The Madras Journal of Co-operation

THE MADRAS STATE CO-OPERATIVE UNION

EACH FOR ALL & ALL FOR EACH

HONY. EDITOR:
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(The Premier Urban Bank in Madras State)

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(Registered in 1923).

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THE

Madras Journal of Co-operation

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MARCH 1956. No. 9, VOL. XLVII PRICE As. 12 NET

Thought for the Month

CO-OPERATIVE—A VALUABLE ECONOMIC TOOL

A Co-operative can be of great help in building a free economy, when it operates along the lines of responsibles self-help. It should be looked upon as an agent of its members to do those things that they cannot economically do for themselves. The members themselves retain their own individual identities in their own producing units and use the Co-operative as a marketing, credit or purchasing service. When used within the scope of this concept, I know of no more valuable legalistic or economic tool in helping to uplift the material welfare of any people.

—DR. RAYMOND W. MILLER.

Editorial Notes

BUOYANT NOTE IN THE HANDLOOM SECTOR

"To-day, happily the trying period is over and the initial difficulties have been overcome. The Handloom Weavers can look forward with confidence to an era of consolidation of the position under the Second Five Year Plan through the aegis of Co-operative Organisations". Such is the buoyant note struck by Sri A. Hirudayaswami, Joint Registrar of Co operative Societies, Madras, in a radio talk. That sums up the position of Co-operative Handloom Industry to-day. We are happy to learn that 250 new Societies have been organised, bringing into the Co-operative fold 46,000 additional looms, thus making in all 790 Societies with 1,43,624 handlooms. The average monthly production has increased from Rs. 18 lakhs to Rs. 33 lakhs, while average monthly sales has recorded an increase from Rs. 21 lakhs to Rs. 30 lakhs. The Weavers' Societies pay wages upto 10 annas per knot. All these show, that the outlook for handloom industry is bright.

There are several factors, which account for the revival of this ancient industry. Foremost of them is the impetus given to the industry by the creation of the Cess Fund and the All India Handloom Board. Next perhaps is the easy credit facility extended to the handloom industry through the share capital loan to new members and working capital loan to Societies, which are admitting new loans. Marketing has been strengthened both by working out internal marketing, inter-state marketing and foreign marketing schemes; production techniques have been improved; the organisation of spinning mill, silk weavers co-operative and industrial co operative has given added strength to the structure of the handloom industry. The establishment of two housing colonies for weavers at Aruppukottai and Salem has added one more dimension to the industrial welfare mission of co-operation.

In our State, a sum of Rs. 4 crores has been ear-marked for the development of the handloom industry. At the end of the Second Five Year Plan period, more than 50 per cent of the looms in the State would have been brought into the co-operative fold.

We look forward with hope to a bright future for this ancient industry.

A CENTRAL HOUSING FINANCE INSTITUTION

We have elsewhere published an article by Dr. P. Natesan, General Secretary, Madras State Co operative Union on "A Case for a Central Housing Finance Institution in Madras." The suggestion for the creation of a Central Housing Financing Institution is very opportune and timely. The South India Co-operative Insurance Society was hiterto the main supplier of long-term finance to the House Mortgage Banks in this State. With the Nationalisation of Insurance, even this single source of long-term finance has dried up The House Mortgage Banks are put to serious difficulties. Therefore, the need for the establishment of a Central Housing Finance Institution has become very urgent and imperative. Recently, at a conference of the representatives of House Mortgage Banks convened by the Registrar of Co operative Societies, Madras a decision has been taken to form a Central Housing Finance Society as early as possible.

The writer of the article has given a concrete shape to this idea. He suggests that the Central Institution should advance loans both for house construction and for house mortgage. For medium term deposits, the Recurring Deposit System is the ideal. For long-term finance, the debenture floatation is the method. Debentures must be fully guaranteed by the Government, both with respect to capital and interest. In order to enhance its popularity, they should be declared as Trustee Securities. In order to make the scheme practical and workable, the Central Institution should be provided with a margin of 1 per cent and the Primary Bank should be provided with a margin of 1½ per cent. The present market rate of debentures is 4¼ per cent. Adding the working margin of 2½ per cent, the ultimate borrower's rate would be 6¾ per cent. At present, the borrowers are getting medium term credit upto 7 to 10 years at the rate of 7 to 7½ per cent. Considering the rate of interest (6¾ per cent) and the period (20 years) of the loan, the service, which the Central Institution offers is a double gain for the borrower. This is bound to be advantageous for a large number of middle class people, who are in dire need of long term house mortgage finance. "On the strength of this one service alone, the case for the creation of a Central Housing Finance Institution gains immeasurable force."

We appeal to all Co-operators to give this idea a fair trial.

The Madras State Co-operative Union

(THE MADRAS STATE TAMIL NADU—MALABAR—SOUTH KANARA CO-OPERATIVE UNION, (MADRAS) M.S.C. BANK BUILDINGS, 379, NETAJI ROAD, MADRAS.

THE SECOND MADRAS STATE CO-OPERATIVE HOUSING SOCIETIES CONFERENCE

4TH APRIL 1956.

CIRCULAR

To

The Presidents of

1 Co-operative House Construction Societies
2 " House Building Societies
3 " Ordinary Building Societies
4 " Town Ship Societies
5 " Rural Housing Societies

Sub: Second Madras State Conference of Co-operative Housing Societies—convening of.

Co-operation is essentially a movement of the people intended to olve their economic problems by bringing about unity and combined effort. Just as Co-operative Credit Societies have been of immense assistence to rural folk, so do the Housing Societies have been doing signal service in providing houses to the houseless. In this field, more than in any other, Co-operation has justified its social welfare goal. Co operative Housing Organisation probably constitutes the soundest basis yet devised for financing the construction of new buildings. In Madras, Co-operative Housing has made a march. There are 170 Housing Societies of all types with a membership of Rs. 17,734 and a share capital of Rs. 102.16 lakhs. So far they have been responsible for constructing 5696 houses, which is no mean achievement Apart from it, there are five House Mortgage Banks with 6845 members and a share capital of Rs. 9.18 lakhs. They are responsible for disbursing Rs. 8 lakhs of House Mortgage Credit. Consequent on nationalization of insurance, their main financing source—South India Co-operative Insurance Society—has dried up and they are now facing some fresh problems.

Meanwhile, the Second Five Year Plan has targeted for the construction of 22 lakhs of houses during the plan period, by all agencies—both public and private and a provisional allocation of Rs. 120 crores has been made for the several housing schemes. The emphasis on constructional activity as a creator of additional employment opportunities is a note worthy feature of the Plan. The Government of India have already initiated several housing schemes like the Low Income Scheme, the subsidised Industrial Housing Scheme, Weavers' Housing Schemes etc.

With the implementation of a vigorous social housing policy, the need for evaluation of the systems of housing finance, the methods of working of Housing Societies has become imperative. The Societies have yet to evolve a suitable source of housing finance; they have to re-examine the procedural framework in order to render the housing schemes more useful, popular and effective. Rural Housing has not made much head way. Changes in the basic policy approach must be thought out. These and similar problems have to be discussed and solutions found; with that end in view, the Madras State Co-operative Union has decided to convene the Second Conference of all the Co-operative Housing Societies in the State in the last week of May 1956 at Madras.

We appeal to all the Housing Societies to send their delegates to the Conference and make it a success. We appeel to all Housing Societies to send liberal contributions towards the Conference.

The details regarding the venue, the date, and time will be intimated in due course.

Schedule of Delegate Fees:

The following are the delegate fees for the various types of Co-operative Housing Institutions and the number of delegates that each institution can send.

	Nature of Institution.	Delegate fee to be paid by each institution. Rs.	No. of Delegates each institution can send.
1.	House Construction Societies	25	3
2.	Co-operative Town-ship Building Societies	25	3
3.	Co-operative House Building Societies	20	3
4.	Ordinary Co-operative Building Societies	10	2
5.	Rural Housing Societies	5	1

Resolutions that you intend to move at the ensuing Conference may please be sent before the 30th April 1956 to the General Secretary of the Madras State Co-operative Union.

In view of the short time before us, we request you to communicate to us the names of your delegates with their full postal addresses and also remit the prescribed delegate fees, so that we may make the necessary arrangements early enough.

All communications, money orders. etc. should be sent to the **General Secretary, The Madras State Co-operative Union, 379, Netaji Road, Madras-1.**

The receipt of this Circular letter may please be acknowledged.

P. NATESAN
General Secretary.

Copy to the Registrar of Co-operative Societies.
Copy to: All the Deputy Registrars of Co-operative Societies.

Standardisation of Handloom Products*

SRI A. PALANIAPPA MUDALIAR, M.A.,
Registrar of Co-operative Societies, Madras.

The handloom industry constitutes the premier cottage industry in India. At the production end of the industry there are more than 20 lakhs of active weavers, who are masters of their crafts and have inherited a high degree of skill handed over from generation to generation. They can adapt themselves to any pattern of production easily and quickly adjust themselves to shifts in the tastes of the consumers. An equal number of workers assist these weavers in the processes preparatory to weaving, like winding, warping, sizing, etc. At the consumers' end the field is vast. Not only India but several foreign countries provided an extensive market for Indian Handloom goods. The number of potential consumers is therefore large and unlimited.

The present annual production of cloth on handloom is estimated at 1,600 million yards. It has been proposed to double the production in the Second Five Year Plan period to keep pace with the growing needs of the country arising from expected increase in the per capita consumption of cloth and the increase in population. The increased production is sought to be achieved by reviving all inactive handlooms and providing fuller work to partly active looms thus ensuring to the handloom weavers adequate work.

The importance of the handloom industry as a provider of employment for lakhs of weavers is therefore great. No doubt, the charm of the handloom lies in the variety of detail, of design that can be produced with it. But this charm will have to be preserved and sustained continuously by taking steps calculated to retain the patronage of the consumer. An important step to organise the handloom industry on a sound footing is standardisation.

Need for Standardisation

The handloom cloth has to contend with several difficulties both at home and abroad. There is the formidable rival in the shape of mill-made cloth at home. The standard of living of the common man in India is rising. The consumer, who looked to the price factor alone formerly is now particular about the price in the context of

*Source: Madras Information, March 56.

quality. In several foreign countries also a remarkable change has come over. Their political maps have been redrawn, and they have attained independence. They have been taking steps to develop their cottage industries including textiles, and placed several restrictions in the shape of total and partial ban on imports. For example, the Burma Government totally prohibited the import of handloom goods like LUNGIES, SAREES and DHOTIES. In Ceylon, the local handloom industry is sought to be protected by regulating the import of textiles from abroad. It is required that an importer should purchase a prescribed quantity of named local product before he can import textiles. The Indonesian Government has banned the import of Indian handwoven SARONGS, which in the past used to be imported in very large quantities through from Singapore and from India direct.

It must be admitted that the handloom cloth suffers from certain pronounced defects, which affect its sales in the markets available to it. The Fact Finding Committee (1941) has listed them out as (a) lakh of uniformity in texture, (b) inexactness regarding dimensions and (c) lack of finish, etc. Lack of standardisation in this and other respects had generated an apathy on the part of the consumer and resulted in a decline in the market. We find that a cloth said to be of five yards length is not sometimes so long. In some cases yarn of different counts, say 60s and 80s is mixed up. There have been several cases where colours guaranteed fast, faded away quickly. These practices are obviously resorted to for reducing the cost of production; but the consequence of such practices is a loss of confidence in the quality of handloom cloth, even amongst those who will like to patronise it.

Owing to the lack of standardisation, it is difficult to arrange for bulk sales either in the home market or abroad. It is not possible for outstation merchants to place their orders with weavers. Export of handloom cloth has also been considerably affected by lack of quality of the handloom fabrics.

Steps to Promote Quality and Enforce Standardisation

A fabric has to be judged as a quality product with reference to utility, value, beauty, elegant weaving, durability, draping quality, harmony, economy and purpose. The aim of all well-wishers of the handloom industry should therefore be to devise such measures as to ensure the production of handloom cloth on lines which will promote quality as indicated above. It is, therefore, necessary to

lay down a standard first for handloom cloth in the internal market. Against this standard, cloth should be inspected and stamped. It has to be ascertained whether there are adequate facilities for inspection and stamping of cloth for the home market and whether handloom cloth can at all meet such requirements. The essential raw material that a weaver uses is the mill yarn, the quality of which he is not sure. The industry has to be assured of the supply of yarn of uniform and standard quality. The next is the construction of cloth. The use of the standard reed assures correct number of ends in the cloth and it is easy to ensure that the weaver uses the reed supplied to him for the production of a specified variety. It is difficult for him to keep to the required number of picks per inch in the cloth; the use of take-up-motion attachment for regulation of picks will however help him in this regard. Another important factor affecting quality of handloom cloth is colour—both its shade and fastness. Yarn is dyed in the hank form by a handloom weaver in small lots. Even though, he now uses mineral or synthetic dyes, his apparatus and method remain mainly traditional. Difference in shades between any two lots is therefore inevitable, though unevenness of shade in the same piece or lot can be prevented by careful dyeing.

The handloom cloth is preferred in several quarters for its embellishment. Art silk, gold thread, and synthetic products used along with cotton yarn add largely to the varieties produced on handlooms. The production of cotton fabrics with such admixture is a handicap and such fabrics cannot be easily standardised.

A start may be made with a scheme of standardisation of handloom cloth by guaranteeing length and width, the picks and ends per inch and counts of yarn. The strength of the cloth, particularly of sarees and dhoties depends on the strength of the borders; greater attention should, therefore, be paid in prescribing for selvedges.

Co-operative Method

Control over the production of handloom cloth will have to be exercised at every stage. The co-operative method of production affords great scope for the exercise of that control. In Madras State, about 800 weavers' co-operative societies are affiliated to the Madras State Handloom Weavers Co-operative Society and get their supplies of yarn from it. This ensures to some extent, the quality of yarn used in production. The society has its own dye houses and technical supervisors. These ensure fast colours and correct dimensions. The wages paid to weavers are regulated by district conferences of weavers co-operative societies held periodically. This ensures that the cost of production is not inflated by wages being fixed above those obtaining in the industry of the district as a whole. The margin of profit is fixed at a percentage of the cost of production and is determined from time to time. Thus the sale price is kept at a reasonable level.

In the Madras State, the Madras State Handloom Weavers' Co-operative Society has prescribed standards for various varieties of handloom cloth including dhoties and sarees and has formulated a scheme for their enforcement. According to this scheme, about 15 to 20 looms in each of selected societies will be switched to the production of such standard varieties of cloth as may be required by the selling units of the Madras State Handloom Weavers' Co-operative Society. It has been proposed thus to allocate about 10 per cent of the looms within the co-operative fold to produce standard varieties of cloth. Even though the problem of marketing can be solved only by production of varieties according to standards, more could not be done at present in view of the fact that the average weaver is generally not inclined to improve his method of weaving.

The Madras State Handloom Weavers' Co-operative Society has introduced a system of quality marking and affixes the local 'Co-optex' on all goods produced according to its specifications. To extend the scheme further, the society is arranging to manufacture or purchase more than 16,000 standard reeds at a cost of Rs. 1,66,200 for supply, free of cost, to such of the weavers' co-operative societies as adopt its standards. Another sum of Rs. 1,33,100 has been sanctioned from the Cess Fund for the purchase and supply of 2,600 devices to regulate picks to members of weavers' co-operative societies. Schemes have also been formulated for the supply of accessories to improve the quality of production during the period of the Second Five Year Plan. When these accessories are distributed, it is hoped that a large number of members enlisted within the co-operative fold will have taken to the production of goods of standard varieties.

Priority for Quality

The progress of the handloom industry and the consolidation of the socio-economic condition of the millions of handloom weavers

depend directly on the marketability or handloom cloth. Marketability, in turn, hinges on quality production. Quality production should, therefore, be given utmost priority in any scheme of development of handloom industry. The Union Minister for Commerce and Industry has quite rightly laid emphasis on this aspect in the following words :

"We have, however, to keep well before our mind the fact, that we are only at the beginning of our important task. We have to apply ourselves still more strenuously, so that we may help to secure for Indian goods universal acceptance for their quality and dependability. We must continue to strive to evolve larger number of standards and to make those already published more widely popular with consumers in India and abroad as also with manufactures". This is true of the handloom industry as well.

Handloom Industry in Madras State*

SRI A. HIRUDAYASWAMY, B.A.,
Joint Registrar of Co-operative Societies, Madras.

The handloom industry is a major village industry in this country, next to agriculture. The artisans that man this industry have made it an occupation, since times immemorial. The industry attained a very high degree of perfection in India centuries before machine was invented to produce cloth. The growth of industrialisation, however, affected its fortunes to a great extent. But, even now, it occupies a place of prominence in the fast developing economic pattern of New India.

It is estimated that there are about 28 lakhs of handlooms in India and that about 14 million people are directly associated with it. In the Madras State, there are about 5.6 lakhs of handlooms. About 25 lakhs of people depend on this industry directly or indirectly for their livelihood.

Causes for Set-back

The Industry which has been flourishing well for centuries suffered a severe set-back immediately after the second world-war due to several reasons. There was a yarn famine, so far as the handloom weavers were concerned. Since 1942, the usual imports of cotton and artificial silk yarn (besides gold and silver thread) had virtually ceased and the Indian mill yarn was hoarded and freely flowed into the black-market for exports and other purposes. The absence of a rational system of procurement of yarn from the mills and its distribution caused severe local scarcity and wide disparity in its price.

Besides the weaving mills, which were geared to maximum production during the war years for clothing the defence personnel, turned their attention to domestic trade after the cessation of hostilities. They took various steps to capture the home market by taking advantage of the change of fashion or in the dress habits of the people.

Above all, there was shrinkage in the export trade of handloom cloth. The conditions in foreign countries have undergone a remarkable change in the post-war era. Several countries have attained political independence. Their leaders are taking steps to

*Source: With the kind courtesy of A.I.R., Madras. The article is the text of a Radio Talk, dated 21-1-1956.

foster and develop their home-industries including textiles and in the process have placed several restrictions in the shape of total or partial ban on imports. For example, in Ceylon, the local handloom industry is sought to be protected by regulating the import of textiles from abroad and by insisting on the purchase of a prescribed quantity of local product.

The handloom industry was really in a sad plight in 1952. Government, both at the Centre and in the States, realized that in the large number of handloom weavers, something should be done immediately to rehabilitate the industry and to consolidate its position in the national economy. The Government of India set up an All-India Handloom Board with the Textile Commissioner as its Chairman in the year 1952, to advise Government generally on the problem of handloom industry and to recommend schemes for its improvement and development with assistance from the Cess Fund. They also issued orders reserving certain varieties of production exclusively to the handloom industry, so that it might expand production and enjoy a free market in its sphere of production.

Pattern of the Industry

Before referring to the various schemes formulated and sanctioned by the Government of Madras for the development of the handloom industry, it will be interesting to note the pattern of the industry in this State. There is the independent weaver, who purchases yarn, produces cloth on his loom and markets it at a price, which the season or his salesmanship can command. He has no facilities for improving the technique of production and in the context of the present conditions, it is difficult for him to keep his independent existence, earn a substantial income and improve his social and economic condition.

A large number of weavers work under master-weavers. The master-weaver finances production, sets the patterns and designs and arranges for marketing. The weaver working under him is paid wages at a rate fixed by him without reference to his conditions or his toil.

Besides, a large number of weavers work in factories as in Malabar. In a factory, the workers work in one work-spot. But they are not able to enjoy the full fruits of their labour, for the profits go to the proprietor.

A large number of handloom workers have been organized into weavers' co-operatives. The position of a weaver in a weavers' co operative society is entirely different from that occupied by a fellow-worker under a master-weaver or in a factory. In a co-operative organization, a member is a self-employed worker. The co-operative society supplies yarn, takes back the finished goods and arranges for their sale. A sense of self help, mutual help and thrift is fostered in the society. The members are required to contribute a part of the wages towards their thrift fund, which in the course of some years accumulate to a handsome amount. A part of the profits earned by the society is distributed among the members by way of bonus with reference to the quantity of finished goods delivered to the society or the wages earned.

The co-operative organization is, therefore, the best suited instrument of economic development of the lakhs of handloom weavers. The Government of India recognised this position and decided that the co-operative society should be the medium through which they should canalise their assistance to the handloom weavers. They constituted a Cess Fund with a view to finance a number of schemes for developing the handloom industry in the States and for improving the standard of living of the lakhs of handloom weavers.

Schemes for Development

The Government of Madras have sanctioned so far a large number schemes for the purpose involving an estimated expenditure of Rs. 212.72 lakhs. The schemes relate to several phases of the industry, such as provision of share capital advances to weavers to join the co-operatives, sanction of working capital to the societies to give continuous work to the weavers, the expansion and reorganisation of the marketing activities of the Madras State Handloom Weavers' Society, provision of adequate working capital to facilitate its expansion, supply of improved appliances to weavers and weavers' societies, so as to improve the quality and production of the handloom fabrics, sanction of rebate to reduce the sale price of the handloom cloth and place it in the hands of the consumer at lower price, etc.

The schemes were introduced one by one from January 1954. Before the introduction of the schemes, there were 97,642 handlooms in weavers' co-operative societies. Under the Cess Fund Scheme more than 46,000 looms have been brought into the co-operative fold. The number of looms brought into the weavers' co-operative

societies has increased by 47 per cent. About 250 new societies have been registered making in all 790 societies. The members who join the societies are provided with interest-free advances by way of share capital up to Rs. 25 each, A sum of about Rs. 8 lakhs was thus issued to the new entrants. The Co-operative Central Banks have made available Rs. 85.37 lakhs to the societies towards working capital from their own resources and from the amount sanctioned to them from the Cess Fund. A sum of Rs. 64.46 lakhs was disbursed to the Madras State Co-operative Bank from the Cess Fund to enable it to provide through Central Banks, working capital to weavers' co-operatives. The Madras State Handloom Weavers' Co-operative Society has been provided with a working capital of Rs. 40 lakhs from the Cess Fund to expand its marketing activities in the State as well as in the other States of India.

These measures have served to step up production in the weavers' societies and enabled weavers to get more work and increased wages. While the average production of goods per month in weavers' co operatives during the pre-scheme period was only Rs. 18 lakhs, it has gone up to Rs. 33 lakhs per month after the introduction of the scheme. The weavers' societies pay wages up to 10 annas per knot.

Organisation of Marketing

To find an outlet for the increased production of primary weavers' societies and to strengthen the arrangements for marketing, the Madras State Handloom Weavers Co operative Society undertook to work the marketing scheme—internal and external. It has so far opened about 200 retail depots within the State in addition to the 53 depots already existing. Five inter-State depots have been opened at Bombay, Vijayavada, Delhi, Kurnool and Pondicherry in addition to the existing 11 depots. Almost every municipality and major panchayat are served by a retail selling-unit of the State Society in this State. The State Society has put on the road five mobile vans intended to serve as selling-CUM publicity media. The entire State has been divided into siz marketing regions, each in charge of a Marketing Officer of the grade of a Deputy Registrar for the purpose of procuring goods from the primary weavers' societies and supplying them to the several selling-units of the State Society.

As a result of these measures, there has been distinct improvement in the marketing of handloom cloth produced by weavers' societies. Formerly the average monthly sale effected by weavers' co-operative societies was about Rs. 21 lakhs. Now the average sale per month has gone up to more than Rs. 30 lakhs.

In order to encourage the public to buy more handloom cloth, consumers are given a rebate at the rate of Rs. 0–1–6 per rupee in the case of retail sales effected by the emporia of the State Society and the weavers' societies, while fair price shops and consumers' organisations give a rebate of 1 anna per rupee. These enable a consumer to pay only Re. 0 14-6 or 15 annas for every rupee of handloom cloth purchased in retail. The total amount of rebate sanctioned under this scheme was Rs. 49.95 lakhs.

A scheme designed to promote foreign markets for handloom goods in Middle East and Far Eastern countries is being worked by the All-India Handloom Board through the agency of the State Society. Two handloom-cloth-Marketing Officers have been appointed at Singapore and Aden. Handloom-cloth-depots have been opened in Aden, Colombo, Singapore and Bangkok. The depot in Ceylon, especially has effected very good sales, amounting to Rs. 11·00 lakhs during the past seventeen months.

Improvement of Technique

Under the scheme of improvement of technique and research, the State Society has been taking steps to supply looms and weaving accessories to the members of weavers' societies such as standard reeds, take-up motion attachments, semi-automatic looms, dobbies, varnished healds, jacquard looms, etc.

Silk Handlooms

The promotion of the interests of silk handloom weavers has also received the attention of the Government. A start was given in the direction of help to silk handloom weavers by forming a Silk Weavers' Co operative Production and Sale Society at Kancheepuram. Provision was made initially for the admission of 120 silk weavers including 20 loomless weavers. These weavers were given interest free advances from Cess Fund up to 75 per cent of the share capital required, for enabling them to become members of this society. Provision was also made to give working capital to the society at the rate of Rs. 500 per loom. Assistance was also given for the supply of looms and accessories, charkas, warping frames, reeds, healds, etc., to the members. The total assistance amounted to

Rs. 69,700 under loans and Rs. 7,038 under grants. A loan of Rs. 60,000 has been made available towards working capital.

The society is developing rapidly since the start in March 1955, and has produced silk goods to the extent of Rs. 56,364 and effected sales for Rs. 50,302. Government sanctioned a Co-operative Sub-Registrar, two Senior Inspectors and a designer free of cost for work connected with the society. With a view to enlarge the scope of its production of quality goods, a pattern-making-unit was set up as its adjunct. This unit was inaugurated by the Union Minister for Commerce and Industry on 2nd January 1956. The Kancheepuram Silk Weavers' Co-operative Society will be expanded soon by the admission of 100 more members with the assistance of Cess Fund to the extent of Rs. 63,600 by way of loans and grants. Another Silk Co-operative Marketing Society has also been started at Kancheepuram for helping the independent silk handloom weavers, who are prepared to produce silk handloom fabrics on their own account.

Schemes were also formulated for the formation of silk weavers' co-operative societies in Thirubuvanam, Kumbakonam, Arni and Salem on the lines of the Kancheepuram Silk Society. The Manumbuchavadi Weavers' Co-operative Society has also been organised and converted into a silk CUM-cotton weavers' society with the assistance of the Cess Fund.

Conditions in Malabar

The conditions facing the handloom industrty in Malabar are peculiar. Most of the handloom weavers are working in handloom factories. Steps were taken to organise two industrial co-operatives in that district by taking over the closed factories at Chova and Totada. Government sanctioned Rs. 1.12 lakhs for the purchase of these factories along with the looms and other accessories and provided for a part of the share capital and working capital to run the industry. The free services of a Co-operative Sub-Registrar for each of these two factories were also provided. These two co-operatives were started six months back. They provide work for more than 150 members and produce shirtings, furnishing fabrics, etc. They have produced so far goods to the value of more than Rs. 60,000 and effected sales to the extent of Rs. 57,000. The workers in the co-operatives are now assured of continuous employment and reasonable wages. The Union Minister for Commerce and Industry, when he visited Madras sometime back inspected some of the samples produced by these institutions and expressed great satisfaction at their excellance.

Two housing colonies (of 200 houses each) for the benefit of the members of Ammapet Weavers' Co-operative Society in Salem district and the weavers' co-operative societies in Aruppukkottai area of the Ramanathapuram district will be started shortly. They will cost about Rs. 18 lakhs. Two more schemes for setting up housing colonies for the benefit of the members of the Kallidaikurichi Weavers' Co-operative Society and the Coimbatore Devanga Weavers' Co-operative Society are under the consideration of Government.

Handlooms in the Second Plan

The development of handloom industry has been given due consideration in the State Plan drawn up for execution during the Second Plan period. A sum of Rs. 4 crores has been earmarked for the development of this industry. At the end of the Plan period, more than 50 per cent of the handlooms in the State would have been brought into the co-operative fold. A provision of Rs. 162·68 lakhs for issuing interest-free advances towards share capital for weavers to join weavers' co-operative societies and providing working capital to the co-operatives has been made. Fifteen housing colonies of 100 houses each will be established at a cost of Rs. 70.36 lakhs. Model pattern-making factories will be set up as adjuncts to 25 weavers' societies at a cost of 3.91 lakhs. Ten industrial co-operatives will be formed at a cost of Rs. 6.76 lakhs.

Provision for the supply of several kinds of accessories free of cost aimed at improving the technique of production has also been made. Two thousand weavers will be trained in improved methods of weaving. A provision of Rs. 41.25 lakhs has been made for opening 100 new depots. It is hoped that the provision made in the Second Five Year Plan will further help to stabilize the industry and improve the condition of the handloom weavers.

Trying Period Over

The various measures initiated by Government have tended to stabilise the industry. It can be said without fear of contradiction that in Madras State particularly, the condition of handloom weavers has improved appreciably. There was a time especially in the dark days of 1952 and 1953, when alarming news appeared in the Press. From many a platform there was representation about the plight of the handloom industry. The Press in the country spotlighted the need for a firm handling of the situation and called for some concrete

assistance to the industry. The Government of Madras were fully alive to the needs of the hour. They took up the situation in hand and by a series of measures financed from the Cess Fund are improving the condition of the weavers steadily.

Today happily, the trying period is over and the initial difficulties have been overcome. The handloom weavers can look forward with confidence to an era of consolidation of the position under the Second Five-Year Plan under the aegis of co.operative organisation. (Courtesy A.I.R.)

CO-OPERATION BUILDS SOLIDARITY.

Understanding of the meaning and use of freedom, recognition and exercise of its responsibilities, these are indeed the hallmarks, which should grace the citizen of democracy. If national cohesion is to be rebuilt and fostered, if human relations are to be well ordered internationally, if great civilizations are to flower, there must also be a vigorous sense of common interest, the perception of common aims, the spirit of inter dependence and the will for solidarity. By steady widening of the definition, which they give to their ever-growing sphere of common action and in the daily exercise of their rights and duties, co-operators can gradually attain to this universal outlook.

—CO-OPERATION AND PRESENT DAY PROBLEMS.

Silk Handloom Weaving Industry*

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Special Dy. Registrar for Weavers' Co-operative Societies, Madras.

The Silk handloom industry is one of the oldest cottage industries in India. For centuries, the silk handloom weavers had been producing artistic silk fabrics, which were sought after by Imperial Courts. Though silk is considered an article of luxury, it is used on all important religious or festive occasions by all strata of society.

Silk handloom industry is mainly concentrated in the States of Madras, Assam, Mysore, Uttar Pradesh and Bombay. The Fact Finding Committee (1942) stated the number of handlooms engaged in silk and art silk as 3.46 lakhs. According to the recent report of the Village and Small Scale Industries (Second Five Year Plan) Committee, the total number of handlooms engaged in silk and art silk weaving in the country is about 2 lakhs. Assuming that 3 persons are connected with weaving or processes connected with weaving relating to one loom, at least 6 lakhs of persons depend directly or indirectly on the silk handloom industry. In view of this important fact, the need for the development of this industry has been realised.

The Government of India constituted a body called the Central Silk Board and charged it with the responsibility for the development of this cottage industry. As the resources available with this body were limited, it was suggested that assistance from the Cess Fund constituted for the development of the handloom industry should be made available for fostering the silk industry also. The Standing Committee of the All-India Handloom Board considered the matter and recommended to Government that the Central Silk Board might be made responsible for the development of silk up to the stage of weaving and the All India Board might be responsible for all aspects from the stage of weaving. The recommendation was accepted and assistance from the Cess Fund was made available for the silk handloom industry broadly on the lines of the general principles applicable for cotton handloom industry.

Marketing

The Standing Committee of the All-India Handloom Board also recommended to the Government of India that the marketing of silk handloom fabrics overseas should be dovetailed with the external

*Source: Madras Information, March 1956

marketing scheme for cotton handloom fabrics and that a grant of Rs. 50,000 should be initially sanctioned to enable samples of silk fabric being bought and sent to the handloom cloth marketing officers appointed under the external marketing scheme. Government accepted the recommendation.

Silk Weaving in Madras State

In the Madras State, the silk handloom industry is flourishing in several centres like Kancheepuram in Chingleput district, Kumbakonam, Manambuchavadi and Mayuram in Tanjore district, Madurai North Arcot, Coimbatore and Salem districts. The silk weavers can be classified into two distinct categories with reference to the pattern of employment. Due to the high cost of raw material and the need for a larger outlay on silk than on cotton yarn, the number of independent handloom weavers plying the silk industry is not considerable. A large number of such weavers are therefore working under master weavers. Under this system, the raw material is supplied, the pattern and design are envolved and marketing is undertaken by the master weavers. The cooli weaver is responsible only for weaving and the wages paid to him were often not in conformity with the work involved or the profits earned by the master weaver. The system benefited only the master weaver but was not conducive to the betterment of the economic condition of the poor silk handloom weavers. The well-wishers of the industry became anxious that something should be done to improve the condition of this section of the community. It has been considered that development of this industry could be properly ensured through the medium of co-operatives organised for the benefit of silk weavers and that all forms of assistance to these people should be canalised through them.

Co-operatives for Silk Weavers

A start was given to the scheme of State-wide organisation of silk weavers co-operatives by the formation of a silk weavers' co-operative production and sale society at Kancheepuram. The atmosphere was quite favourable in that place for the formation of such a society, as there was keen agitation among silk weavers that they were not getting reasonable wages and that they were denied a fair share of the fruits of their toil.

To help these weavers, a silk weavers' co-operative society was started in the place. Provision was made initially for the admission of 120 silk weavers including 20 loomless weavers. The value of each share was fixed at Rs. 100. Twenty-five per cent of this amount should be contributed from the weavers' own resources and the balance will be contributed by the Government as interest-free advance from the Cess Fund recoverable within two years. Provision has also been made to give working capital at the rate of Rs. 500 per loom. The scheme envisages supply of looms and accessories, charkas, warping frames, reeds, healds, etc., to the members. Its total cost amounts to Rs. 69,700 under loans and Rs. 7,038 under grants. The society was started on 6th March 1955. There are at present 124 members on the rolls with a paid up share capital of Rs. 10,125. Its area of operations extends to the municipal limits of the Kancheepuram town and some surrounding villages. Eighty-six looms are working for the society. A loan of Rs. 60 000 has been made available towards working capital. Accessories to the extent of Rs. 2,780 has been purchased and supplied to the members. It produced sarees of six to nine yards length, pavadies and blouse pieces of good quality.

The Madras State Handloom Weavers' Co-operative Society, the Handicrafts Emporium and the All-India Handloom Board are the main purchasers of the society's products. Government have sanctioned a Co operative Sub-Registrar, two Senior Inspectors and a designer free of cost for work connected with the society. The society is shaping well and its products are gaining popularity.

Encouraged by the working of the silk weavers' co-operative society, it was felt that further steps should be taken to bring in more weavers within the existing silk weavers' co operative society. It was also decided that an adjunct should be set up to this society to function as a pattern weaving unit to evolve novel designs and produce representative samples. The expansion of the society will be brought about by the admission of 100 more members, with the scale of assistance from the Cess Fund which is admissible to silk handloom weavers joining the co operative fold. The total cost of the expansion scheme will amount to Rs. 58,000 under loans and Rs. 5,600 under grants from the Cess Fund. This scheme will be implemented soon after the number of looms provided for in the original scheme is admitted into the society.

The Pattern-making Unit

The pattern-making unit of the society, which the Union Minister for Commerce and Industry inaugurated on 2nd January

Pattern Making unit at Kancheepuram.

Sri T. T. Krishnamachari, Minister for Industries and Commerce inaugurated the Pattern Making Factory attached to the Kancheepuram Silk Weavers' Co-operative Society.

Sri T. T. Krishnamachari inspects the Pattern-Making Unit at Kancheepuram.

Pilot Scheme at Vallanad.

Sri A. B. Shetty is seen addressing a gathering on the occasion of the Inauguration of the Pilot Scheme, at Vallanad in the Tinnevelly District.

1956 is designed to promote quality weaving of silk handloom fabrics. It will evolve good designs and produce samples to suit the varying tastes of the consumers in different parts of India, as well as in foreign countries. Kancheepuram fabrics could be made more popular by adopting designs which will attract the consumers. The looms are installed in the society's premises. Each design will be one to one and a half yards in length and will embody all the features of a fully woven saree or other fabrics. Government has sanctioned a grant of Rs. 40,000 to set up this unit. It is manned by expert weavers. The starting of this unit has satisfied a felt need in regard to the improvement of the technique of production and of quality of silk handloom fabrics woven in the society, and tended to exercise a healthy influence over the quality of production in the area.

Silk Co-operative Marketing Society

It was felt that steps should also be taken to help individual handloom weavers who were prepared to produce silk handloom fabrics on their own account. Accordingly an independent marketing society was formed to undertake the marketing of the goods produced by independent weavers as their agent at rates advantageous to them. The scheme for the formation of this society contemplated the admission of 100 independent silk handloom weavers in the soeicty. Each member seeking admission should contribute at least Rs. 35 and the balance of Rs. 65 will be advanced from the Cess Fund recoverable from members in the course of two years. Capital will be provided for the requirement of 100 weavers which is intended for giving advances on the pledge of goods bought by the members up to the extend of 60 per cent of the cost price of goods (up to a maximum of Rs. 250 at any time). A sum of Rs. 56,500 has been sanctioned towards share capital advance and working capital. The Government have sanctioned the services of a Senior Inspector of Co-operative Societies free of cost and the appointment of a marketing expert at a pay not exceeding Rs. 125 per mensem, at Government cost. The area of operations of this society Is confined to the municipal limits of Kancheepuram. It was started on 2nd December 1955. The working of the society will be watched and steps taken to expand it in due course with a view to bring more independent silk handloom weavers within its fold.

Spread of Silk Handloom Societies

The successful working of the Kancheepuram Silk Weavers' Society attracted the attention of silk handloom weavers in other parts of the State. In Kumbakonam and Thirubuvanam, there was discontent and agitation against the master weavers with regard to wages. Two silk handloom weavers' co-operative societies were formed in these places for the benefit of the silk handloom weavers there. The scheme is broadly on the lines of the scheme for the information of the Kancheepuram silk handloom weavers co-operative society. In order to rehabilitate the condition of the silk handloom weavers in Manambuchavadi in the Tanjore district, steps were taken to convert the existing cotton handloom weavers' society into a silk-CUM-cotton handloom weavers' co-operative society with the assistance of Cess Fund. Proposals for the formation of silk handloom weavers' co-operatives at Arni in North Arcot district and Salem on a pattern similar to that of the Kancheepuram Silk Weavers' Co-operative Society have been sent to Government. Arni is noted for its Mallama-border sarees and Salem for DHOTIES and ANGAVASTHRAMS.

The leaders of the country have laid great emphasis on the development of cottage industries as they provide employment to millions of people. The workers in the silk handloom industry are excellent craftsmen and help to maintain the glorius traditions of India from times immemorial. It is therefore proper that energetic steps should be taken to consolidate the industry and place it on a firm footing with a view to better the economic condition of the lakhs of weavers engaged in it through the aegis of co-operatives.

A SELF-GOVERNING ASSOCIATION OF NEIGHBOURS

This Co-operative Movement takes existing machinery and adapts it to better and higher uses. The machinery of industry, which is devoted to the purpose of making profits and creating classes that keep men asunder, is capable of being turned to the function of supplying the people's needs, creating friendships, and drawing men together. The economic basis of co-operation is its strength. The mainspring of man's social actions is his interest in the simple problems of his physical needs. The causes of great social changes in every age are to be found in production, distribution and exchange. The union of people about their homes, the co operation of neighbours, working together to get the things, they want, is the strength of the Society. ....By this practical means of building from the ground upward, as the Co-operative Societies are now doing, a non-Governmental Society may be created in the place of the political State.

DR. J. P. WARBASSE,
"Co-operative Democracy."

Man Behind the Loom

INDUSTRY PROGRESSES

A. S. E. IYER,
Secretary, All India Handloom Board.

Nearly six crores of rupees have been spent upto the end of January 1956 in the implementation of schemes for the development of the handloom industry in India out of a total of nearly eleven crores of rupees sanctioned by the Government of India during the 30 months ending December 1955 That this amount has been spent in improving the lot of the handloom weavers is evident from the fact that the earnings of weavers have increased by 10 to 30 per cent over their earnings three years ago. Apart from this, the demand for handloom fabrics has, as a result of the special steps taken by the Central and State Governments, gone up considerably and production has, in turn, increased. There is a progressive diminution in the number of idle looms in the country. Looms which had been stored in the attic have been brought down to be set up for operation. The under-employed are progressively getting more employment; and the unemployed have started getting engaged in working the looms: Many of the weavers who had left their household to seek employment outside are slowly reported to be returning to their old profession.

This modest achievement within a short period of nearly 30 months at a cost of about Rs. 2 per loom per month in the co-operative sector is something with which one cannot feel dissatisfied. It is true that much more could have been done if only every one concerned, including the weaver himself, was prepared to encourage the co-operative movement. It will be recognised that in any mass movement of the type that has been undertaken to improve the lot of a large section of the population, there are bound to be several pitfalls and handicaps. These have to be overcome. The All-India Handloom Board as well as the State Boards and the officials concerned both at the Centre and at the States have been endeavouring to overcome these handicaps and avoid the pitfalls as far as is possible.

It would not be out of place to mention that, though the All-India Handloom Board was set up by the Government of India late in 1952, nothing substantial or tangible was done to improve the lot of the weavers till about the middle of 1953. Between June and October, 1953, several schemes for the development of the handloom industry and the improvement of the lot of the weavers in different parts of the country were examined and funds for implementing them sanctioned by the Government of India. While the Central Government took prompt steps to place funds at the disposal of the State Governments the latter due to want of required machinery to implement schemes of the magnitude contemplated could not keep pace with the speedy sanctions. Initial handicaps and teething troubles were got over by about January/February 1954 and, to-day, it can be stated with a certain amount of confidence that all State Governments have geared up their machinery for the proper and speedy implementation of the sanctioned schemes. The Government for the improvement of the lot of the handloom weavers is slowly gathering momentum and this fact is borne out by the progress of expenditure. While in 1953-54 the State Governments spent Rs. 55 lakhs out of the total sanction of Rs. 292 lakhs, the amount spent by them in 1954-55 was Rs. 337 lakhs against the total availability of Rs. 591 lakhs; and during the first nine months of 1955-56, the State Government have spent Rs. 176 lakhs out of a total of Rs. 613 lakhs. It would not be out of place to mention that in schemes of this nature most of the State Governments incur the bulk of their expenditure during the last quarter of the financial year. At the rate at which the expenditure is taking place and looking at the speed with which the schemes are being implemented, one can expect that the lot of the weavers is bound to improve considerably very soon.

At the time when the Government of India took up the work of solving the problem of the handloom industry there were about 7 lakhs of weavers (looms) in the co-operative fold—about one-fourth of the total number of looms that are reported to be in existence in the country. Most of these co-operative societies of which the weavers were members were yarn distribution societies which had come into existence during the 'control' period when there was control over prices and distribution of yarn produced by the mills. These societies, at that time, were not production-cum-sales societies, the type of societies which should be formed and the formation of which is being encouraged by the Central as well as the State Governments now. The history of these societies has been that they flourished when there were shortages, and the condition of the weavers became worse when there were plentiful supplies of yarn.

The All India Handloom Board, at the very outset, recognised that of all the handicaps faced by the handloom industry, the biggest was the lack of adequate facilities for marketing of handloom fabrics. Membership of the yarn distribution societies meant the weavers obtaining yarn from the societies, fabricating the yarn into cloth and arranging for the marketing of the cloth themselves. Hence, the need to convert these societies into sound production-cum-sales societies and to organise the entire industry on such co-operative lines was recognised. In the very early stages, the All India Handloom Board realised that this main problem facing the industry should be immediately tackled not only by arranging for the marketing of handloom cloth but by narrowing down the disparity in prices between mill-made and handloom cloth. It was recognised that the emphasis had primarily to be on consumption of handloom cloth and only derivatively on production. With these two main objects in view, the Board recommended and the Government of India sanctioned share and working capital loans to weavers who would join the weavers' co-operative societies. Funds have been sanctioned to enable nearly three and a half lakhs of weavers to come newly into the co-operative fold and about two lakhs of weavers who were members of yarn distribution societies to undertake production activities, that is to say the societies would undertake marketing of fabrics manufactured by the weaver-members. The Government of India also sanctioned no less than Rs. 188 lakhs to the State Governments for purposes of granting rebate on sales of handloom cloth, and upto the end of December 1955, the latter had spend Rs. 121 lakhs on the grant of such rebate. These two steps alone have been responsible for improving the lot of weavers considerably. As more and more weavers started coming into the co-operative fold and full-time work was given to them, their earnings progressively increased; so much so, at the end of December, 1955, it was known that in certain places where the earnings of weavers which were about Rs. 41 a month on an average in 1953/54 went upto about Rs. 52 a month in 1954/55. Production of cloth by co-operative societies increased several fold in certain areas within a period of about a year. In the State of Hyderabad, for example, production during the quarter ended September 1954 by the co-operative sector was about 352 thousand yards while during the quarter ended September 1955, it went upto 4,039 thousand yards. In Madras, the production went up from about 65 lakhs yards in the quarter ended September 1954 to about 109 lakhs yards in the quarter ended September 1955. In U. P. the Co-operative sector which produced about 18,91,000 yards during the quarter ended September 1954, produced 1,08,94,000 yards in the quarter ended September 1955. Similar is the position in other States where the handloom industry is concentrated. So have the sales of handloom cloth improved. U.P. which sold 19 lakhs yards during the quarter ended September 1954 sold 106 lakhs yards during the quarter ended September 1955. Hyderabad. which sold about 849 thousand yards during the quarter ended September 1954, sold 32 lakhs yards during the quarter ended September 1955.

The increased production and sales have been entirely due to the provision of facilities for marketing of finished products. The weavers who originally had to bother about the marketing of the goods produced by them are able now to devote more time to production of cloth and improvement of its quality.

The placement of large sums of money at the disposal of the State Governments for implemention of handloom development schemes is governed by certain broad general principles laid down by the All India Handloom Board for the proper utilisation of the amounts released from the Cess Fund. There are in all about 50 such general principles These do not necessarily cover all aspects of the problem facing the handloom industry. As and when new problems are brought before the All India Handloom Board, they are examined in all their details and additional general principles are laid down. It may be mentioned here that though during the earlier period the general principles were strictly adhered to, it has been recognised that problems facing the handloom industry differ from area to area and special solutions are evolved for problems in particular areas. For example, the problems facing the handloom weavers in the Malabar District of Madras State have been dealt with separately, while the problems facing the weavers in Sholapur have been tackled in a different manner. By and large, the object is to see that the condition of the man behind the loom is improved and his earnings are increased.

So far, the Government of India have placed at the disposal of the State Governments a sum of Rs. 55 lakhs for opening sales depots, Rs. 2.5 lakhs for the setting up of 19 inter-State depots and Rs. 13 lakhs for 36 mobile vans. In so far as improvements in technique are concerned, Government have sanctioned so far a total amount of Rs. 11 lakhs for conversion of 44,437 throw-shuttle looms

into fly-shuttle looms; Rs. 21 lakhs for providing take-up motion attachment to 42,963 looms; Rs. 21,125 for 950 warping frames; Rs. 5,38,675 for 14,672 slays; Rs. 9,67,050 for 86,355 reeds, Rs. 2,03,180 for 976 jacquards; Rs. 3,21,400 for 467 vertical warping machines; Rs. 3,37,400 for 9,420 dobbies; Rs. 73,338 for 785 warping drums; Rs. 9,98,400 for 50,025 varnished healds, and Rs. 9,54,940 for 1,886 semi-automatic pedal looms. Apart from these. recognising the need for setting up proper dye-houses for the dyeing of yarn in fast colours, Government have sanctioned nearly Rs. 24 lakhs for the setting up of 296 dye houses of different sizes. Research in designs and improvement in fabrics that will be popular with the consumers was recognised as one of the crying needs of the handloom industry. 45 pattern-making factories have been sanctioned at a cost of Rs $7\frac{1}{2}$ lakhs, from where different designs worked out by special designers employed for the purpose will be manufactured and distributed amongst weavers. Realising that proper finish is essential to make handloom fabrics more attractive and saleable, Government have sanctioned the setting up of 14 finishing plants at a cost of nearly Rs. 19 lakhs.

Schemes for financial assistance to weavers have not been confined to those working on cotton alone. Silk weaving, for instance, has been the traditional occupation of weavers in some of the centres in the country and India has been famous for some exquisitely designd and colourful silk material woven on handlooms. This process of handweaving has come down from generation to generation and Government rightly felt the need to ensure that the art was kept flourishing. As silk fabrics produced by these weavers were comparatively costly, the demand for these usually did not keep pace with the production. Marketing facilities accordingly became the prime necessity. Next in order came financial assistance for raw material supplies to the weavers. Government have recently sanctioned funds in this regard to weavers in Banaras and Kancheepuram and steps are under way to render necessary financial assistance to silk weavers in Mysore, Hyderabad and Madhya Pradesh.

It will not be out of place if reference is made here to two or three important activities which have recently been undertaken by Government. The first relates to the formation of Industrial Co-operatives. There are a number of handloom factories especially in the Madras State, and more particularly in the Malabar District. These are run by capitalists in which the handloom weavers are engaged as wage earners. The conditions of work in these factories have been very diplorable and the weavers have been reduced to the status of sweated labour. The All India Handloom Board has been serious consideration to the question of ameliorating the condition of these weavers. A formula was, therefore, evolved under which financial assistance would be admissible to factories if they converted themselves into industrial co operatives. Two factories in Malabar have already been converted into industrial co-operatives and the possibilities of setting up further institutions of this nature, not only in Madras but in other States like Bomby and U.P. also are being investigated.

Another important activity is the provision of housing for handloom weavers. The Government of India have decided to provide funds, more or less on the basis of the assistance admissible for industrial workers, for the setting up of housing colonies of weavers' co-operative societies. Three or four such schemes have already been sanctioned for Madras. One for Mysore and one for Bombay. Attempts are being made to set up at least one housing colony in each major State.

Till now the development of designs on handloom fabrics and research designs, indigenous dyes, etc. have been left to the State Governments to pursue with their limited resources completely. There is considerable scope for research on designs, vegetable dyes, etc. and it has been decided that the All-India Handloom Board should set up directly under it a number of designs centres in the country for this purpose. Action has already been taken to set up one Designs Centre in Bombay. The intension is that after new and attractive designs have been worked out at these Design Centres, they will be passed on to production centres where small units will translate them on fabrics and in turn pass the fabrics to special marketing units which will undertake to popularise the new designs among consumers.

While the All India Handloom Board laid emphasis on technological improvements to the handlooms in the country and for proper marketing of the goods produced, its main object was to cater to the needs of the Indian public. This is because it will not be possible to sustain the handloom industry in the country mainly on foreign markets. Foreign markets are restrictive in quantum and selective in quality and design. They can consume the colourful and beautiful fabrics in their multicoloured and attractive designs

which could be produced only at a fairly heavy cost. Most of these fabrics which are popular in foreign markets, have been reserved for the handloom industry, and the mill industry has been prohibited from manufacturing them. In order therefore, to cater to the needs of foreign markets, a scheme of external marketing of handloom cloth has been put into operation by the All India Handloom Board during the last two years. It has achieved reasonable success and the marketing officers posted in the Middle East and South East Asian countries have endeavoured to popularise Indian handloom fabrics in these countries.

Considerable enthusiasm has been created notably in America in the utilisation of Indian handloom fabrics. During the past one year several busineessmen have visited this country with view to booking orders for hand-made fabrics. There are certain specific difficulties in meeting the demands from America, because fashions go on changing frequently in that country and unless goods ordered are delivered in time, the entire consignment becomes useless. The fabrics are also required to be supplied in certain particular dimensions and preferably, in pre-shrunk finish. These difficulties will take some little time to be solved, but the point to be noted is that considerable interest has been created in foreign countries, which if followed up energetically should result in enhancing the export of handloom cloth in future.

Publicity is the recognised and effective medium for the consumption of any manufactured article, and exhibitions are one of the media of such publicity. The All India Handloom Board, has, during the last two years, particpated in not less than a score exhibitions. At the Indian Industries Fair held in New Delhi during November/December, 1955, the Handloom Board took part in a big way. Lakhs of people, including foreigners, visited the Board's pavilion where handloom fabrics from different parts of India were displayed in attractive manner. The work done by the Board was recognised in as much as the Board was awarded the first prize for architectural design and second prize for artistic display. The Board has started taking part in exhibitions organised outside the country. Sizeable quantities of handloom fabrics have been despatched to the International Trade Fair at Leipzig and similar quantities are being sent to the Indian Industries Fair that is being organinised by the Government of India in Gold Coast in West Africa. It is proposed to organise a special exhibition of handloom fabrics alone at Venice some time this year.

The All India Handloom Board, in its plan for the development of the handloom industry during the second Five Year Plan period, has envisaged an expenditure of rupees 130 crores. Of this amount a sum of nearly Rs. 42 crores is meant to be utilised as working capital of the co-operative societies for production and marketing of handloom cloth. This amount, it has been suggested should normally come from the usual financial agencies as business finance. But hitherto, in any case till 1952, the normal financing agencies were not in favour advancing credit of facilities to the handloom industry at least for production and sale purposes, as advances to the weavers' co-operatives were not considered "safe". Later, the Reserve Bank of India started advancing funds to one or two Apex societies for undertaking transactions in yarn purchases. The improvement in the handloom industry during the last three years has encouraged all concerned to approach the Reserve Bank of India to agree to meet the entire credit requirements of the handloom industry for production and marketing. The Reserve Bank of India are also being requested to advance loans at a nominal rate of interest. But the provision of working capital loans by the Reserve Bank of India through normal financing agencies will take some time, as envisaged by the Planning Commission. The Planning Commission in its draft plan for the Second Five-Year have said "as early as possible the bulk of the working capital needed should come from co-operative and other banking agencies and it is important that organisationally, in the field of operations of each Board, action should be directed towards the objective. During the intervening period, of course, it will be necessary for Government to ensure adequate supply of working capital, especially for production organised through co operatives and registered public institutions of the Central Government."

It can be said with a certain amount of confidence that the foundation stone for a stabilised structure of the handloom industry has been laid. It is a good augury that weavers in larger numbers are coming into the co-operative sector. At present the number of looms under the co-operative fold has almost reached a million mark. This is no mean credit for the handloom weavers, for, there is no other cottage industry in the country which has organised itself on a co-operative basis on such a vast scale. Although production of cloth in the case of several individual looms has exceeded the level of 6 yards per day per loom, the average production of handloom

cloth for the industry as a whole is still as low as $2\frac{1}{2}$ yards a day. This is very much below the normal capacity of a loom, which is estimated at six yards per day. Incidentally, it can be mentioned that the handloom industry can produce substanstialy larger quantities of cloth if it is ensured of adequate supplies of required counts of yarn at reasonable prices and working capital in the required volume is forthcoming. It is hoped that during the course of the Second Five Year Plan the handloom industry will produce very much more than what it has done ever before.

The earnings of weavers within the co-operative fold have steadily been increasing. In the past the factories and master-weavers were reported to be offering higher wages than the co-operative societies, and the result was that there used to be a drift of weavers from co-operative societies, to master-weavers and factories. To day the position is that the wage rates in the co-operative societies are better, and the master-weavers and factories have to keep to those wage rates if they have to get labour to work on their looms. Whatever may have been the achievement in the past, it has only touched the fringe of the problem and very much more remains to be done to stabilise the handloom industry. The Planning Commission have assigned for it a significant role to play in the Second Five Year Plan. Provided that the work which has been started a couple of years ago is continued vigorously and with drive, and the weavers extend their fullest co-operation, it should be possible, during the course of the Second Five Year Plan, to erect the basement of a solid structure on the foundation stone already laid. The work of consolidating a dispersed industry such as the handloom industry in a vast country like India is not a problem which can be solved in the course of a short span of time. It may required anything like one or two decades, but with sustained effort and goodwill from all concerned, it might be possible to give the handloom industry its rightful place in a short time.

Industrial Co-operative in North Malabar and Silk Weavers' Co-operative Societies*

(*Contributed*)

The Year Nineteen Hundred and Fiftyfive was marked by two significant developments in the handloom industry. One was the starting of Industrial Co-operatives in North Malabar and the other was the extension of the benefits of the Handloom Development Fund to the silk weavers to organise themselves into co-operative sotieties.

2. The starting of an industrial co-operative is a new step in the direction of rehabilitating handloom weavers. Conditions in North Malabar, where, due to historical reasons, the handloom industry has come to be organised on a factory basis, called for some such bold new step.

3. The factory system was first introduced by foreign missionaries in Mangalore 1844 to provide employment to poor converts. From Mangalore the system spread to North Malabar and from North Malabar to other parts of Madras State. A handloom factory contains looms numbering from five to fifty, and sometimes more. The capitalists, who owns the factory, purchases yarn, gets it woven into cloth ,and makes arrangements to market it. If he employs more than 20 workers, his factory comes under the Factories Act. If he employs fifty and more people, he has to extend provident fund and other benefits to his workers.

4. It is in North Malabar that we have the largest number of handloom fabrics, those that come under the Factories Act alone numbering 285. All these factories are not always working in full strength. Their workload is determined by the orders they book or by the condition of the market. Thus, workers in these factories are not sure of continuous employment. The uncertainty in the working of these factories can be attributed to economic reasons. The cost of production in a handloom industry is high while it is comparatively less in co-operative societies. The cost of production in a factory is high because the factory owner has to add 20 per cent to his cost, in addition to his profit, with a view to meeting the obligations imposed by the Labour Laws.

*Source: All India Handloom Board.

5. When, in 1952, the handloom industry faced a crisis, a number of factories in Malabar closed down. The factory owners joined the handloom weavers in clamouring for assistance. The Government of Madras drew up a scheme to render financial assistance to factory owners so that workers thrown out of employment could be re-absorbed. The Standing Committee of the All India Handloom Board did not accept this scheme as it felt that it would retard the organisation of weavers into co-operative societies. On the other hand, it decided on granting assistance from the Cess Fund to workers who organised themselves into industrial co-operatives. The Standing Committee took this decision because it wanted to save the workers from the exploitation of factory owners who did not guarantee full time or continued employment. After a thorough investigation of all the facts concerning handloom factories in North Malabar, it was decided to purchase the Kausalya Weaving Factory at Thottada and Loknath Weaving Factory at Chovva and run them as industrial co-operatives.

6. The Government of India sanctioned an interest free loan of Rs. 1,12,302 to the Government of Madras towards purchasing the factories and their equipment and towards financing the share capital of the weavers and the working capital of the co-operatives. According to the scheme, all the workers including winders, dyers and supervisory staff are members of the co-operatives. Each member has taken a share of the value of Rs. 50. Of this, he has contributed Rs. 12-8-0 and the Government has advanced him a loan of Rs. 37-8-0. The weaver members have each been allotted a loom, the value of which would be recovered in easy instalments. A Board of Directors consisting of workers of all categories has been nominated to manage the affairs of the co-operative. Forty per cent of the profits, if any, earned by the co-operatives would be set apart towards a Reserve Fund. The balance would be utilised for payment of dividends to members at 6¼ per cent of their paid up share capital, for setting apart such sum as might be decided by the General Body towards the Common Good Fund and for paying a bonus in proportion to the wages earned by the members.

7. The Industrial Co-operative at Thottada was inaugurated by the Chief Minister of Madras in May 1955. It has on its rolls 127 members with a paid up share capital of Rs. 2,938. 62 looms are working for the co-operative. The other co-operative at Chovva started work in July with 72 members and 52 looms.

8. The co-operatives show promise of good work. They might well prove to be the precursors of many more such enterprises where workers become owners of factories and run it on lines that would ensure maximum production with unimpeachable quality.

9. The other important development in 1955 is the extension of the benefits of the Cess Fund to the silk weaving industry. Silk weaving is as old as cotton weaving in this country. But the industry fell on evil days owing to many factors. Changes in fashions, import of art silk into the country and the big outlay required to weave silk fabrics were some of the reasons that tended to a sharp fall in the number of silk weavers and to the gradual fading out of ones-famous silk-weaving centres. Despite these factors, silk weaving continued to flourish in isolated pockets all over the country. In Bengal, Punjab, Uttar Pradesh, Bihar, Kashmir and Madras there are number of centres where silk fabrics continue to be produced.

Madras Handkerchief

The term "Madras Handkerchief" would mislead any one into thinking that it denotes the small square piece of cloth we carry in our pocket. Actually, "Madras Handkerchief" or "Patti-marpu" as it is locally known, is a class of cotton fabric manufactured on handlooms with mill yarn, predyed in brilliant but not fast colours as they are not meant to be washed. These fabrics, manufactured specially and on a large scale in Madras and Andhra States are meant for export to West Africa, British South Africa and parts of West Indies where local women use them as dress material. Of late, some designs in fast colours and finer yarn are made for export to America.

The story of the trade in Madras Handkerchief is indeed interesting. Export trade in "Real Madras Handkerchief" began in the days of the East India Company when these fabrics were sold in public auction in London at intervals of three months. British merchants who purchased them re-exported them to markets in Africa. Soon export firms came to be established in Madras and these developed direct business dealings with firms in London, Manchester and Liverpool which imported handkerchiefs and exported them to West Africa and British South Africa.

Foreign Monopoly

Until about the year 1928, the export trade in Madras Handkerchief was exclusively in the hands of two foreign firms. When a few Indian firms and a Co-operative society entered the trade in the middle thirties, a keen competition between the Indian and foreign firms developed. British trading interests were helped to smother Indian competition in a clever way. The English Patents and Designs Act, according to which a patented design might be cancelled on the ground of its non-manufacture in Britain, was amended in 1932. This amendment made the previous publication of a design the only ground for the cancellation of a patent. Secondly, an ordinance was passed in Nigeria called the Nigerian Ordinance No. 36 of 1936 according to which designs registered in England were granted reciprocity of treatment in Nigeria making it possible for any firm to get its design registered in England and make it effective in Nigeria.

Great Handicap

There are innumerable designs in Madras Handkerchiefs and a slight alteration of a dot, or a line or a square to a design could change it into a new one. Nonetheless, Indian Manufacturers and weavers were nervous over sending abroad Madras Handkerchiefs since they were completely in the dark about the designs already patented in England. So they had to proceed warily lest they should face legal and other troubles that may result from infringement of copyright. In fact, a foregin firm is reported to have taken action against an Indian export firm for infringement of their copyright and succeeded in preventing sale of their goods in Africa.

Difficult Position

Indian exporters became, therefore, jittery and allowed the British merchants to have the lion's share in the export of Madras Handkerchiefs, the manufacturers of which were obliged to sell only to those firms having registered designs in England. And these foreign firms in their turn, insisted on the weavers and master-weavers transferring the entire rights in designs to them if they were to purchase their materials. Weavers and master-weavers had to submit to this dictation which meant the virtual loss of their bargaining power with other exporters. This position was resented by Indian exporters and manufacturers. And so, there was a gradual but visible setback in the export of Madras Handkerchiefs.

Other Reasons

Other and more important reasons also contributed to the sharp decline in the export of this commodity in the thirties and after. Serious competition from imitation Madras Handkerchiefs manufactured on powerlooms in European countries cut at the root of India's export trade A study of export figures would bring this out. From 1922 to 1930, the average export per year was nearly 32 lakhs of pieces. From 1933 to 1940, the average fell to 14 lakhs. And in the years between 1943 to 1950, export figures tumbled down to just 5 lakhs of pieces.

Monopoly Broken

Since the end of Second World War and the attainment of independence, the hold of the foreign firms on this trade in 'Real Madras Handkerchiefs' was weakened to a considerable extent and a few Indian firms through their initiative, enterprise, business acumen and financial resources have, despite the Patents Act and the Nigerian Ordinance remaining in force, established themselves firmly as the chief exporters of Madras Handkerchiefs. There are at present

about eighteen leading exporters in Madras dealing in Madras Handkerchiefs. Of these, five exporters are known to have their own sales organisations in West Africa. The remaining exporters supply goods to the importers in West Africa through their agents or principals in the United Kingdom against approved samples at specified rates against a letter of credit opened in their favour in exchange banks in India for the full value.

The exporters in Madras keep themselves posted with up-to-date information through their sales organisations or overseas buyers, as the case may be, regarding the changing fashions and tastes of the overseas consumers of Madras Handkerchiefs. They generally employ designers for evolving new designs and colour combinations in accordance with the advices so received. Orders are then placed with master-weavers through their agents. The yarn required for a specified number of Handkerchief pieces is either supplied by the exporting firm themselves or bought by the master-weaver who gets the same dyed (mostly in direct colours unless otherwise required) locally. The dyed yarn is issued to number of weavers engaged by the master-weaver on the production of real Madras Handkerchiefs. The finished products are then collected by the master-weaver who generally employs an appraiser to check up and ensure that the woven material is strictly in accordance with the design, colour-combination and other specifications of the exporters. The supply is then effected either in a lot or part thereof in accordance with the understanding between the exporter's agents and master-weaver.

Centres of Production

When there was a flourishing export tarde in lungis, kailees, camboys and sarongs to Burma, Malaya and Ceylon, there were only a few centres of production of real Madras Handkerchiefs, mainly in the districts of Chingleput and Nellore. In recent years, particularly after the setback to the export trade in lungis etc., to Ceylon, Burma and Malaya, thousands of looms in various centres originally engaged in producing check patterns for the overseas lungi markets have been gradually switched over to the production of Madras Handkerchiefs. The important centers of production now in the State of Andhra are Vettapalam, Pandillapalli, Chirala and Perala in Guntur District; Venkatagiri, Sullurpet, Chennur, Kovur and Nellore in Nellore District and Kalahasti, Greemspet and Chittoor in

Chittoor District. The centres in Madras State are Arni, Arcot, Gudiyatham and Onnupuram in North Arcot District; Cuddalore, Kotakuppam and Panruti in South Arcot District and Melapalayam in Tinnevelly District.

Looms at Work

The number of looms engaged in the production of these fabrics prior to 1947, has been estimated at not more than ten thousand, giving employment to neary forty thousand people consisting of weavers, winders, warpers, sizers, dyers, middlemen and those who attend to the sales side of the business. The number of looms gradually increased due mainly to the conversion of a large number of looms till then engaged in the production of other check varieties that were being exported and is now estimated at about forty to fifty thousand looms giving employment to over a lakh and fifty thousand people.

Counts of Yarn used

Madras Handkerchiefs are produced in the standard dimensions of 36" width and 8 yards length. The counts and quality of the yarn used vary in accordance with the quality desired and the price fixed. The usual counts of warp and weft yarn used are as follows:—

Warp:	Weft:
60s	40s
60s	36s
60s	30s
40s	26s
30s	26s

When ornamental design or 'Pattu' are to be woven, art silk or folded yarn of finer counts than that needed for 'ground warp' is used. There are a number of varieties and innumerable designs in Madras Handkerchiefs. Some are plain colour combinations, some have small 'pettus' or designs and some others have elaborate designs produced either on the looms proper or embroidered after it is woven. The following are some of the well known varieties: (1) Super plain varieties, (2) White and Indigo weft varieties, (3) Wari (check) patterns, (4) Check patterns with all the colours in Indigo, (5) Free Town varieties, (6) Malaya, (7) Melapalayam, (8) Small embroideries with 'diamond', (9) Heavy embroidery designs and (10) Jacquard design styled 'Rayon Dobby'.

The weavers at certain centres such as Vettapalam and Chirala are adepts at weaving the 'Rayon Dobby' varieties having over-all figure designs; produced with a ground warp and weft of cotton yarn and Rayon extra warp for the figure designs.

Old Fashioned looms

The looms used in the manufacture of Madras Handkerchiefs are mostly fly-shuttle pit-looms, though recently many are reported to have taken to the use of weavers-beams. No improved appliances or self-operated dobbies or jacquards are used for producing the designs. For weaving small 'pettus' or designs, extra warp is prepared separately and wound on to country reels or bobbins. The threads are then drawn through separate healds in a particular order as per the design and joined to the main body of the warp. While weaving the extra heals are either lifted or lowered by the weaver by hand as required by the particular design or pattern. For weaving elaborate ornamental designs the threads constituting the extra warp are drawn through a set of harness (wire healds of mail-eyes) as is done in jacquards. These are operated on for every two or four picks with the help of a boy seated on either the top or side of the loom. The boy draws such of those harnesses that are required to be lifted in the proper sequence as per the design and the weaver goes on weaving. This is, therefore, known as the draw-boy harness Jacquard. One important feature in the weaving of Madras Handkerchief is the use of wet-pirns as in the case of lungis. The pirns containing the weft yarn are kept immersed in water inside a mud pot.

Special Features

The special features that distinguish the real Madras Handkerchief from its imitation counterpart manufactured on powerlooms are its peculiar smell and taste which are easily detected by the consumers in West Africa, its wavy selvedge and its close texture. None of the countries (Japan, U. K. and other European countries) have so far succeeded in their attempts at imparting the first two features to their imitation Handkerchiefs, which are sold at a price 20 to 30 per cent cheaper than the real goods. If, therefore, the trade in real Madras Handkerchiefs has not completely succumbed to the onslaught of competition from the imitation Handkerchiefs produced on powerlooms, it is mainly due to the West African consumers' preference to the real stuff even at a higher cost.

How they are Obtained

The smell and taste referred to above is imparted to the cloth by means of the peculiar method of dyeing the yarn. The wavy selvedge is obtained by the use of special bowshaped temples having six brass hooks on either side and the close texture is brought about by heavy picking (the number of picks per inch in the Madras Hand. kerchiefs are usually more than the number of ends) which is facilitated by the use of wet-pirns.

Production Rate

The production rate naturally varies with the type of Handkerchief woven, counts of yarn used, the skill of the weaver etc. But the normal rate is about six to eight yards per day for plain check patterns depending upon the size of checks, four to five yards per day for small 'pettus' or designs and two to three yard for elaborate designs. The capacity of production of Madras Handkerchiefs for all the looms at present engaged in the manufacture of these varieties may be estimated at about twenty lakhs yards per month.

Cost of Production

The estimation of the cost of production of Madras Handkerchiefs depends upon the counts of warp and weft and quality of yarn used, the type of cloth produced, the colours used, the closeness of the texture and the wages prevailing in the centre of production.,

A sample costing for an ordinary Madras Handkerchief is given below:

	Rs.	A.	P.
Cost of 6.5 knots of 60s yarn for warp at prevailing market rate of Rs. 42-8-0 per 10 lbs. ...	4	9	6
Cost of nine knots of 40s yarn for weft at prevailing market rate of Rs. 22-8.0 ...	5	1	0
Dyeing charges ...	1	8	0
Sizing and warping charges ...	0	12	0
Weaving wages at market rates ...	5	2	6
	17	1	0

The cost of manufacture for 2 pieces of eight yards each.

Current selling price at producing centres (approx) Rs. 10 per piece.

It should be remembered that the above costings are only approximate and other factors such as packing charges and establishment cost etc., of the master weaver has to be added basing upon

the actual costs incurred. To this selling price is added, the exporters return, transport, insurance and other charges, import duties and the overseas buyers margin etc., before it reaches the consumer. The margin of profit at every stage is governed by the demand for the goods.

The fluctuation in the rates of wages paid to weavers are probably more pronounced in the case of weavers engaged in the production of Madras Handkerchiefs than in any other variety of handloom fabrics. It differs from place to place depending upon various factors such as the demand, the pattern or design of the kerchief, the rates of wages prevailing for other varieties etc. The prevailing rate of wages are as follows :—

Plain varieties Rs. 3 to 6 for two pieces of 8 yards each depending upon the pattern.

Small cards (designs) varieties Rs 7 to 12 for two picees of 8 yards each depending upon the number of cards.

Heavy embroidery varieties Rs. 12 to Rs. 17-8-0 for two pieces of 8 yards each depending upon the design.

Weavers' Earnings

As in the case of all handloom weavers, here too, the rates of wages paid to them is no indication of their monthly earnings which is mainly dependent on the amount of work they are able to get. During periods of good demand for the material they may get sufficient work to keep themselves engaged throughout the month and during slack seasons they may or may not get work for a fortnight or so. Whereas the benefit of any boom in the trade seems to reach them only in trickles, they are the first and most affected by a slump in the trade. The average monthly earnings of an entire weaver's family, say of four or five members, consisting of a couple of adults and two or three children will not, therefore, exceed Rs. 50 per month.

Increase in Exports

The quantum of export of Madras Handkerchiefs from the Madras port has increased from a monthly average of about 8,50,000 yards during 1952 to 13,00,000 yards during 1953 and 14,00.000 yards during 1954 and 1955, But the value of goods exported, has declined from an average of Rs. 2.8 per yard in 1952 to Rs. 2.067 and 1.81 during 1953 and 1954 respectively.

The fall in the value of goods exported is the result of a curious interaction of forces. Competition from imitation handkerchiefs manufactured in France, Italy and Japan imposed on Indian exporters the necessity to reduce prices. This was made possible by two forces. Firstly, there was a a fall in yarn prices. Secondly, there was also a reduction in wages paid to weavers consequent on more weavers crowding in to do this work at competitive wage rates. There was, consequently, a fall in the cost of production. The fall in the cost of production helped or encouraged a severe competition among Indian exporters who reduced their sale price. This accounts for the increase in exports and the fall in the value of the exported commodity.

Most Serious Threat

The factors mentioned above do not minimise the most serious threat to the export trade in Madras Handkerchiefs emanating from the good quality imitation kerchiefs imported into West Africa from Japan. Exactly similar qualities of Madras and Japanese kerchiefs are priced at Rs. 10-13-3 and Rs. 9 respectively. The Japanese kerchief obviously produced on powerlooms with chemically dyed yarn would in all probability have ousted the real kerchiefs but for the West African consumers' preference for the latter on account of its peculiar smell, taste and wavy selvedge. The limitation on the quantities of imports into Nigeria from non-Commonwealth countries has also been a helping factor in this regard.

While we may be justified in hoping that the above helping factors will continue to sustain our large trade on these varieties on which the livelihood of such a large number of people depend, it will be a great folly to entirely depend on them alone and not to realise the imperative need to cut down the cost of production to the minimum so as to make it available to the West African consumers at a competitive price.

Need for Spinning Mills

The major factors contributing to the cost of production as could be observed from the sample costing given elsewhere are the cost of yarn and the wages paid. Obviously, therefore, a substantial reduction in the cost of these two items can alone bring down the cost of production. If supplies of yarn could be ensured direct to the weaver at ex-mill price (which should not exceed actual cost plus $3\frac{1}{8}$ per cent return to the mill), half the battle would have

been won. This could be achieved only through the starting of a number of Co-operative Spinning Mills on the lines of the one at Guntakal and link them direct to weavers' own organisations (Co-operative or otherwise) and supply yarn at nothing more than cost price.

As regards the second factor, viz., reduction of weavers' wages, it would be monstrous even to suggest it. But a reduction of this item could be brought about in an indirect way. The production capacity of the looms could be increased by educating and helping the weaver to take to new and improved appliances, both for the preparatory processes as well as weaving, thereby seeing that reduction in the rate of wages is not reflected in his total earnings.

While these as well as other problems such as cheaper transport (by rail and steamer) market research in foreign countries, establishment of emporia or show-rooms, appointment of Trade Commissioners (there is already one in Nigeria), etc., connected with this trade are receiving the constant attention of the Government of India, the All-India Handloom Board and the State Governments concerned, it would be well on the part of those who are directly connected with the trade, particulary master-weavers and exporters, to get together and try to solve the problems facing the trade in a realistic and co-operative spirit and desist from unfair cut-throat competition and malpractices and above all keep the humanitarian aspect of the problem, viz., the poor weavers' condition, in the forefront.

CO-OPERATIVE EDUCATION—A NECESSITY

Having given an equal vote to every member of a Store, to the stupid and the wise alike-and the stupid being generally in the majority-education becomes an economical necessity, if the directors are to run anything above a "one-horse" Store. No directors, however wise, can use their wisdom except as the intelligence of the members permits. The greatest stores we have might be twice as rich as they are, were the members twice as wise as they are. A sensible proverb says: "A good coat may cover a fool-but it cannot conceal him." Co-operation gives good coats, and by its educational funds takes care that they cover intelligent members. Without an intelligence fund there can be propagandism; and propagandism is advertisement and the only honest kind of advertisement, because it has instruction in it.

—HOLYOAKE'S,
"*The Co-operative Movement To-day.*"

A Note on Weavers' Co-operatives

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With the advent of the Cess Fund Scheme and with the impetus given to it by the All India Handloom Board, the Madras State Handloom Weavers' Society has registered good progress ; but there is a great scope far improvement and expansion. Especially in the field of marketing and improved technique of production, the Society must take bolder steps. There is at present a gap between production and sales to the tune of Rs. 5 lakhs per month. This gap must be bridged.

The Society is a big business organisation. It has to procure yarn, sell them to the primaries, stimulate primaries to produce cloth of attractive design and arrange to market the goods efficiently. All this calls for a very high degree of business efficiency on the part of the Chief Officer—the Business Executive. He should be recruited from the ranks of the chiefs of big business concerns and must be paid substantially. Secondly, design research, salesmanship, market research and intelligence, quality control, cost control methods must be initiated and the Co operative should become a first rate business organisation.

During the yarn-control period, the members of primary societies were getting their yarn requirements at 20 per cent extra, than the weavers' outside the co-operative fold and the supply was regular, and timely except when yarn production in mills were affected by strikes, etc. In fact, during 194)-47 onwards upto decontrol, Co-operative Weavers' Societies were an attraction on account of this preferential service ; After decontrol, however, the primary weavers are making their purchases in the local markets at competitive rates. One difficulty is that in an open market, the primary weavers get yarn at market rates ; whereas the ultimate rate at which primaries get the yarn from the Apex Society is naturally a little bit high inclusive of the margin and then, sometimes, it is difficult to get at required counts and there is also delay in the receipt of indents. And again, when cloth prices come down due to slump in the market, this produces a chain reaction and a glut in the yarn market follows.

More than above all, the cost of yarn is rather high and inflates the cost of production of the cloth. This problem can only be solved at the Government level and the State Government may do well to consult the Central Government in this matter and try to reduce the yarn prices.

The establishment of the spinning mill on Co-operative basis is a welcome move. The present plan is to erect a Mill, with 16,000 spindles at a cost of Rs. 45 lakhs. The State Society has contributed Rs. 15 lakhs and the primaries Rs. 17.55 lakhs towards share capital. A sum of Rs 10 lakhs has been sanctioned to the Mills from the Cess Fund as loan. The proposal, when it materialises, will tend to cheapen yarn prices and the supply of yarn. As this is the first venture into production, by a group of producer societies for the satisfaction of a common consumer need of theirs namely—yarn, this experiment must be pursued with great care. The plant management should be under an expert sub-committee, the power of making directive decisions should however vest with full Board. Routine management should be delegated to the Production Manager, but policy decisions should be referred to the Board. There must be an expert managerial staff, capable of adjusting to the changing tasks of the central management. Labour, should also be associated with the management by employees councils and Joint Production councils Co-operative co-partnership may be ruled out for the present.

The present marketing arrangements both internal and external are comprehensive enough. The opening of inter State Depots. Emporia and Sales Units covering almost every municipality and every major panchayat, the mobile sale-cum-publicity van scheme, the appointment of six marketing officers, the working of the external marketing schemes, the appointment of 4 Marketing Officers at Colombo, Aden, Rangoon and Singapore and the opening of Depots at Bangkok and Kulalampur and such other measures have improved the marketing side considerably. Improvement in design and finish, standardisation of quality and good packing will improve the marketing potential of the handloom goods. Considerable improvements should be effected in respect of Design and Quality, following the maxim, "Design brings the First Order; Quality brings the repeats". The price also should be economic and competitive and the rebate scheme is an effective spur for sales promotion.

7

Export promotion, through an All India Co-operative Organisation, is premature at this stage; more over the chances of expansion of the export market is very severely restricted by mill competition from Japan and other countries and the import restrictions of countries like Indonesia. At present, the Madras State Handloom Weavers Society, Ltd. is the Agent for the All India Handloom Board for the external marketing scheme. The scheme has produced some good results for example, the exports have increased from 50 million yards in 1949 to 62 million yards in 1953; we can wait and watch the results of this experiment and then think of an All India Organisation, if further progress could not be achieved by the Agency system.

Salesmanship is a vital aspect of any marketing programme. It is the personal service rendered to the community in connection with the marketing of goods. Hence, an effective salesmanship is an asset to any marketing organisation. At present, there are about 180 sales units and it is of utmost importance to see that effective salesmanship is practised at these units. The salesmen and the Manager of these selling units should be given practical training in salesmanship, say for a period of 6 weeks or 8 weeks. A special In-Service Training Programme should be initiated; if necessary assistance may be given from the Cess Fund for this scheme. The services of experts in Salesmanship some of the Corporate Enterprices like the Binnys should be indented and a practical method of training should be evolved; Salesmanship training must include some elements of Advertising, window-display and shop management and even business psychology. The Salesman should be equipped with Quality Information and he should assist the design and pattern research unit with the changing aptitudes of consumers and their varying preferences.

A suitable scheme of commission on sales may be introdued, as a monetary incentive acts as stimulus for effective salesmanship.

At present, the All India Handloom Board are working out several schemes for bringing the weavers into the Co-operative fold. In Madras State, upto January 1955, 30,000 looms have been brought into the Co-operative fold, in addition to about 98,000 looms already working in these Co-operatives at the end of the year 1953. About 225 new societies have been registered, making in all 792 societies. Roughly 20 per cent of the looms are in the Co-operative

fold, Loans for the share capital, loans towards working capital of Societies, Common Facility Services, marketing schemes, housing colony for weavers etc. are some of the approved schemes attracting the weavers into the Co operative fold. One of the main obstacles of the dependent weavers in joining the Co-operative fold is his debt burden to the master weaver, which worked out to about Rs. 217 per family per annum. It is this, which prevents the weaver to walk into the Co-operative parlour. It is better that an interest free advance is given to such weavers, so that they may enter the Co-operative without dead-weight of a debt burden. This proposal may be examined. Another method, by which the weaver may be positively attracted to Co operative fold is by a direct scheme of bonus on production; A bonus scheme, at the rate of 0-0-3 per yard of cloth produced or 0-1-0 per rupee of wage earned may give a positive stimulus to the producer, just as the rebate scheme gives an incentive to the consumer to purchase handloom goods.

The Weavers' Societies are adequately financed by Central Banks. The State Co operative Bank and the Central Banks have made available to the extent of about Rs. 95 lakhs towards working capital of the primary weavers' societies and the State Handloom Weavers' Co-operative Society from their own resources and from loans sanctioned out of the Cess Fund. Apart from this, there are the usual cash credit and loans issued by the Banks to these Societies.

When the Cess Fund scheme was initiated, a rule was issued that the loan and cash credits advanced to weavers' Societies in a year should be equal to or exceed the volume of finance provided by the Central Banks from out of their own funds during the previous year plus the resources provided from the Cess Fund or the outstanding from weavers societies to Central Banks should be equivalent to advances from its own resources plus the fresh advances from Cess Fund. It appears that, this rule affected certain Central Banks, which have advanced a more than proportionate sum, than the Cess Fund money. In such cases, the Central Banks was asked to advance money at the rate of 4 per cent in respect of every renewal of loan or cash credit, which was financed from the Banks own resources and the Cess Fund scheme; for prior to the Cess Fund advance, the rate charged by the Banks on the loans advanced to weavers co-operatives from out of their own resources were 5½ per cent. Naturally their margin got reduced, when they were asked to lend money at 4 per cent from out of their own resources when combined with the Cess Fund money. Moreover, the Central Banks were nervous and hesitant to advance loans to newly organised weavers societies whose working funds were neither sound nor copious and their very stability was not proven; this apprehension was justified, especially in the face of accumulating stocks at the State Society's godowns. However, this difficulty must be solved in a workable manner.

There should be a system of Government guarantee, with respect to principal and interest of the loans advanced to the weavers societies and should be limited to the business losses of the society.

The schemes evoled by the All India Handloom Board and put into operation regarding improved technique are quite sound.

It is a happy augury that the All India Handloom Board is devoting attention to the problem of quality control and standardisation and upto January 1955, a sum of Rs. 2,52,245 has been sanctioned for the purpose. The Indian Standards Institution has been entrusted with the work of determining detailed specifications of some varieties of handloom cloth, which have a potential market in the country and abroad. The State Society has appointed Technical Assistants for inspection and stamping of quality marks on handloom cloth, in accordance with the standard specifications. But these officers should be technical men, with ample business experience in the trade.

The present reservation is partial and not adequate and effective. The average monthly production of dhoties in the mills during the year 1949-50 and 50-51 was 25000 bales and 16,000 bales respectively. In 1951-52, the mills produced 50,000 bales per month. This was the peak period of production. This was due to the fact that mills were compelled to produce dhoties to the extent of 40 per cent of their total production. It is, therefore seen that 60 per cent of 50,000 bales comes to 30,000 bales, which is far above the average production of dhoties by mills during the previous years. The 40 per cent reservation of dhoties to handloom is, therefore, nominal and is not in any way an effective protection to handlooms.

The only satisfactory solution is the complete reservation of bordered dhoties and coloured sarees to the handloom sector.

The conversion of 28 lakhs of looms into power-looms during a period of 15 years, though its sounds rational, may lead to problems of unemployment and frictional disequalibrium.

In its anxiety to improve the tools of production, the Kanungo Committee has grossly over-estimated the labour absorption capacity of powerloom. Moreover, the number of new powerlooms recommended to be set up appears to have been calculated on a single shift basis, which again is not completely justified. So, it behoves that the conversion Gospel of the Kanungo Committee, in the absence of wider opportunities of gainful employment, may well throw-out many millions of weavers as victims of technological innovation.

But this should not mean, that we oppose rationalisation and modernization totally; on other hand, our view is that the process of modernization should be initiated in a phased manner, so that any frictional unemployment may be solved by a challenging public works programme. Secondly, in the initial stages, the present tools of handloom weavers should be improved by take up motion attachments, etc. Thirdly, powerloom production should be confined to certain specialities, like art silk goods and should be organised as far as possible on the co-operative workshop basis. Under the above stipulations, powerloom production may be encouraged.

The Executive and Supervisory Staff must be given special training in the production, and marketing aspects of the industry. Supervisory officers should be able to give technical advice. The Apex Institutions should arrange for this special training.

There should be a closer federal integration between the Apex and Primary Weavers Societies; the State Society shall have to arrange to market greater percentage of the primary societies' production; the primaries, in turn, should improve the quality and standardise their production according to specifications. They should improve their production techniques, in purposive colloboration with the State Society. The primaries should be supplied with improved reeds, take up motion attachments, jacquards and other improved tools and the members should be encouraged to follow changes in design and finish and adopt new innovations. Required counts of yarn should be supplied at appropriate times. The primaries should inspire the loyalty of members, by greater vigilence to the needs of members, by grant of credit on the needy occasion, by encouraging thrift deposits and insurance schemes and by promotion of housing schemes and other common facilities, vocational and social; the members should be punctual and prompt in the delivery of goods; they should use the yarn for the production of quality stuff and should bring it to the society for sale. Above all, there should be a continuous educative work by means of pamphlets through which primaries and members should be informed of latest designs, fashions, improved methods of production, economies in the use of tools and raw materials, market intelligence etc. A special Public Relations Department should be organised at the Apex Institution. Supervision should be rigorous and purposive at all levels. The phenomenon of the delay in the supply of indents, emporia deficits, functional disjointedness etc. should be abolished and removed. A highly rational management policy should be followed both at the Apex and the primary levels.

The District Federations may take up propaganda, development and promotional functions. The Supervisory functions should vest with the State Society.

The Government should take such steps as may be necessary for the creation of a climate, in which sales of handloom goods may be promoted effectively by the following measures :—

(1) Organisation of Trade Fairs, Handloom Exhibitions etc.

(2) The Governments both at the Centre at the State should purchase the entire requirements of cloth for the State Police and Military, only from the Co operative Weavers' Societies as far as possible. The Local Bodies also should be encouraged to adopt the above policy.

Rural Co-operatives may be said to constitute the most convenient distributing system for conveying quickly to the agricultural population expert counsel and advice. For that advice is thus conveyed, not to isolated individuals, but to a permanent coherent group, whose activity continues and confirms that of the transient individual expert. They cease to be the bloodless precepts of academic theory and become the living practical standards of education. They cease, for the farmer, to be instructions mistrusted because official and perhaps also obsecure; they become methods of action, used and recommended by his fellows, his friends, those to whom he has given his personal confidence and entrusted the direction of his Community.

—Co-operative Action in Rural Life.

A Dream come True

SRI V. V. RAMAN

On the eve of the celebration of the Third All India Handloom Week, a review of our achievements may give us the strength to look forward with greater hope for the future.

In handloom marketing a landmark has been reached by the close of 1955. The All India Handloom Fabrics Marketing Co-operative Society Ltd., Bombay, sponsored by the All India Handloom Board for shouldering inter-State and external marketing has started functioning. Conceived two years ago, this brilliant idea of federating all apex weavers societies is to-day a reality.

It is something more.

When we remember that a large section of handloom weavers are still outside the co-operative fold any scheme that does not cover this large mass is not complete. Bearing this in mind, the Fabrics Society has opened its membership to handloom cloth manufacturers and dealers. Thus this central organisation has emerged as the clearing house of the goods produced not only by the weavers' co-operative societies but by private traders too.

As on date the membership is as follows :—

Class	No. of shares	Value Rs.
Apex Societies	24 'A' class	1,20,000
Primary ,,	282 'B' ,,	1,41,000
Individuals and State Governments	42 'C' ,,	42,000
	Total ...	3,03,000

Plans for the opening of huge emporia in Bombay, Delhi, Calcutta and Madras are afoot. The show room of Bombay is almost fixed up and a pleasant surprise awaits greater Bombay when this biggest ever handloom depot in the city starts functioning.

It behoves all interested in the effective marketing of handloom fabrics and exports to strengthen this unique institution.

A Few Thoughts on Consumer Store and the Rebate Scheme

SRI C. S. RAMACHANDRAN,

Secretary, Chandrasekarapuram Co-op. Stores. Ltd.,

[Here are some suggestions from a practical co-operator on improving the working of the rebate system. They are worthy of examination.—*Edr.*]

The Beginning of Enhanced Rebate System

We received a communication G. O. Ms. 4042, Department of Industries dated 29-11 55 permitting the Registrar of Co-operative Societies to sanction a rebate at the enhanced rate of 1½ annas in the rupee on all genuine retail sales by Consumer Co-operative Societies of handloom cloth produced by Weavers Co-operative Societies, provided that the Consumer Co-operative Societies desirous of allowing this enhanced rate do not effect purchases from sources other than the Weavers' Co-operative Societies.

In this connection, we wish to point out that the store was making purchases of Handloom cloth all these years mostly from Weavers Co-operative Societies, excepting a few varieties from outside, which were not available with Co-operative Societies.

Considering the fact that an enhanced rabate will be allowed if purchases are made exclusively from Weavers Co operative Societies, we made arrangements to procure handloom cloth to the value of about Rs. 50,000 exclusively from about 35 Weavers Societies, through the Kumbakonam Branch alone. As there are still stocks from other sources purchased earlier in other branches, we could not avail of this enhanced rebate for those branches. Our sale of handloom cloth between 24th January and end of Feburary 1956 was Rs. 12,200 at the Kumbakonam Branch alone. Our claim for enhanced rebate has been sent to the Registrar of Co-operative Societies, Madras for sanction after proper check by the departmental officials.

Limitations of the Enhanced Rebate System

G.O. No. 4042 referred to above does not make any mention about Mill cloth sales along with the Handloom cloth sales. The only condition being the Handloom cloth should be purchased from Weavers Co-operative Societies alone. Now, after a lapse of nearly

3 months a circular from the Registrar of Co-operative Societies, Madras dated 26-2-56 based on a letter received from the All India Handloom Board, has been received by us on 15-3-56 intimating that the enhanced rebate should not be allowed by the Consumers Societies, if Mill or Powerloom cloth is also sold along with Handloom cloth.

Handicaps to Consumer Store

We wish to state that the present order will be a great hardship to the Consumer Societies in general and our Stores in particular for the following among other reasons :

The objective of a Consumer Co-operative Stores is to distribute all the things required by consumer replacing as far as possible the middleman and generally a Co-operative Store engages in the distribution of such requirements as foodstuffs, clothing etc. The immediate aim of a Co operative Stores is to satisfy the needs of the members and the general puplic better and more economically than is done by existing institutions. In other words, the consumers can obtain what they want and the quality they want.

Mill cloth is also one of the requirements of the general public. The Government was actually encouraging the wholesale and primary societies to carry on the trade in Mill cloth during the post war years by financing the district wholesales societies. It is neither the intention of the Government, nor it is practicable to eliminate Mill cloth altogether and replace it by handloom cloth. As a matter of fact the Government has been collecting a Cess Fund on mill cloth in addition to Sales Tax at varying rates according to the quality of cloth and this Cess Fund is being utilised for the promotion of the Handloom Industry. So, it is obvious that Mill Cloth and Handloom Cloth should go side by side. It would not be fair or justified on the part of a Consumer Society to confine its activities to the sale of Handloom cloth alone and leave their clientele to seek private merchants and other institutions for their requirements of Mill cloth. Our experience has proved beyond doubt that handloom cloth will be made more popular and command greater sales only along with the mill cloth. Eliminating the sale of mill cloth altogether is not only unfair but also detrimental to the interest of the Consumer Societies.

The Government in their Memorandum (Department of Industries, Labour and Co-operation) No. 60995 P III/55-12 dated 25-1-55 has permitted the Weavers Co-operative Societies to allow a rebate of 1½ annas in the rupee to various types of co-operative societies, other than Consumer Co-operative Societies and also to private merchants, who purchase goods in wholesale.

The Weavers Co-operative Societies and the units of the Madras State Handloom Weavers Co-operative Society Ltd. are allowing a rebate of 1½ annas in the rupee for retail sales effected by them.

Discriminations within Co-op. Fold

We wish to bring to the notice of the Government that as at present no limit is fixed for the margin of profit to be added by the Weavers Co-operative Societies, when sales are effected to Consumer Co-operative Societies, but we understand that Weavers Societies are adding a margin of 3⅛ per cent over cost price, whenever supplies are made to the State Handloom Weavers Co-operative Society. Unless a uniform policy is laid down with regard to the sales whenever effected either to the State Handloom Weavers Society or to a the Consumer Society by Weavers Co-operative Societies, Consumer Co-operative Societies cannot effectively discharge their duties in the matter of distribution of handloom cloth. Similary an uniform policy should be adopted by the Weavers Societies regarding the percentage of margin they should add to the cost price, when sales are effected in wholesale and retail.

We are informed that the Producing Societies generally add a margin ranging from 9 3/8 to 15 per cent over cost price and are allowing a rebate of 1½ annas in the rupee from the selling price either for wholesale or retail.

An Illustration

We wish to give below an illustration, which will show clearly the disparity in rates, when supplies are made to State Handloom Weavers Co-operative Society, a Consumer Stores and merchants. There is one Weavers Society by name Thingalur Weavers Co-operative Society at Erode, which manufactures mainly 4 cubits dhoties and our Stores has been making very heavy purchases each year for the last 4 years and in fact we introduced this Society's goods in our area at the outset. This Society is supplying to Consumer Co-operative Societies in general at Rs. 3-6-0 a pair at present. The same Society supplies to the Madras State Handloom Weavers Co-operative Society at Rs. 3-3-0 a pair. When supplies are effected to merchants the Society allows a rebate of 1½ annas in the rupee on Rs. 3-6-0 which works out at Rs. 3-1-6 a pair.

If the Consumer Society adds 1½ annas over cost and allows a rebate of 1½ annas, the consumer's price works out to Rs. 3-6-0. The State Handloom Weavers Society sells the same variety at Rs. 3-3-0 because their purchase price is less than a Consumer Stores. If the Consumer purchases straight from the producing society, he can get it for Rs. 3 1-6. The merchants, on the other hand if they so desire, can sell at any price much less than Consumer Stores.

We do not think that the intention of the Government is to encourage this sort of unhealthy competition among Co-operative Institutions, whether it is Producing Society, a State Handloom Weavers Society or a Consumer Society.

The State Handloom Weavers Co-operative Society and the Weavers Societies are getting every possible aid and subsidies from the Government for disposal of its stocks, whereas the Consumer Societies are not only left at the mercy of the Weavers Societies but also compelled to take heavy risks in the disposal of their purchases. Is not the Consumer Society a wing of the Co-operative Movement? Do not these Consumer Societies deserve the same consideration like other sister institutions?

We further wish to point out that Weavers Societies and State Handloom Weavers Co operative Society are encouraged to open any number of depots to effect retail sales even in places where Consumer Societies are already effecting good sales of handloom cloth.

What Tamil Nadu Co-operators Decided !

This question of discrimination in the matter of allowing rebate by a Weavers Society and a Consumer Society was considered at the Tamil Nadu Co operative Conference held at Annamalainagar in December last and it was resolved " that this conference requests the Government to introduce an uniform scheme of rebate under the Cess Fund, both in respect of Weavers Co operative depots and consumer stores: at present, the Consumer Society allows a rebate of 1 anna in the rupee, while the Weavers Depots allow a rebate of 18 pies in the rupee. This distinction should be abolished."

Further, we wish to submit that we make all our purchses on outright basis and consequently there is bound to remain some unsaleable varieties, however much we have been careful in making purchases. There are some fortunate consumer societies, who without any risk whatsover are getting supplies from some of the

Weavers Societies on consignment basis. Such societies can also claim a rebate of 1½ annas in the rupee without any risk.

When we are facing these difficulties both in the matter of purchase and sales viz., paying a higher rate to the producing society when compared to State Handloom Weavers Co-operative Society and also facing competition from sister institutions in effecting sales, the present communication from the All India Handloom Board that to avail of the enhanced rebate of 1½ annas on a par with Weavers Societies, Consumer Societies be not allowed to deal in Mill made and power loom cloth, has considerably aggravated our present difficulties.

Service – Our Motto, not Rebate

We wish to state that we have not taken upto this trade in handloom taking advantage of the rebate scheme, while as a matter of fact we have been discharging our duty in popularising handloom cloth and encouraging Weavers Societies since 1945. Many of the Consumer Societies were carrying on their trade during the control period solely depending upon controlled commodities only. Our Stores has always been proceeding on right lines distributing all the requirements of the consumer, facing severe competition at all times from the trade and that is the reason why we are not only surviving but also expanding our activities to the great surprise of many of the Co-operators.

Let Consumer Store Play its Part

Generally the T.U.C.S. Madras is considered to be the best working Consumer Society in the Urban area in our country. Even T.U.C.S. has not done anything to popularise handloom cloth.

Has not the Government given all encouragement by granting subsidies and grants to T.U.C.S. for the meritorious services rendered during the war period in the matter of distribution of foodstuffs? Do we lag behind in any way in the matter of popularising particularly handloom cloth in a rural area? We honestly feel that the Government will not let down an institution, which has made remarkable progress in a rural area within a period of 10 years and shown the way that a Consumer Society run on proper lines, can effectively compete with the merchants without any financial aid from the Government. If it is the desire of the Government that the Handloom Industry should stabilise itself and face the competition of the Mill Industry in future, the Government in addition to

the existing distributive channel through State Handloom Weavers Co-operative Society should simultaneously develop another effective agency through Consumer Stores by giving its due share of help in the matter of allowing rebate on sales. Consumers Stores are in a greater advantageous position in attracting a larger number of clientele for the handloom cloth, for it supplies all the household consumer requirements of all the members in a more effective manner, besides being a stabilised normal trade channel in the country side.

MANAGERIAL STUDY TOURS—THEIR VITAL ROLE.

It is now a fairly common practice amongst some of the large organizations to encourage travel amongst their managers. Too close application to the duties of a big job is the worst possible attitude to encourage the best perspective of it. Many of our officials never get a good break from their duties; they are too much occupied with the routine of affairs to be able to focus clearly a view of what is best for tomorrow. If societies would go the extent of providing ungrudgingly sufficient understudies for the pivotal posts at the same time insisting that they shall have definitely assigned duties and responsibilities and allow their responsibile chiefs reasonable facilities for travel in this and other countries, they would find the expenditure an economic investment. By this method also would be widened the choice of administrators for the future requirements of societies.

ARTHUR PICKUP AND WILLIAM B. NELVILLE.

The Case for a Central Housing Finance Institution In Madras

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

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Co-operative Housing Finance—its Present Position

Co-operative Housing in Madras began in 1913 14. To-day it has developed into a fine sector of Co-operative activity. There are 170 housing societies, which have been responsible for building 5696 houses so far. The Government, too, had been actively assisting the Housing Movement by the grant of liberal long term loans since 1924. The rate of interest changed is now $4\frac{1}{2}$ per cent. As per the rules in force, an individual is eligible to get a credit accommodation upto Rs. 10,000, to be repayable in 20 annual instalments. During the year 1953–54, a sum of Rs. 53.58 lakhs was sanctioned in the budget for the disbursement of housing loans and a sum of Rs. 16.21 lakhs was actually disbursed. But, there has always been a gap between the amount sanctioned and the amount disbursed and this has been due to the arbitrary changes in allotment, depending upon budget exigencies.

Apex Housing Finance Institution – Its History

The idea of organising a Central Housing Finance Institution has always been engaging the attention of Co-operators in order to ensure a more satisfactory, elastic and independent system of housing finance. The All India Co-operative Planning Committee (1946) recommended that in each Province, a Central Co-operative Housing Society should be organised and the main function of the Society should be to grant long term loans to housing societies mainly for the purchase of house sites and for the construction of houses. The Madras Provincial Housing Committee examined the proposal and negatived it on the grounds (i) that the rate of interest to the ultimate borrower will go up, (ii) that the Society may not be in a position to float loans on its own account and pass them on to the members at the rate at which State loans are now available to the Building Societies. Again this idea was considered in 1948–49, when another difficulty—namely—the difficulty in creating the necessary security in the case of house property was pointed out and the idea was abandoned.

The Present Need

But still, the need for a Central Housing Finance Institution remains. Now, a very definite and urgent need has arisen. Consequent on the Nationalisation of insurance, the South India Co-operative Insurance Society, which has been financing all the 4 Co-operative House Mortgage Banks in the State has intimated, that it may not be in a position to continue to finance the Societies. The House Mortgage Banks have been the only type of Co-operative House Finance Societies, that have been depending on their own deposits to a limited extent and mostly on the South India Co-operative Insurance Society. The Government do not provide loans to these Banks. Even this source of a flexible, elastic and independent housing finance has now been dried up. As on 31st December 1954, the following loans were outstanding against the 4 House Mortgage Banks as seen from the Balance Sheet of the South India Co-operative Insurance Society.

	Amount Rs.
(1) The Erode Co operative House Mortgage Bank Ltd. ...	3,43,035
(2) The Coimbatore Co-operative House Mortgage Bank Ltd. ...	2,42,107
(4) The City Co-operative House Mortgage Bank Ltd. ...	72,099
(4) The Madras Government Servants Co-operative House Mortgage Bank Ltd.	14,17,882
Total ...	20,75,123

It is, indeed, a very serious situation and calls for immediate solution.

The Only Way

Now, the only way out of this difficulty seems to be the organisation of a Central Co operative House Mortgage Bank to issue long term housing credit on the lines of the Central Co-operative Land Mortgage Bank, which issues long-term land credit. Recently a Conference was held at the Registrar's office and a decision has been taken to examine proposals for the formation of a Central House Mortgage Bank.

The Bombay Experience

In Bombay, a Co-operative Housing Finance Society was organised in March 1952, with an authorised share capital of Rs. 1 Crore. The State Government has agreed to contribute an amount equal to the share capital raised by the Society, subject to a maximum of Rs. 50 lakhs. $3\frac{1}{2}$ per cent dividend is guaranteed by Government. The Society had as on 30th June 1955 collected a share capital of Rs. 67 23,500 of which Government contribution was Rs. 33,61,000. The main objects of the Society are:—

(1) to grant loans or advances to, and to invest the debentures issued by Housing Societies registered in the State, who are members of the Society and in the case of Societies, who are not members with the general or special sanction of the Registrar, on the security of immoveable property or such other security as may be considered necessary.

(2) To borrow or raise or secure the payment of money by the issue of debenture, debenture stock and bonds and to charge or secure the same by Trust Deed on the undertaking of the Society or upon any specific property and rights of the Society.

(3) To receive deposits or borrow money otherwise than by issue of debentures.

The Society has been authorised to issue debentures, not exceeding at any time three times the paid-up share capital, subject to the approval of the Government. The membership is thrown open to any Banking Company, Investment Company, Co-operative Society or other financial Institution, which is a company or a firm registered under any law for the time being in force in the Indian Union.

The following are the salient features of the conditions for the issue of loans:

(1) All advances shall be made against the first legal mortgage of real estate.

(2) The period of loan shall not exceed 25 years.

(3) The rate of interest shall not exceed 3 per cent of the Reserve Bank of India rate, on the date of sanction of loans.

(4) 1 per cent of the amount of loan sanctioned will have to be invested by the borrowing Societies in the shares of the Society, before the payment of the loan is made.

(5) No loan will exceed 60 per cent of the aggregate value of land and building or buildings to be mortgaged to the Society.

(6) Loan applications of those Societies will be considered for sanction of loan which have collected 25 per cent of the amount of their entire scheme from amongst their members.

The Society has been working for the past 3 years. It is now in a position to declare the guaranteed dividend of $3\frac{1}{2}$ per cent. The Society has so far sanctioned 46 loans of the value of Rs. 82,64,000; it has actually disbursed Rs. 54,79,000. With the above amount, 795 tenements have been constructed. But the Society has not yet attracted deposits or issued debentures.

The Pre-requisites of an Apex Society

The above study will give a clue to the pattern on which, we may organise the proposed Society. Before that, we have to clear our objectives. The Central Institution should make long term finance both for the construction of houses and for mortgaging or re-modelling of houses. These two functions are being done already by the House Mortgage Banks. As on 30th June 1954, the House Mortgage Banks in the State issued Rs. 2.07 lakhs for mortgage finance for construction of houses and Rs. 5.86 lakhs for other purposes on the mortgage of houses. Secondly, the Central Institution should attract medium and long term deposits. The Recurring Deposit System may be adopted to secure medium term loans upto 7 to 10 years. But the cost of such credit will be about 5 to $6\frac{1}{4}$ per cent. As for long term credit, the only method is the issuance of 15 to 20 year debentures based on the floating charge of the property secured on the mortgages transferred to the Central Institution. As in the case of Land Mortgage Banks, it is preferable that both the principal and interest are fully guaranteed by the State. Besides, since these mortgages are based on urban property, the debentures are bound to be popular and highly marketable. Since in the initial stages, there may be some hesitancy in the capital market, it is desirable that the debentures are included as approved securities as per the TrustAct.

Interest Rate – Major Difficulty

But our main difficulty will ever remain unsolved. The rate of interest of the ultimate recipient cannot be anything less than $6\frac{3}{4}$ per cent. This will be objected to, because the State issues long term housing loans at $4\frac{1}{2}$ per cent, which ultimately reaches the borrowers say at $5\frac{1}{4}$ per cent to $5\frac{3}{4}$ per cent. The Government of India low income housing loans bear $4\frac{1}{2}$ per cent even in the first stage. That would mean that it will reach the ultimate member at

$6\frac{1}{2}$ per cent. So far as loans for construction of houses is concerned, the only advantage the Central Institution will confer is that it will ensure a steady, uninterrupted flow of credit.

It can also provide cheap credit, if the Government accepts the policy of routing and channelising housing credit through the Central Institution in respect of State Housing loans, low income group housing loans and other housing loans.

House Mortgage Finance – The Prime Need

But in the matter of providing house mortgage finance, the role of the Central Institution is bound to be more useful. At present the five House Mortgage Banks and a number of Nidhis, Funds and a few Co-operative Urban Banks are almost specialising in house mortgage finance and they are providing valuable service to the middle classes. These loans are for the purposes of house renovation, marriage or other expenses of long-duration. In the city of Madras alone, there are about 10 institutions providing this type of credit to over a crore of Rupees per annum. The rate of interest varies between 7 to $7\frac{1}{2}$ per cent. The private lenders charge even more 8 to 10 per cent. So, there is a very urgent need for creating a Co-operative Institution to discharge this vital credit service at some what reasonable rates. At present, about Rs. 20 lakhs are disbursed by House Mortgage Banks every year. It can easily be increased by 5 or even 10 times the present volume of credit.

The house mortgage debentures, of which I have earlier referred to may have to be floated at 4 to $4\frac{1}{4}$ per cent, the present market rate. Adding to it, a working margin of 1 per cent by the Central Institution and $1\frac{1}{2}$ per cent by the primary bank, the ultimate rate may be $6\frac{3}{4}$ per cent. That is a measurable gain to the borrower, for his interest costs are lower by $\frac{1}{4}$ to $\frac{3}{4}$ per cent. Added to this, there is the double advantage in the shape of long instalments upto 20 years. On the strength of this one service alone, the case for the creation of Central Housing Finance Institution gains immeasurable force.

Let us, therefore, give this idea a fair trial.

The Twenty-sixth Conference of Representatives of Primary L. M. Banks, held on 19-2-56.

WELCOME ADDRESS

SRI N. S. RAMALINGAM, B.A.,
President.

Hon'ble Sri Bhaktavatsalam and Brother Co-operators,

On behalf of the Board of Directors of the Central Land Mortgage Bank as well as of myself I extend a hearty welcome to the Hon'ble Minister for Agriculture, SRI M. BHAKTAVATSALAM and other friends gathered here. The bank recently celebrated its Silver Jubilee and this is the 26th Conference of its kind which has been convened from the starting of this bank with a view to ascertain the views of the representatives of primary banks on the policies followed by the Board and the difficulties experienced in practical working. These conferences have proved of immense benefit to the land mortgage banking movement as we have been throughout fortunate enough to secure a member of the State Government to inaugurate these conferences and represent through him to the Government our problems to make cheap long-term credit available for the most important industry in our State.

We are on the threshold of the Second Five Year Plan. You are aware that in the First Five Year Plan, emphasis was more on agricultural production, to reduce our dependence on imported food. We have successfully tided over the food problem. The Second Five Year Plan proposes to raise the standard of living of the people by relating 'needs and resources' for which a fully integrated programme has been drawn up. In order to achieve the above objective the Government proposes to give effect to the recommendations of the All India Rural Credit Survey Committee by the extension of credit, marketing and warehousing facilities in rural areas.

In the above context, the Madras Co-operative Central Land Mortgage Bank in consultation with the Registrar of Co-operative Societies has drawn a phased Five Year Plan beginning with 1956-57 for development of land mortgage banking. This programme has as its objective the issue of long-term loans through Land Mortgage Banks for an aggregate amount of Rs. 325 lakhs, and the establishment of 27 new banks so that by the end of 1960-61, the number of Land Mortgage Banks may be increased to 100. It also provides for supervisory staff, both technical and non-technical. In order to speed up disposal of loan applications and to deal with the increase in the loan applications that will be received in the primary banks, it is proposed to appoint additional supervisors for each primary bank. Under technical personnel, it is proposed to appoint Agricultural Engineers and P.W.D. Supervisors.

It has been accepted that special emphasis should be laid on the issue of loans for productive purposes. The Reserve Bank of India has laid down that at least 40 per cent of the loans to be issued during the plan period should be for productive purposes. In order to induce the agriculturists to take up land improvement it is necessary that the rate of interest on productive loans should be kept at 3 per cent. The Registrar and the Central Land Mortgage Bank have suggested that the Government may be pleased to subsidise the Central Land Mortgage Bank the difference between the lending rate to the borrower and the concessional rate. I hope and pray that the Government may be pleased to pass favourable orders.

You are aware that as per the Madras Agriculturists Relief Act, of 1938 a private moneylender can lend to an agriculturist at a rate not more than 5½ per cent. It is regrettable that a quasi-Government institution like ours should lend at rate more than that a private moneylender can lend. Hence, it has been suggested that the Government and the Reserve Bank should be pleased to make funds available to this institution for issuing loans to agriculturists for clearing the prior debts, etc. at a rate not exceeding the rate fixed for the private moneylender. It is important that this State, a deficit one, so far as production of food grains is concerned, should take all steps to increase production. I appeal to the Government to accept the proposal of the Registrar and enable the bank to make cheap long-term credit available.

A pilot scheme for development of integrated rural credit and marketing based on the main scheme for implementation in two select taluks in each of the Chingleput, Coimbatore, Ramnad, Tinnevelly, Malabar and South Kanara districts has been introduced in order to obtain sufficient experience in advance for implementing the scheme under the second Five Year Plan. The details of the phased programme will be circulated to all the primary banks after

approval by the State Government. It is my request that the primary banks should concentrate on this work in order to achieve the targets fixed during the plan period.

The progress in the disbursement of land improvement loans till now has not been encouraging. Our banks have however to contend against two difficulties in implementing successfully a programme for land development. Firstly, at the high rate of 6½ per cent interest charged for land improvement, no agriculturists could come forward to take loans for land improvement since the return would be definitely less than his investment and he would burn his fingers. Besides, the banks have to reckon with the issue of loans under the Land Improvement Loans Act and Takkavi Loans for shorter periods by Government at a lower rate of interest. In the disposal of these loan applications, Government does not insist upon production of prior documents of title or encumbrance certificates for 23 years as is done by us. But still, many of these borrowers have been applying to Land Mortgage Banks for repaying Government Loans outstanding. Perhaps the period of the loan fixed by the Government does not suit the borrowers or they do not get the full amount required by them to meet their outside liabilities. This type of duplication of work can be avoided if the Government could make available to the Central Land Mortgage Bank such funds as they provide in their annual budget under Takkavi and Land Improvement Loans. The Rural Credit Survey Committee of the Reserve Bank of India has recommended that the Government should utilise the Land Mortgage Banks for issue of loans for land improvement and avoid two agencies for the same purpose. I am sure the Government would see the wisdom of entrusted the banking business to specialised agencies like Land Mortgage Banks the pass orders accordingly.

Till recently the land mortgage banks have been issuing loans uniformly for a period of 20 years. The Central Land Mortgage Bank has circulated the primary banks to fix the period of loans with reference to the purpose for which the loan is taken and where the loan is taken for productive purposes, the repaying capacity should be computed including the increased income from lands on account of the improvement and fix the period. Further, if the loan is taken for the purchase of an oil engine or an electric motor, whose life is not more than 10 years, there is no point in taking the loan repayable in 20 years. It was for this reason that it was suggested to the primary banks that they should consider all these aspects in fixing the period of the loan. In this connection I have to bring to your notice the advantages of taking a short-term loan even for non-productive purposes. For a loan amount of Rs. 1,000 at 6½ per cent for 20 years, he has to pay an interest of Rs. 815. For the same sum for 15 years he has to pay only Rs. 595. The difference between the annual instalments for 20 years period and 15 years period is not much but only about Rs. 15-9-0. But he makes a saving of Rs. 220 on the total amount repaid. I should like you to consider whether it is really of much advantage to the ryot to extend the period to 20 years involving a greater total repayment in order to reduce the annual payment by so small an amount.

A review of the business transacted by the land mortgage banks during the year 1954-55 discloses that there has been a marked fall in their transactions by about Rs. 12 lakhs. It is gathered that the passing of the Moratorium Act and the Madras Indebted Agriculturists (Repayment of Debts) Act 1955 was mainly responsible for the fall in business. As a result of the above enactments, the agriculturists were not eager to avail of the benefit of the institutional credit offered by land mortgage banks for financial accommodation for discharge of prior debts.

The recent cyclone devastated vast areas of Tanjore, Trichy, Ramanathapuram and Mathurai. It is for consideration whether a revolving fund may be constituted to meet this as well as similar situations that may arise in future. The question of constituting a revolving fund was discussed by my predecessors and in 1952 the Board resolved to request the Government to constitute a fund. The Government at that time instead of creating a revolving fund, passed orders giving relief by way of postponement of instalments payable by borrowers in drought-affected areas for one year. I request that the Government and the Reserve Bank of India may examine the question of constituting a permanent and separate fund for giving relief in deserving cases of borrowers who are not able to pay instalments in due time on account of famine, drought, etc. To meet such similar calamities, the institution of crop insurance may also be considered by the Government.

Since inception the land mortgage banks have been punctually collecting the instalments due except in a few cases here and there. The recent continuous drought for six years upset the economy of the agriculturists and there had been defaults by the members. In

some cases loans had to be foreclosed. The total amount of overdues is of course not much above 1.8 per cent of the total amount outstanding. But we, in the land mortgage banking system have always held that the long-term credit movement cannot succeed unless the borrowers make their payments punctually. Special provisions have been made in the Land Mortgage Banks Act to recover the instalments overdue by distraining crops, standing or stored and where loans have been foreclosed, by bringing properties to sale after notice to those interested in the property without the intervention of the Civil Court. There was not much occasion to use all these provisions. Even in the few cases where there was need there has been considerable delay in executing the petitions filed by the primary banks under the Land Mortgage Banks Act. If arrangements could be made for speedy execution, it will be greatly helpful in realising the arrears by a mere threat of action. I request the Registrar and the Government to pay attention to this aspect.

Another important matter to which I would like to draw your attention is the cost of Government staff borne by this bank. It is no doubt true that the efficient and sound administration of the primary banks during the last 25 years is due to a great extent to the services rendered by Government staff engaged in land mortgage banking work. You are aware that the entire cost of the Deputy Registrars and their staff and one half of the cost of Co operative Sub-Registrars' and their peons and other contingent expenses are met by the Central Land Mortgage Bank. At successive conferences the matter was taken up and the Board requested the Government to meet their entire cost of the Government staff as it is a legitimate charge on the revenue of the Government and I am sorry to say that the requests made on this behalf to Government from time to time have not been acceded to. On the other hand, the Central Land Mortgage Bank has been asked to examine whether the primary banks can be asked to meet at least a portion of the above cost. I may state that any system of rural credit cannot be self-supporting if the entire expenditure on the inspecting and supervisory staff is recovered from the borrower, and it can never succeed in this country without the special attention and help of the Government. Most of the primary banks have yet to build up their reserves, and in our State land mortgage banks cannot be a success unless the Government extend their help in the same generous way as has been done hitherto. I would go a step further and say that the entire cost of the Government staff employed for the land mortgage banks' work whether they be Co-operative Sub-Registrars or Deputy Registrars should be met by Government. The expenditure on these banks is on the same footing as the expenditure incurred by the Government on the other activities of the nation-building and other development departments. With the saving made out of this, the Central Land Mortgage Bank will be able to help the agriculturist by reducing its rate of interest to that extent. I earnestly request the Government in this context to meet the entire cost of Deputy Registrars and Co-operative Sub-Registrars and relieve the Central Land Mortgage Bank of the contribution it is asked to make on this account at present.

The Fair Rent Bill recently published by the Government has caused some concern that the borrowers may not be able to discharge their obligations in respect of the loans already issued to them. I am sure, that since the Government have guaranteed the debentures of the Central Land Mortgage Bank they will see to it that the security offered to the bank and the repaying capacity of the borrowers are not affected by any land legislation. I hope they will lay emphasis more on production than on ownership by providing inducement for educated enterprising talented persons to invest capital for the improvement of land by scientific and improved methods and discourage fragmentation and decrease in production. Unlike other countries, agriculture in our country is not a commercial farming but is a subsistence farming recognised as a deficit economy. The depressed agriculturist is a mill-stone round the nation's neck. If the nation is to prosper, agriculture must prosper, and it should be placed on a remunerative basis.

The Government have appointed a Committee to enquire into the working and reorientation of the Co-operative Movement in this State under the presidency of that illustrious Co-operator, SRI T.M. NARAYANASWAMY PILLAI. I hope that the valuable recommendations of the Committee will help the steady progress of the Movement in this State.

I have endeavoured to place before you a few important problems which have to be considered for the progress of the land mortgage banks in this State. I am confident that the Government who have all along been taking an abiding interest in the working of the land mortgage-banking movement in the State will consider

the above and formulate policies to render effective service to the agriculturists of the State. I heartily thank Hon'ble Sri M. Bhakthavatsalam, Minister for Agriculture, Industry and Rural Development, who has found time amongst his multifarious activities to inaugurate this conference. His deep and abiding interest in agriculture and the various schemes of development are well known, and I am confident that the interest of the agriculturist population are safe in his hands. I have great pleasure in requesting Hon'ble M. Bhaktavatsalam to open the Conference.

INAUGURAL ADDRESS

HON'BLE SRI M. BHAKTHAVATSALAM,
Minister for Agriculture, Government of Madras

Brother Co-operators,

I am grateful to Sri. Ramalingam, President and the Directors of the Madras Co-operative Central Land Mortgage Bank for having asked me to inaugurate the 26th Conference of primary land mortgage banks and given me an opportunity to say a few words on this occasion. It was just a month back that the Central Land Mortgage Bank celebrated its Silver Jubilee. I should have participated in that celebration, but for some unavoidable reasons, I could not do so. To be given an opportunity to come into close contact with you all so soon after the celebations of the Silver Jubilee gives me therefore immense pleasure. I understand that your bank is holding conferences every year. I highly value such conferences as they provide an opportunity not only for exchanging views on important matters but also for taking stock of the work done by the banks in the past and for formulating plans for future development. The President has stated that previous conferences of the kind have proved of immense benefit to you in clearing up several points in the working of the land mortgage banks. I am sure that the representatives, who are veteran co-operators gathered here will under the able guidance of the President give their mature consideration to the various subjects coming up before the conference and evolve suitable measures for the development of the land mortgage banking movement in the State, so that it may take a great step forward.

Today, more than ever before, it is realised that a proper system of rural credit is basic to the development of agriculture and therefore, to the economic welfare of the country as a whole. Not only has this fact been recognised, but there is a growing feeling that such system should be speedily evolved and adopted. A 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 on long term basis to the agriculturists is the land mortgage bank and that in this form of credit, Madras has not only been the pioneer but occupies the pride of place. I am aware that the Central Land Mortgage Bank with its network of primary banks is playing a significant role in the provision of long term credit to agriculturists. There are at present 73 land mortgage banks in the State with a membership of 92.717 and a paid up share capital of Rs. 27.5 lakhs. The working capital of the banks on 30-6-55 was Rs. 377.61 lakhs. 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 Rs. 486.38 lakhs. It raises its funds by floating debentures with the guarantee of the State Government and the value of debentures in circulation on 30-6-55 amounted to Rs. 429.29 lakhs. It is heartening to find that the floatation of debentures has been quite a success throughout and that the response from the individual and institutional investors has been splendid. In fact, the debentures floated on the last two occasions, Rs. 40 lakhs on each occasion were oversubscribed. The secret of success of the land mortgage banking movement in Madras lies in the fact that the short-term credit structure has been kept separate from and independent of the long-term credit structure and the present stature of the Central Land Mortgage Bank is not a little due to the assistance rendered by Government and the Reserve Bank of India, but also to the ceaseless afforts of the successive boards of management of the Bank.

As your President has observed, the bank is on the threshold of a new era of development. Though the achievements of the bank in the past have been great, the task that lies ahead of it is no less immense. The Second Five Year Plan will come into operation from April, 1956 and so far as land mortgage banks are concerned the schemes drawn up provide for the issue of Rs, 380 lakhs by way of long-term loans to agriculturists through the existing 73 land

mortgage banks and the 25 land mortgage banks to be formed during the Plan period. The primary mortgage banks are proposed to be helped with subsidy to meet the cost of additional supervisors to be appointed by them. It is also proposed to strengthen the departmental staff for land mortgage banks, so that intensive development may be possible. To enable the intending borrowers to decide on the line of land improvement and to help the primary land mortgage banks in the valuation of lands, provision has been made for the appointment of an Agricultural Officer and an Agricultural Engineer. There is also provision for employing P.W.D. Supervisors for valuation of house properties offered as collateral security for loans in land mortgage banks. It is also proposed to set up a guarantee and relief fund with a lump sum contribution of Rs. 30 lakhs for meeting losses arising out of non-repayment of loans granted by credit societies on the security of anticipated crops and also to compensate the Central Land Mortgage Bank for the losses arising out of the valuation of land offered as security for loans for land improvement on the basis of the presumptive value of lands. The bank provides roughly Rs. 40 to 50 lakhs of loans every year and according to the scheme drawn up, the target during the last year of the second plan period will be the disbursement of loans to the extent of one crore of rupees. The transactions of the land mortgage banks will have therefore to be more than doubled during the second plan period. A great task lies ahead of the land mortgage bank movement and I do hope that the Central Land Mortgage Bank and the primary land mortgage banks will bring about this expansion on sound and efficient lines.

The President in the course of his address has referred to several points relating to the working of the land mortgage banks, to some of which I shall refer. One relates to the issue of loans for productive purposes. In the early stages of the working of the Bank, the land mortgage banks confined their attention to the grant of loans for the redemption of mortgage debts. Though in recent years there has been an increasing awareness on the part of the banks of the need for reorienting their loan policy by granting more loans for productive purposes, the progress has got to be accelerated, in order to shift emphasis to loans for land development instead of loans for discharge of prior debts. The All India Rural Credit Survey Committee has laid emphasis on increased agricultural production and in keeping with this objective, it is necessary for land mortgage banks to align themselves to a positive policy of giving loans for land improvement and development. Their policies should be so shaped that they will serve the needs of increased agricultural production. I therefore, suggest that your land mortgage banks should be renamed as "Land Development Banks" so that the emphasis might be on loans for improvement or development of lands rather than on loans for discharge of prior debts.

Closely connected with the question of loans for land improvement is the rate of interest charged on such loans. The present rate is $6\frac{1}{2}$ per cent. It might be that this rate is rather high but, in the present context, it cannot perhaps be avoided as the lending rate is linked with the debenture rate and as the debenture rate is, in its turn, dictated by the conditions of the money market. The Central Land Mortgage Bank has to pay $4\frac{1}{4}$ per cent interest on the last three series of debentures floated by it and if the Central Land Mortgage Bank depend on the money market for its funds, the ultimate rate to the borrower is bound to remain high. A way should be found by which the agriculturists could be given loans at a low rate of interest. Any proposal emanating from you will, I am sure, receive the most sympathetic consideration of the Government and I am also hopeful that the Reserve Bank of India will help in this direction.

Another point, which I might indicate for the consideration of the Central Land Mortgage Bank and the primary land mortgage banks is that they should interest themselves in promoting schemes of thrift and self help among their members. I refer to a scheme of insurance which might be linked to the issue of loans. A scheme of dismortgaging insurance undertaken by land mortgage banks for the benefit of their members will protect the borrowers family against the tragic consequences of undischaraged debts in the event of the premature death of the borrower by helping to restore the mortgaged property to the borrower's heirs free from any encumbrance.

Another way by which thrift and savings can be encouraged by the land mortgage banks is by tapping rural subscriptions for the debenture floated by the Central Land Mortgage Bank. The Rural Credit Survey Committee has suggested the institution of a new type of land Mortgage bank 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 I trust the Central Land Mortgage Bank will give its earnest consideration to these suggestions.

The President has referred in his address to certain Land Reforms, that might be introduced in the country. This question was considered at the Conference on Marketing and Co-operation held at Hyderabad recently under the presidency of Dr. Punjabrao S. Deshmukh, Union Minister for Agriculture. The conference recommended that "in view of the fact that Co-operative Institutions in general and land mortgage banks in particular are to be public, State-Sponsored institutions, steps should be taken to protect their interests adequately in so far as such interests are affected by the recent Land Reform Legislations and they should be fully compensated for by the State Governments for any losses they might have been put to as a result of such legislation in respect of business already done." Government will certainly take such steps as may be necessary to see that the supply of credit by land mortgage banks is not in any way affected by the introduction of land reforms legislation. The Conference at Hyderabad also considered various methods for improving the working of land mortgage banks, such as elimination of delays, reorientation of loan policy, supply of productive credit and measures generally to be taken to strengthen the working of land mortgage banks. I request the conference to consider the resolutions passed at that conference and to take such steps as are necessary for the efficient working of the primary land mortgage banks in this State.

The President also referred to the question of land mortgage banks vis-a-vis the Takkavi loans and land improvement loans given by Government. He has suggested the desirability of a single agency for dispensing long term credit for land improvement and has stated that the land mortgage banks should be utilised for the issue of loans for land improvement. This raises a very important question viz., to what extent Government should provide funds either for short term or long term purposes direct to agriculturists in areas where co operatives have firmly established themselves. It is agreed on all hands that institutional credit is better for the agriculturist and that credit through co-operative organisations should be preferred. The supply of credit by Government cannot, however, be stopped altogether, until the co-operatives have developed themselves very well. This question was considered by the Conference at Hyderabad and the conference endorsed the recommendation of the Rural Credit Survey Committee that the "Land Mortgage Banks should be recognised as Government agencies for the distribution of productive long term loans in areas newly brought under irrigation, wherever such a step is practicable. This implies that Government funds should also be channelled through these banks and not in the traditional manner through the Revenue Department". The Hyderabad Conference was of the opinion that steps should be taken by State Governments wherever considered desirable to implement the recommendation of the Rural Credit Survey Committee. The suggestion of the President that the Government loans might be passed through the land mortgage banks will certainly receive careful consideration at the hands of Government.

The President has referred to the question of constituting a Revolving Fund. The question whether such a fund should be created was examined once previously and dropped. In the light of what the President has observed, I would suggest that the bank takes up the matter again and formulates suitable proposals for the consideration of Government.

You have referred to the Committee on Co-operation constituted by the Government with Sri T. M. Narayanaswami Pillai as its Chairman to go into the question of the working of the co-operative insiitutions in Madras State. I do share the hope of the President that the Committee will make suitable recommendations in respect of the land mortgage banks as well, which will enable their further strengthening and efficient working.

I once again thank the President and the Directors for having invited me to inaugurate the Conference. I see a long agenda on the table and I do hope that as a result of the deliberations suitable decisions will be reached which, when given effect to, will give great impetus to the working of the land mortgage banks in the Madras State during the Second Five Year Plan period. I have great pleasure in inaugurating the Conference and I wish your deliberations all success.

RESOLUTIONS PASSED AT THE CONFERENCE

1. This Conference is strongly convinced that if the proposed Fair Rent Bill is passed into law, it will operate against investments

being made in land, that the value of the lands will consequently fall and that land mortgage banks will have to incur a heavy loss. Hence this conference requests the Government to sefeguard the interests of the banks and and amend the Bill suitably.

2. In view of the falling prices of agricultural produce, it has become necessary to reduce the rate of interest for the ultimate borrower from the land mortgage bank. Hence, this conference resolves to request the Central Land Mortgage Bank and the Government to take the following steps for reducing the rate of interest :

(a) Since now there are not many weak primary banks which require subsidies from the C. L. M. Bank and since the present finances of the C. L. M. Bank permit granting of such subsidies from its other funds for such of those few weak primary banks, there is no necessity for the C.L.M. Bank to set apart and pool ¼ out of 1¼ per cent of the margin of profit for subsidising the weak banks and the C.L.M. Bank is requested to reduce its margin from 1¼ per cent to one per cent, so that the benefit may reach the ultimate borrower by reducing the lending rate by the primary banks from 6½ to 6¼ per cent. The C.L.M. Bank may take this as the first step for reducing the rate of interest; and

(b) This conference requests that Government meet the full cost of the D.Rs. and C.S. Rs. for L.M.Bs. as in the case of the Officers of the Co.operative Department in other sections. If the C.L.M. Bank is not charged by Government for the cost of these Officers, the C.L.M. Bank will be in a position to reduce its margin of profits by another half per cent without affecting its finances and the rate of interest to the ultimate borrower can easily be reduced by another half a per cent.

3. The Conference also resolves that whereas there has been a continuous decrease in the annual rainfall in North Arcot District and consequent dryness and inadequacy of water supply in the irrigation sources with resultant increased cost of agricultural operations, this district as also other districts, wherever conditions warrant, might be classified under poor and deficit area for agricultural production and yield and, therefore, by way of relief to the borrowers from the primary banks, the rate of interest may be

reduced from $6\frac{1}{2}$ to $5\frac{1}{2}$ per cent, the difference being borne by the State or Union Government under the help towards the improvement of national production wealth. For adoption of this method, the precedent in the Rayalaseema area is quoted.

4. At present the eligibility of the applicant is arrived at 50 per cent of the value of wet lands or well-aided garden lands and 40 per cent of rain-fed dry lands. This conference requests the Registrar and the C.L.M.B. to raise the eligibility to 60 per cent of the value in the case of wet and well-aided garden lands and 50 per cent in the case of rainfed dry lands.

5. Resolved to request the Registrar to fix the valuation of wet and garden lands that are newly formed by the supply of Lower Bhavani Project canal water.

6. Resolved that the words 'prewar sales' and 'postwar sales' occurring in the G. O. cited in the Registrar's memo 11214/49-J dealing with valuation of land be replaced by the words 'prewar period' and 'postwar period', since according to the present system of valuation on the basis of prewar sales and the postwar sales, the borrowers are placed at a disadvantage. The specification of the periods from 1936 to 1940 and 1944 to 1949 in the G.O. may also be deleted.

7. It is common among agriculturists to record a lower valuation in the bonds executed by them to save the cost of stamp paper. To base the estimate of the value of lands on the strength of the sales statistics as seen in the documents will be a real hardship to the borrower. In view of this, the eligibility of loan may be raised to 80 per cent instead of 50 per cent in the case of wet lands and 75 per cent and 60 per cent for wellfed dry lands and dry lands in the place of 40 per cent and 45 per cent. Where wet land is also wellfed, 50 per cent of the value of the well may also be taken into account.

8. Resolved to request the Registrar to change the method of valuation keeping the prewar value as basis, since the present market value has increased by four-fold more than the prewar rates. Resolved to appeal to the Registrar to kindly reconsider the matter and to increase the method of valuation in par with the current market rate.

9. At present valuation of lands for loans in L.M. Bs. is too low, when compared with the increase in the price of land.

Government may be requested to permit the addition of 50 per cent instead of 25 per cent to the prewar value for wet lands.

10. As the tea estates on the Nilgiris are a growing concern and as the values of the estates are going up rapidly, it is resolved to increase the prewar valuation of tea estates from Rs. 1,200 to Rs. 2,500 per acre.

11. As most of the Halli lands near villages are being converted into tea estates it is resolved that the marginal percentage of prewar valuation of the tea estates be increased to 25 per cent.

12. Resolved to request the Government to modify the G. O. No. Ms. 1498 Dept. of Industries, Labour and Co-operation dated 4-6-54 and to allow the C. S. Rs. to value the houses as it was done before.

13. Resolved to request the Registrar to address the Government to issue orders to give priority to applications for transfer of patta and subdivision, if applied for by members of the L.M. Bank.

14. The C. S. R. for L. M. Bs. insists upon obtaining the signature of Karnam in the partfield sketches. There is no specific instruction from the Revenue Board permitting Karnams to supply sketches to the borrowers of the P.L.M. Bs. In so many cases, it is found very difficult to obtain the partfield sketch itself. While going for subdivision of lands, it takes a lot of trouble. Therefore, this conference resolves to request the C.L.M.B. not to insist on obtaining the signature of Karnam in the part-field sketches. Further the signature of joint owners need not be insisted upon in cases where there are satisfactory documentary evidence in enjoyment and possession of the lands by the applicants in previous occasions.

15. In case of loan applications over Rs. 5,000, the concessions granted in E.C. fees and Registration fees have been withdrawn i.e., full fees are being collected and while applying for E C. the full fee is remitted. While during the search of encumbrances, if any third party has dealt with the property belonging to the applicant either by ignorance or by mistake or wilfully, the Registration Dept. demands additional fee for each and every entry dealt with by the 3rd party. Even though we produce the necessary documents to establsh the title of applicant, they refuse to go through the same and say there is no need for them to go through the documents and there are instructions to them that they have to count the ownership

only from the encumbrance certificate itself. In some cases, even 5 or more full fees are demanded and for that purpose we have to exclude some the properties from the general search application and thereby the loan amounts have to be reduced. Hence this conference resolves to request the Registrar to move the Government to modify the G.O. and to collect single full fee irrespective of the search with regard to ownership in cases of loans exceeding Rs. 5,000.

16. Resolved that registration and encumbrance certificate fee charges be uniformly levied at ½ single fee for all loan applications above Rs. 2,000 upto Rs. 15,000. The withdrawal of the concession over Rs. 5,000 is falling heavily on the applicants and this factor of heavy fees scares away many intending applicants.

17. In view of the increase in the establishment charges, the conference resolves to request the C.L.M. Bank to enhance the margin of interest to primary banks from 1 to 1½ per cent.

18. To facilitate quick disposal of loan applications, the conference resolves to request the Registrar to permit the P. L. M. Banks to send loan applications for Rs. 1,000 and below with the recommendation of the C.S.R. direct to the C.L.M. Bank.

19. Resolved to request the Registrar of C. S., Madras to instruct his subordinates (C. S. Rs.) to expedite sanction of loan applications, such of those loans that have been made ready for his scrutiny then and there subject to a maximum of one month.

20. Government may be addressed to accord permission to take sale statistics from the Sub-Registrar's Offices by the Supervisors or at least by the Secretary of the P. L. M. Banks, which will considerably save time and will result in quick disposal of loan applications.

21. Resolved that in view of increasing the business of primary banks as well as clearing pendency of loan applications and minimising delay in disposal of them, a C.S.R. be allotted for not more than 2 primary banks.

22. As per the existing rules, the overdues from members can be collected by taking action under section 9 of the L. M. B's Act. Under this Section the standing crops ready for harvest or the grains-in-stock in the borrower's house are the things, that can be distrained. If the action we take is to bear fruit, we have to wait

till the crops mature. Further this action could not be taken simultaneously in all cases. By experience, it is found that this action involves much risk as the primary bank has to take custody of the standing crops, look after its safety, arrange for the harvest and finally sell the grains in auction. If L.M. Banks are permitted to recover the dues by distraining the movable properties of the defaulters just like the village credit societies and Urban Banks, it will be more effective and the overdues will also be easily realised without any delay.

23. Authorisation of C. S. Rs. or a Special staff to take action under section 9 and 13 of L.M. Banks' Act :—

At present the Registrar of the district authorises the Sale Officers (Territorial Inspectors) to take action under Sections 9 and 13 of L. M. Banks' Act against the execution petitions filed by the primary banks. There is a Territorial Inspector for each taluk and he has to attend to the execution of the hundreds of Execution Petitions filed by the various village credit Societies, urban Banks and by the P.L.M. Banks in addition to other kinds of work. This system takes abnormal delay. In order to avoid this delay, the C.S. Rs. for L.M.Banks are authorised to take action against the E. Ps. filed by the respective banks, it will be more advantageous. If this is not possible, a special staff (in the grade of Senior or Junior Inspector) exclusively for attending to the E. Ps. of the primary banks, where there are heavy overdues, under the control of the D. R. for L.M. Banks may be appointed for a specified period. The C.S.R. of that circle may also supervise and render necessary help.

24. Resolved to request the Registrar of C.S., Madras to make provisions in the Act to collect the overdue instalments of the P.L.M.Banks through the Revenue Department as arrears of land revenue.

25. The Registrar has issued instructions that the disbursements to the creditors should be made only by means of crossed cheques. This works much hardship. Most of the creditors are villagers and illiterates having no accounts in the Banks. Even to accept the open cheques, most of them refuse to accept the open cheques due to their ignorance and we have to convince them with great difficulty. To cash a crossed cheque they have to find a person having accounts in a bank, they have to trust him and cash

the cheque through him. It is not possible to expect all creditors, who are coming for disbursements from a far off place and from villages will be able to find persons known to them having accounts with the banks. If this practice continues, we fear that no creditor will come to the bank in person for disbursement and every disbursement has to be made through Courts. This will work much hardship on the applicants. Hence, this conference requests the Registrar to withdraw the Circular issued; and permit to issue open cheques to the Creditors of the applicant.

26. No procedure or definite policy is laid down by the C.L.M.B. for accepting inam lands as security for loans. The procedure in existence is vague. Hence, the C.L.M.B. may be requested to clarify their position in this regard.

27. Government may be requested to reduce the rate of interest in the case of loans for productive purpose.

In cases of land improvement loans at present the value of improvement proposed to be effected is not taken for the purpose of hypotheca. The C.L.M.B. may be requested to take it into consideration of the valuation of the improvement proposed to be effected also for valuation purpose.

28. Resolved that the C.L.M.B. Bank and the Registrar be requested not to impose any restriction in the matter of issuing 2nd or 3rd loans. 2nd and 3rd loans. may be issued for all purposes as per the bylaw provided the applicants satisfy the tests of adequacy of security and repaying capacity.

29. This Conference resolves to request C.L.M.B. and the Registrar to waive the condition of an interval of one year from the date of closure of the prior loan for the entertainment of a fresh loan application by a member.

30. Resolved to request the C.L.M.B. and the Registrar of Co-operative Societies to permit issue of subsequent loans to borrowers in cases, where they have alienated portions of the hypotheca without previous permission due to ignorance and without any motive, provided the value of the remaining security does not affect the eligibility to obtain the loan.

31. (a) This conference resolves to request the Registrar and the C.L.M.B. to consider the condition of employees of the primary land mortgage banks sympathetically and revise the scales of their

pay, since the present scale is not encouraging and they are unable to make both ends meet.

(b) Resolved to request the Registrar to revise the scale of the paid Secretary and Supervisor working in L.M. Banks as that of a Senior and Junior Inspector.

32. The Registrar may be requested to permit the payment of 2 months bonus to the employees, whereever the bank works at a profit.

33. The rate of interest allowed by the C.L.M.B. on E.P. Fund and security deposit investments of primary land mortgage banks may be raised to 5 per cent.

The interest payable on reserve fund investment in C.L.M.B. by P.L.M. Banks may be increased on a par with the rate of interest allowed for other investments.

34. The Registrar may be requested to amend rule (5) and relevant rules of the employees provident fund rules so as to enable the P.L.M. Banks to recon subscription on the pay including dearness allowance of the subscriber.

The Registrar may be requested to amend rule 28 of the employees providend fund rules so as to permit the bank to give the entire benefit of the Provident Fund including the contributions made by the bank to their employees, who resign for whatever causes after completing 5 years service.

35. Resolved, that in furtherence of enlarging rural credit facilities quickly in relation to the 2nd 5 year plan, the staff of the primary banks would better be serviceable if it is amalgamated in the General staff of the C.L.M.B. as one unit. The P.L.M. Banks have hereunder to be considered less as self supporting tiny units as more is expected of them and hence greater central direction and control would be required to fit in with the frame of the plan. The base of the agricultural credit is the P.L.M.B. As already the way is being paved towards gaining this objective by driving more on the staff of the P.L.M. Banks, it has naturally to be considered whether it received adequate emoluments to the work to be obtained from them. With a view to pull it along with the Movement enlarged activities their emoluments have to be increased by making it integrate into the centre as one unit.

36. This conference resolves to request the Registrar through the C.L.M.B. to delete the restriction of the period of 5 years in

by-law No. 11 for the refund of share capital from the date of complete discharge of the loan.

37. Due to the renaming of classes in the Railways, this conference resolves to request the Registrar and the C.L M.B. to allow the representations of P.L.M. Banks to claim 2 single (present) Ist class fares (old II class) for the railway journey performed by them for attending the conferences and the G.B. Meetings of the C.L.M.B.

38. Consequent on the renaming of the Railway classes, T. A may be paid to the delegates at two second class fares each way or one first class fare to and fro by rail and Rs. 10 as daily allowance for attending the general meetings of the C.L.M.B.

39. This conference resolves to request the Registrar to make suitable amendments in the by-laws of the P:L.M. Banks allowing the P.L.M. Banks to pay dividend at not exceeding 5 per cent on the shares of the members.

40. Resolved to request the Government through the Registrar to permit amendment to by-laws for allotting 10 per cent of the net profits to the building fund—removing the restrictions now existing in by-law 56 to enable the P.L.M. Banks to own buildings for their offices.

41. Resolved to request the Registrar to permit the P.L.M. Banks to amend by-law 29 (d) to facilitate the Presidents also to operate on the accounts of the bank during the time of absence of Treasurers in the Headquarters.

42. Resolved to request the Government through the Registrar that the long-term loans as well as short-term loans to agriculturists, which are now financed direct by the Government may hence forward be entrusted to the charge of either the land mortgage banks or rural credit societies, as otherwise there will be clash of interest.

43. Resolved to request the Registrar of C.S., Madras to permit the P.L.M. Banks to amend Sec. 29A to facilitate the office-bearers of the bank to delegate their powers to any other Director for a period of 4 months in a year in the place of 2 months.

44. Some P.L.M. Banks which are having sufficient finances go in for special C.S. Rs. under F.R. 127 to dispose of the accumulated loan applications with them. Since the primary banks have to meet the full cost of the special C. S. Rs. many banks find it not financially possible for them to get special C.S. Rs. though they have

not sufficient number of loan applications for a special C.S.R. The benefit by way of more profits by the development of business by the primary banks with the appointment of special C. S. Rs. goes to the C.L.M.B. also. So it is requested that the C.L.M.B. may meet half the cost of the special C.S.R. required by the primary bank to dispose of the accumulated loan applications with them.

45. This conference resolves to request the Central Land Mortgage Bank to convene the conference and Refresher course of Supervisors, Secretaries and C.S.Rs. for L.M.Bs. every year.

46. Half fee concessions in the following cases should be given: Supply of registration copies, collecting half fees in respect of documents disclosed in the first encumbrance which the borrower is directed to obtain and produce registration copies thereof. Besides registration copies of such documents of title which the Legal Adviser directs the production of, in tracing title from 1912 down to the date of the first search.

The Government had recently cancelled the concession of half fees for encumbrance certificates for loans over Rs. 5,000 and some other concessions relating thereunder. Sometime back, a reference was issued to the primary banks calling for statistics regarding loans over Rs. 5,000. Resolved that the Government must be requested to restore the concession of paying only half fees for encumbrance certificates and half fees for registration on loan applications for over Rs. 5,000.

47. The rate of interest levied on the ultimate borrower is 6½ per cent. This is 1 per cent over and above the rate of interest leviable on loans to agriculturists under the Agriculturist Relief Act of 1938. It may be true that the C.L.M B. is tapping finance at higher rates of interest and that therefore levying the rate of interest it is now charging. At this juncture, it is important to note that land values are having a steep fall; that prices of both commercial crops and food crops are also having a steep fall. The repaying capacity of the borrowers will certainly get affected by the above set of circumstances, and it is feared that in coming years there will be much difficulty experienced in collecting the annual instalments. Any set back in collection of annual instalments will result in the C.L.M.B. refusing the grant loans to primary banks in default. It is felt that it is the duty of the C.L.M.B. in consultation with the Registrar to deeply ponder over the impending future and devise

ways and means of getting cheap money for the C.L.M.B. and to advance loan on cheaper rates of interest, the rate of interest should never exceed 5 per cent to the ultimate borrower.

48. The working of the P. L. M. Bs. is wholly regulated by a series of circulars issued by the C.L.M.B. and the Registrar. They have grown into a big volume. Some of them are out of date. Some of them are overlapping. Some of them are inconsistent. It is absolutely necessary to classify them according to the subjects they relate to compile them into a book and issue copies of them to P.L.M.Bs., C.S.Rs. and Deputy Registrars.

49. Section 29: The Registrar should be addressed to issue circulars through the D.R. General, of all the banks, to issue instructions to primary co-operative institutions to comply with Sec. 29 of C.L.M. Bank Act and take disbursement at the registered office of the P.L.M. Banks.

50. Pattas—Chitta extracts—Karnam's certificates:

"No application is registered without getting chitta extracts for the latest fasli as per the Karnam's Chitta Book. These extracts are duly certified. They are verified by the supervisor and the C.S. Rs. have to verify them at the time of inspection. The C.S. Rs. may be instructed to get at the Karnam's Chittas or cause the production of them by the Karnam and get them verified with the extracts furnished. Conditions are often imposed that certified copies of Chitta extracts from the Tahsildar's Office should be secured and produced even before despatch of the file. This kind of direction causes undue delay. If the C S.R. feels that a certified copy is necessary, the production of the same may be postponed to the date of disbursement or if earlier, to the date of execution of the bond.

51. Issue of loans on the strength of security bonds. Generally loans are given for a period of 20 years. At present land improvement loans are sanctioned for a period of 15 years. After the discharge of their loans either from their income or by sale of a portion of hypotheca or by remortgage, the borrowers again approach for loans. They could not manage without borrowing from outside. If they could not get loans in the primary banks they approach the private money lenders and satisfy their needs. We could not prohibit them from the habit of borrowing at a higher rate of interest.

Instead of getting a mortgage bond and sanction a specified sum as loan to a person, we can get a security bond from him for the maximum amount that can be advanced and issue the loan within that limit. If the loan is repaid in full or partly further loans may also be granted if he is in need for all genuine purposes. If this kind of medium term loans are encouraged more money can be advanced and at the same time the middle class ryots will be helped, very much. Under this method, a loan can be disbursed within a period of one month as there is no necessity to observe all the present practices for sanctioning a loan each time. The borrowers will be sure that they can get loans quickly, whenever they require and this practice will also help to check the occurrence of overdues. This method of advancing loans is just like the system of advancing loans under the continuity mortgage bonds in the Urban Banks with a slight deviation.

52. Biennial Revaluations: Insistence of getting subsequent mortgages discharged or the mortgagee to be asked to execute Security bonds in favour of the banks. In cases of subsequent simple mortgages either with or without direction to discharge the mortgage in favour of the land mortgage bank, and in case the subsequent mortgagees are not willing to execute security deeds for the reason that the mortgage in favour of the bank being first mortgage the bank's moneys are safe and that the subsequent mortgagees rights are postponed in preference to the claim of the L.M. Bank. The subsequent mortgagee, by execution of collateral security becomes personally liable and such personal liability will also visit on the other properties of the subsequent mortgagee. It is for this reason the subsequent simple mortgages avoid execution of collateral security bonds.

SMALL SCALE INDUSTRY—CONDITIONS FOR SUCCESS

In a modern economy, small scale industry can hardly serve as an element of a democratic society unless, we repeat, it is placed within an adequate framework of Co-operative institutions and public agencies, which take charge of its commercial and financial problems and feed it with a continuous flow of necessary knowledge and research.

Amlan Datta,
Economic Weekly, dated 10-3-56.

A Report of the Third All India Handloom Week Celebrations in Madras.

SRI W. GNANASAMBANDAM, B.A.,
Business Manager, The Madras State Handloom Weavers' Co-operative Society Ltd.

As per programme approved, the Madras State Handloom Weavers Co-operative Society celebrated the All India Handloom Week. For the districts, the society arranged supply of placards wall posters, mottos printed cloth and handouts. The handouts and wall posters published by the All India Handloom Board received through Registrar of Co operative Societies were also sent to all units and Deputy Registrars. The celebrations were made in the districts in consultation with the committees formed for the purpose and in almost all districts, the principal district Officer inaugurated the week.

As for the Madras city, arrangements were made by the State Society. The celebrations began with the inauguration of the week on the evening of 19-2-56 at 34, Pantheon Road, Egmore, Madras by Sri K. Kamaraj Nadar, Chief Minister of Madras. The function was presided by the Hon' ble Mr. Justice P. V. Rajamannar, Chief Justice, Madras. The Handloom Exhibition organised as a part of the celebration was opened by Sri V. Nanjappa, I.C.S., Textile Commissioner, Bombay. The Handloom Board, Madras took 3 stalls and 31 primaries had each taken a stall. Messrs Lakshmi Stores, the Ideal Cottage Industries, Simmons & Co., the Ekkadu Village Industries, Vishnu Weaving Works, Salem Cloth Stores, Mohamed Aboo Bucker, Karupanna Mudaliar, Sarathy Handloom Textiles, A. R. Hanumanthier were the other participants. In addition to the exhibition of choice handloom cloth, the State Society also exhibited all types of looms from pit loom to Semi Automatic and Pedal Looms. Messrs Simmons & Co., Madras exhibited the new type of take-up-attachment, which were supplied to primaries from the Cess Fund. The Head Office Show Room took two stalls exhibiting almost all varieties of cloth procured by the State Society from different primaries. One stall was tastefully decorated with the furnishing fabrics produced by the Basin Bridge Factory. The average attenance was 5,000 visitors for the exhibition and on certain days, the visitors exceeded 10,000. Sales were effected in the evenings and goods Rs. 1,18,347 were sold in societies' stalls. Goods valued Rs. 29,267 were sold in other stalls.

In addition to sale by societies and others, the State Society, issued handkerchiefs at 1-9-0 per dozen to the visitors with the words "Third All India Handloom Week, Co-optex" inscribed on them. The Mobile Van of the Co-operative Society was taken to the slums in the city in the mornings on all the days of the week and the Cheris sales amounted to Rs. 598. In the evenings the Mobile Van joined the Pageantry organised by the All India Handloom Board, Madras and went round the city on all the days. A special rebate of 2 annas in the Rupee was sanctioned by the Government for the sales effected during this week. The total sales reported for the week were Rs. 3,87,223.

On the second day, there was only the Exhibition.

On the Third Day, Sri M. Bakthavatsalam, M.A., B.L., Minister for Agriculure and Industries presided, when Sri K. V. Jagannathan, Editor, "Kalaimagal" and Kumari A. R. Indra, M.A., Ethiraj College spoke about the history and ancient glory of the Indian Handloom cloth.

On the 4th day Sri A. B. Shetty, Minister for Health and Co-operation presided. There was a lecture by Sri K. M. Balasubramaniam, B.A., B L., Publicity Officer, Five Year Plan, Coimbatore and by Sri K. Anbazhagan, M.A., Pachiappas College on Handloom Industry.

On the 5th day, the function was presided by Shri Sri Prakasa, Governor of Madras. Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras and Sri C. R. Srinivasan, Editor, The "Swadesamitran" spoke on that day.

The 6th day, Ladies Day was presided by Srimathi Rajam Ramaswamy, when Srimathi Kunchitham Guruswamy, B A., and Srimathi P. C. Padmavathy, M A., Queen Mary's College spoke on the Handloom Industry and why the women folk should encourage the Handloom.

The 7th day was marked as "Students Day", Sri C. Subramaniam, B.A., B.L, Minister for Finance and Education presided when Sri S. Meenakshisundara Mudaliar, B.A., L.T., and two College Students Kumari K. Sulochana and Mr. Alipur Rahim, spoke on the occasion. The celebration was extended by one day.

On the last day, Sri O. P. Ramaswami Reddiar, M.L.C. presided when Sri T. P. Meenakshisundaranar, M.A., B.L., and Sri M. Rajakannu, M.A., B.O.L., spoke.

The functions attracted large visitors and more than 20,000 people attended each day. There were entertainments on each day including a drama depicting the life of weavers, which have attracted large crowds. Handloom Supplements were issued by the INDIAN EXPRESS, THE MAIL and DHINA THANTHI and the SWADESAMITRAN. Articles were contributed by Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras, Sri A. S. E. Ayer, Secretary, The All India Handloom Board and Sri A. Hirudayaswamy, B.A., Joint Registrar and these were published in the dailies. On the whole, the celebration attracted the public to such an extent that not only the Co-operative fabrics have been introduced to large consuming public, but the important role of the Handloom Industry in the economics of the country was brought home.

The Board of Directors sanctioned Rs. 15,000 for the expenses in connection with the celebration of the Third All India Handloom Week, which includes the amount of Rs. 10,800 sanctioned by the All India Handloom Board through Registrar of Co-operative Societies, Madras.

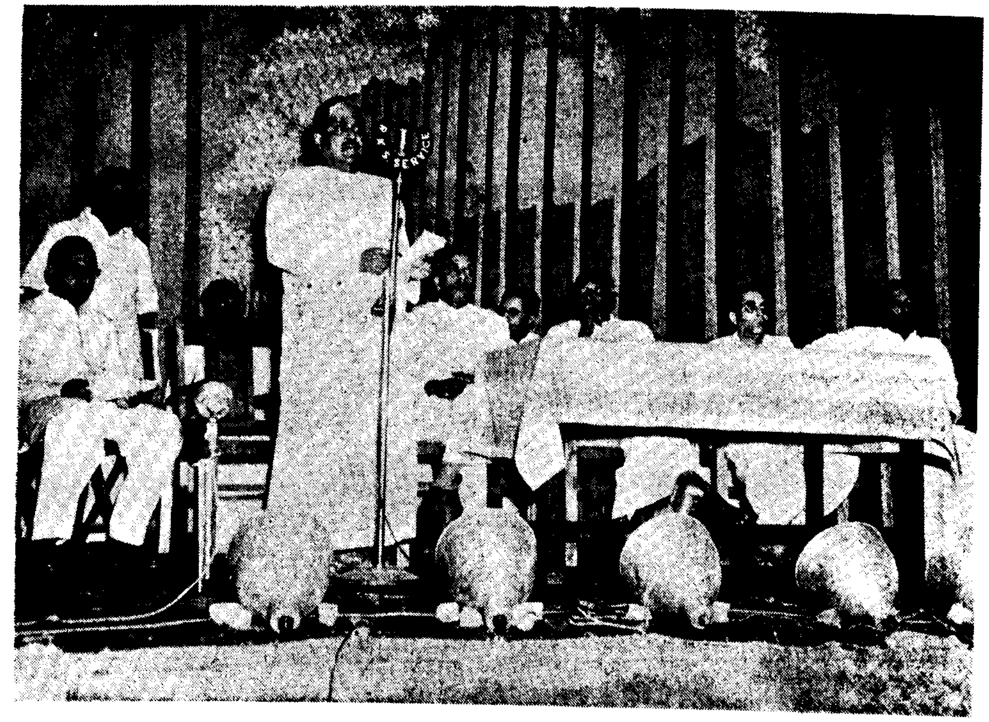
This sum was drawn and adjusted for the erection of stalls, stage, gateway and for other expenditure like police, photo etc., The admission for the Exhibition was free and no amount of any kind was collected from the primaries and other firms which participated in the Exhibition.

ROCHDALE WISDOM

The virility of the Rochdale System lies in the fact that it fits human nature, satisfying the inherent sense of justice by the democratic one-man-one-vote system of Government and by rewarding members in proportion to their loyalty as purchasers from their own society. Here was a Movement which with the highest, indeed Utopian, aims actually rewarded its adherents instead of expecting donations from them. The quarterly distribution of dividend on purchases were the finest publicity the new system could have designed.

E. TOPHAM AND J. A. HOUGH,
'The Co-operative Movement in Britain.'

Third All-India Handloom Week 19-2-56 to 26-2-56.

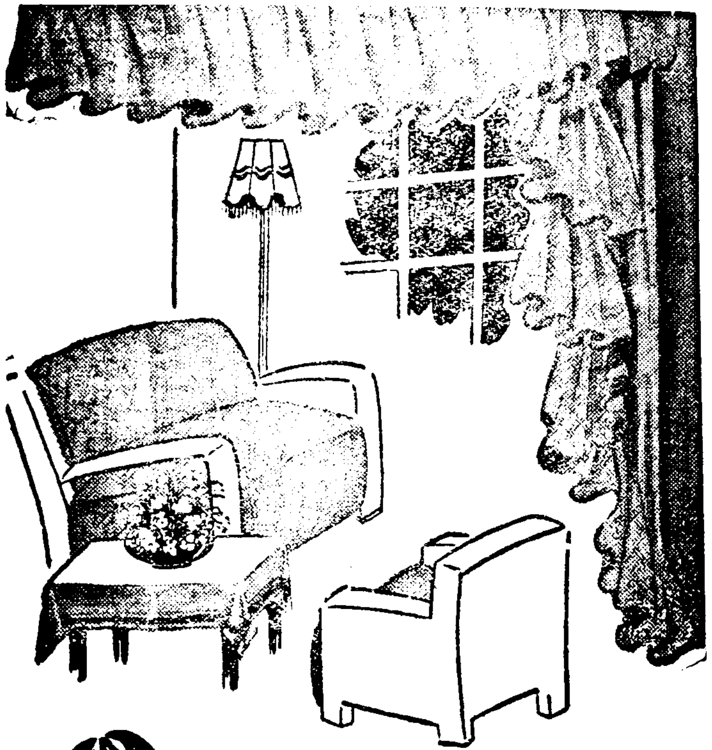


Sri K. Kamaraj inaugurated the Week. Hon'ble Mr Justice P. V. Rajamannar presided over the day. Sri M. P. Nachimuthu welcomed the distinguished guests.

H. E. Shri Sri Prakasa, Governor of Madras is seen inspecting the Exhibition. Sri A. Palaniappa Mudaliar, Sri C. R. Srinivasan, Sri M. P. Nachimuthu are seen with the Governor.

Third All-India Handloom Week
19-2-56 to 26-2-56.

A View of the improvised Theatre, which was a happy centre of entertainments during the week.



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