P.T. Rajan said it had been his privilege in 1934 to pilot the Bill for the establishment of the Central Land Mortgage Bank, in this State in the then Madras Legislative Council as the Minister in charge of that portfolio. The Bill had not been a contraversial one although some aspects were debated at length and it was only after the Government had assured the House that the interests of the agriculturists would be safeguarded that the Council gave its approval to the measure.

The fear expressed then by even the sympathetic critics was that the Act might be so administered as to benefit the lenders and not the borrowers and he had to give the assurance that Government would take every precaution to see that the Act was worked in such a way that the interests of all the parties concerned would be safeguarded. "I am in that happy position to see that my labours of 22 years ago have borne fruit and as far as I am aware, the Government was not called upon to go back on any one of the sections of the Bill as passed then. There has been no complaint whatsoever from the public." A sum of nearly Rs. 4 crores had been given as credit to agriculturists on a long-term basis and there were no outstandings. This clearly showed that his hopes had been fully realised and he congratulated the Bank on its successful work. All along, cordial relations had existed between the Bank and the Co-operative Department officials. Although one could not venture to forecast the

fate of the landlords, one thing was certain, that if the landlords were left with any lands, they would continue to receive the same help from this Bank in future also. The prosperity of this State and its people was directly dependent on the well being of the agriculturists and as long as their interests were served by disinterested and self-less workers, he had every hope that the coming generations would be grateful to those who had been connected with the co-operative credit movement in this State.

His hope that their Land Mortgage Banks and the concerned enactments would serve as a model for other States had also been fulfilled. Many delegations from other States were now studying the working of co-operative agencies here. They could be legitimately proud of that.

SILVER JUBILEE ADDRESS

SRI A. PALANIAPPA MUDALIAR, M.A.,

Registrar of Co-operative Societies, Madras.

Hon'ble Minister for Co-operation, Mr. President and Friends,

I am grateful to Sri N. S. Ramalingam, the President of the Central Land Mortgage Bank and the Directors of the Bank for having afforded me this opportunity to speak to you on this happy and memorable occasion of the celebration of the Silver Jubilee of the Bank. It is but fitting that this evening's celebrations have been inaugurated by our revered Minister for Co-operation under whose fostering care, the Co-operative Movement in this State is making steady and varied progress. It is also appropriate that Sri P. T. Rajan, a former Minister for Co-operation, is presiding over this function. His valuable contribution to the healthy growth of the movement and particularly his efforts in shaping the co-operative legislation in this state as the sponsor of the Madras Co-operative Societies Act of 1932 and the Madras Co-operative Land Mortgage Bank Act of 1934 are within the living memory of co operators. We are grateful to him for the keen interest which he contiuues to evince in the working and development of co-operative institutions.

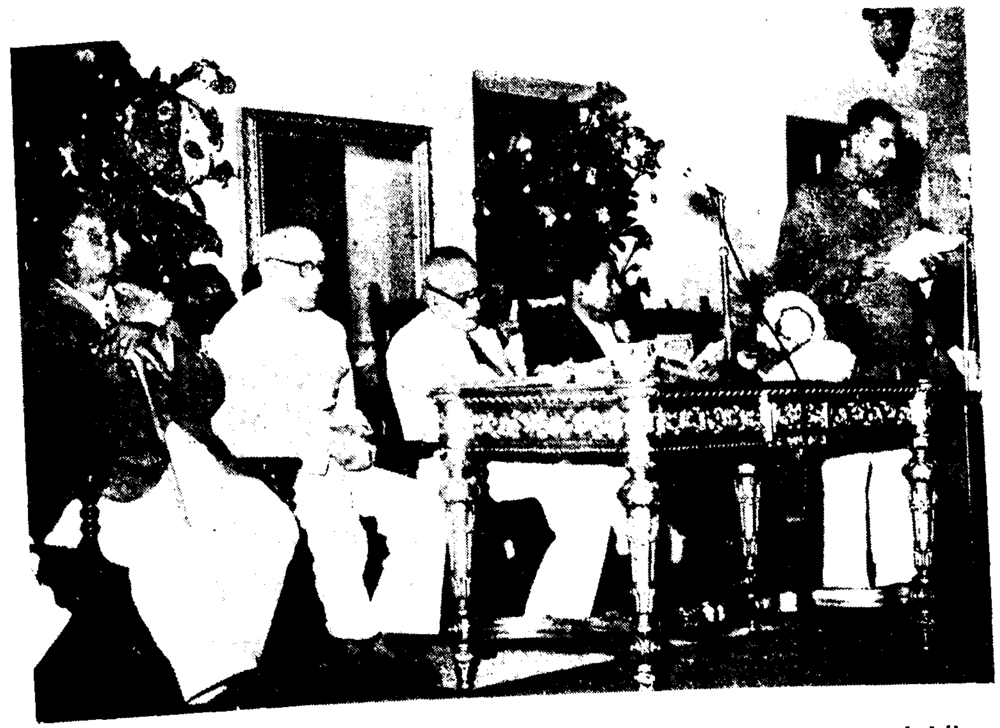
2. On an occasion like this, our thoughts go back to the founders of the Bank like Dr. Swaminathan, Sir M. Ramachandra Rao, Sri V. Ramadoss Pantulu, Sri T. A Ramalingam Chettiar and others, who had worked ceaselessly for placing this institution on a stable footing and also to the Registrars who as Trustees, guided the

affairs of the Bank in the initial years of its working. Though primary land Mortgage Banks in this State were started in 1925, the foundations of the long term credit wing of the co operative movement were actually laid only when the Central Land Mortgage Bank was started in 1929. Today, the Central Land Mortgage Bank has on its rolls, 73 land mortgage banks and 331 individuals. Its working capital on 30-6-'55 amounted to 486.38 lakhs. The value of the debentures of the bank in circulation was Rs. 429.49 lakhs, while the loans outstanding against the land mortgage banks affiliated to it amounted to Rs. 337.46 lakhs. The Bank has just come into the money market with its 51st series of debentures, and I am confident that as usual it will be oversubscribed before the due date. More than the volume of its transactions, the principles on which the Bank has been working have received wide approbation and the fact that its methods have evoked the interest and admiration on the part of students of rural credit, publicmen and the administrators who are concerned with similar problems in other States, is a tribute to their soundness. As you are aware, one secret of the success of the land mortgage banking movement in this state lies in the fact that in Madras, the short-term credit structure has been kept separate from the long-term credit structure. Co-operatives in Madras owe a deep debt of gratitute to Government for the grant of several concessions to help the building up of the Land Mortgage Banking movement into a fine edifice that it is today. Our thanks are also due to the Reserve Bank of India for their guidance and advice and their offer of financial assistance, when needed by the Bank. Above all the present stature that the Bank occupies is not a little due to the ceaseless efforts and wise guidance of the successive Boards of Management of the Madras Central Co-operative Land Mortgage Bank tended by its Presidents, Dr. Swaminathan, Sri M. Ramachandra Rao, Sri T. A. Ramalingam Chettiar, Sri C. S. Ratnasabapathi Mudaliar, Sri B. Venkataratnam and Sri N. S. Ramalingam.

3. Though the achievements of the Bank are by no means mean, the task that lies ahead of it is great. The Second Five-Year Plan will come into operation from April 1956 and you may be aware tbat a scheme of integrated rural credit and marketing has been formulated under the plan on the basis of the recommendations of the Rural Credit Survey Committee of the Reserve Bank of India. Under that scheme it is proposed to organise 25 more land mortgage banks and to increase the volume of the long-term credit supplied by

SILVER JUBILEE SNAPSHOTS

The Madras Co-op. Central Land Mortgage Bank, Ltd., Madras
25th December, 1955



Sri A. Palaniappa Mudaliar, Registrar is seen delivering the Silver Jubilee Address. Sri N. S. Ramalingam, Sri P. T. Rajan, Sri A. B. Shetty, Sri Medai Dalavoi Kumaraswami Mudaliar are seen in the picture.

SILVER JUBILEE SNAPSHOTS

The Madras Co-op. Central Land Mortgage Bank, Ltd., Madras
25th December, 1955

Sri A. B. Shetty, Minister for Co-operation & Health is seen presenting a shield to Sri Damodaraswamy Naidu, who is receiving it on behalf of the Peelamedu L. M. Bank.

the Land Mortgage Banks by Rs. 380 lakhs. Assuming that an average long-term loan taken by the agriculturist is about Rs. 2,300,19,000 additional agriculturist families will be benefitted during the next five years. The Rural Credit Survey Committee has recommended that in the context of a scheme of "development loans" the State Government should guarantee for a specified period the difference between the value of the land before the improvement has been effected and after it has taken place. The substance of the recommendation is that the presumptive value of the land proposed to be improved should be the basis of valuation for the purpose of granting loans to ryots. The recommendation has been accepted in principle and provision has been made in the plan for the constitution of a "Guarantee and Relief Fund" with a nucleus of Rs. 30 lakhs which will be utilised also to meet the losses, if any, arising out of non-repayment of loans granted by the Land Mortgage Banks on the basis of presumptive value of lands, as the grant of such loans involves risk. The Land Mortgage Banks will have to bestow more attention on the issue of loans for productive purposes. Government have sanctioned a pilot scheme under which it is proposed to undertake the intensive development of the business of the Land Mortgage Banks at nine centres in the State particularly in the issue of loans for productive purposes. If more agriculturists should come forward to avail themselves of the loan facilities provided by the Land Mortgage Banks, in larger numbers, the rate of interest charged to the ultimate borrower which is now 6½ per cent should be reduced. But as long as the Central Land Mortgage Bank has to depend on the money market for its funds, its ulimatte lending rate to the agriculturists is bound to remain high. It has been suggested that short-term debentures should be floated at a lower rate of interest for being subscribed by the Reserve Bank of India, the funds so raised being utilised for loans to ryots for land improvement purposes. A proposal in this behalf has been sent to the Reserve Bank of India for its consideration. Apart from providing long-term credit to the ryots the Land Mortgage Banks should interest themselves in promoting schemes of thrift and self-help among their members. They may undertake to work schemes of dismortgaging insurance, which will have the additional advantage of protecting the borrower's family against the tragic consequences of undischarged debts in the event of his premature death by helping to restore the mortgaged property to the borrower's heirs free from any encumbrance. The land mortgage banks may also play a vital part in mobilising rural savings for productive and useful purposes by floating debentures in small denominations to suit the needs of rural investors. I have no doubt that the Central Land Mortgage Bank will give its attention to the suggestion of the Reserve Bank of India regarding the floatation of Rural Debentures. I have indicated some of the more useful lines on which the development of the bank may be attempted with advantage. I am sure the management of the Bank will draw up a plan for the future development and expansion of the Bank keeping the suggestions in view.

In conclusion I would like to pay my tribute on this occasion to the President and Directors of the Madras Central Co-operative Land Mortgage Bank, past and present and to the many stalwart co-operators who moulded the career of the Central Land Mortgage Bank and the primary land mortgage banks. The fostering care and assistance by the Government through many forms of direct and indirect financial help and its guarantee of debentures of the Central Land Mortgage Bank have contributed not a little to the development of co-operative land mortgage banking, as a good example of a wise combination of State and voluntary effort. The foundations have been well and truly laid and the superstructure carefully planned and built. I sincerely hope that in the years to come, the Bank will play a bigger role in the financing of the ryots for their long-term needs and that by the time it celebrates its Golden Jubilee, its achievements will have been many and varied. I thank the authorities of the Bank once again for having given me an opportunity to participate in the celebrations this evening and wish the Bank a long career of useful service to the agriculturists in this State.

SILVER JUBILEE AWARDS

Sri A. B. Shetty. Minister for Co-operation and Health then presented a shield to Peelamedu Primary Land Mortgage Bank. which was received by Sri Damodaraswamy Naidu. He also presented a hundred rupees debenture to Sri T. C. Ranganatha Rao of Srirangam. for being the oldest living debenture-holder of the Bank.

Sri P.B K. Rajachidambaram. M.L.A., Vice-President of the Bank then read the messages received from distinguished persons. He also proposed a vote of thanks.

The girls students of the National Girls High School, Triplicane sang the National Anthem. Later in the evening. there was a fine Bharatha Natyam performance. Late in the night, there was a lavish a Silver Jubilee Dinner and about 800 covers were laid.

CO-OPERATIVE DIARY—1956

READY FOR SALE

Full Cloth Bound—Size 7" × 4"

One Page per Day Containing useful Co-operative and General information with Panchangam and week days

Limited copies are available.

The Central Co-operative Printing Works, Ltd.,

Phone: 8234 **1/17 Mount Road** **Madras-2**

The Madras State Co-operative Union Examination March, 1956.

An examination for the students of the Coimbatore and Tanjore Institutes will be held at the respective Institutes' headquarters from 24th to 31st March 1956 as per programme given below

Saturday	24—3—1956	10 a.m. to 1 p.m.	Co-op. Historical, General and Principles.
Monday	26—3—1956	do	Co-operative Law.
Tuesday	27—3—1956	do	Audit
Wednesday	28—3—1956	do	Book-keeping.
Thursday	29—3—1956	do	Banking.
Saturday	31—3—1956	do	Rural Economics, etc.

Candidates who failed in the previous State Co-operative Union Examinations held during 1942 to 1955 are hereby informed that they can also sit for the above examination.

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

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

The examination in theory comprises of three parts :—

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

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

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

The last date for receiving the examination fees together with the application in the prescribed form is 29—2—1956. Fees must be remitted only by money order. Applications and money order received after the said date are liable for rejection, and no complaint in this behalf will be attended to.

For further particulars please apply to :

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

ESTD : 1927 **PHONE : 61068**

The Madras Co-operative Milk Supply Union, Ltd.

AYANAVARAM : : MADRAS-23.

SRI K. NACHCHINARKINIASIVAM,
President.

DRINK MORE MILK

(Nature's own perfect food)
SOLE SUPPLIERS TO
State Hospitals, Hotels, Institutions, & Civilian population served through depots & through cycle delivery boys.

Paid up Capital	**... Rs. 1,82,024**
Reserve Fund	**... Rs. 1,06,575**
Plant, Machinery and other assets owned	**... Rs. 4,96,700**
Daily Handling	**... 33,000 lbs. of Milk**
Annual turnover	**... Rs. 30.31 lakhs.**

Pasteurised milk is whole milk subjected to heating to 180°F and suddenly cooled to 45°F and thereby rendered free from pathogenic bacteria without any change of its natural, original, nutritive constituents and untouched by hand. It is always safer and cleaner than fresh milk drawn and distributed under ordinary circumstances.

RATES

MILK	...	Rs. 1—4—0 per M.M.
,,	...	,, 1—6—0 per M.M. (Hotels, Hostels, Institutions Spl. order etc.)
GHEE	...	,, 7—0—0 per viss
KOVA	...	,, 6—0—0 per viss with sugar
,,	...	,, 6—8—0 per viss without sugar

For home-delivery Rs. 2 is charged per month as service charges irrespective of quantity.

BRANCH OFFICES

TRIPLICANE	... Near Parthasarathy Koil, Post Office, Big Street
T'NAGAR	... No. 18, G. N. Chetty Road (entrance Lakshmana Chetty Street)
MYLAPORE	... No. 5, Madalanarayanan Street,
BASIN BRIDGE	... Corporation Model Cattle Yard near bridge.
PURASAVALKAM and EGMORE	} 11, Mukkathal Street, Purasawalkam.

M. ARULANANDAM, B. COM. (Hons.)
Secretary.

Edited and Published by Dr. P. Natesan, M.B., B.S., at M. S. C. Bank Buildings, Esplanade, Madras. Printed by Sri G. Subramaniam, L. P. T., Secretary, at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road Madras -1490 1-56