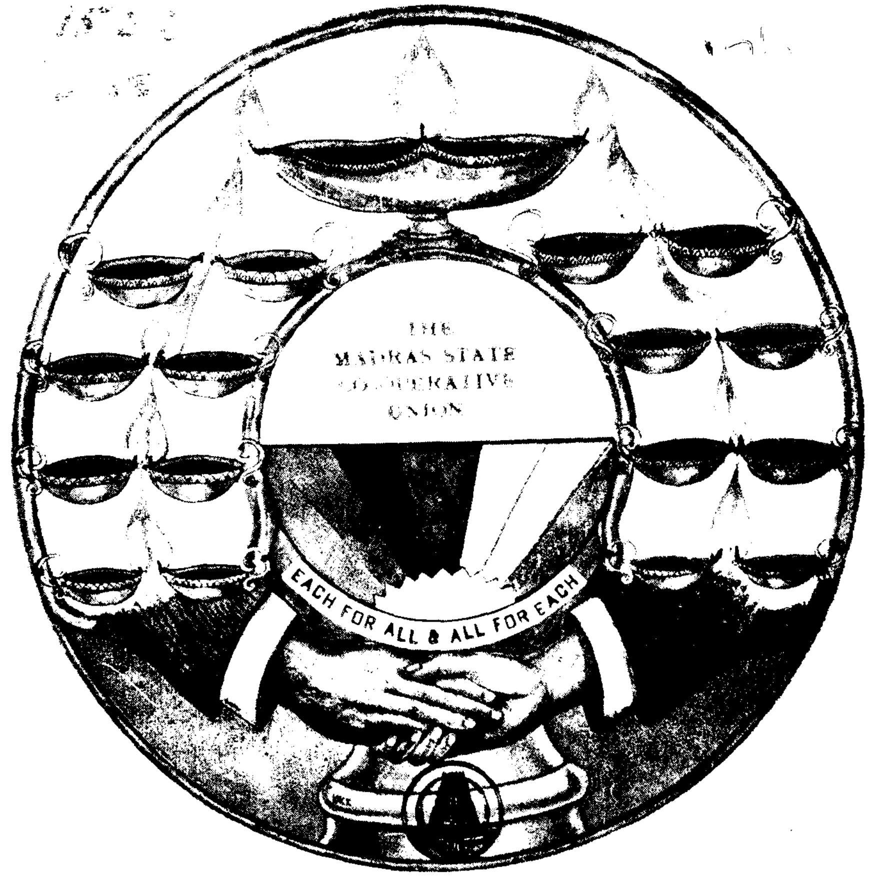
The Madras Journal of Co-operation



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

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

VOL. XLVII] APRIL, 1956 [No. 10.

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of

Co-operation

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BUSINESS NOTICE

1. The annual subscription to the "Madras Journal of Co-operation" including postage, is **Rs. 8** for India and **Rs. 9** for foreign countries, payable strictly in advance. The year begins from July. The price of a single copy of the Journal is **12 annas**.

2. Subscribers will be enrolled for the Journal either in **July**, or **October**, or **January** or **April**, each year.

3. The Journal is published at the **end** of every month.

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All Communications should be addressed to:

The General Secretary,

The Madras State Co-operative Union,

379, Netaji Road, Madras.

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Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

APRIL 1956. No. 10, VOL. XLVII PRICE AS. 12 NET.

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

Thought for the Month

"It would also not be out of place to remind ourselves once again that Co-operation is, first and foremost, a method of doing business........................It is therefore of great importance to give careful attention to the principles of business in the conduct and management of Co-operative Societies. The highest standards of efficiency must be observed, money must be spent and the most modern systems must be employed. To confuse Co-operation with good hearted "Social Service" is the greatest ill that can be done to Co-operation".

G. DE' SOUZA.

Editorial Notes

MORE MILK CAMPAIGN

This year, again, the Tamil New Year's Day (13-4-1956) was celebrated as 'More Milk Day' throughout the Madras State with great enthusiasm. The idea behind the campaign was to create 'Milk consciousness' among the people and to give an impetus to scientific cattle-breeding and the dairy industry.

In the City of Madras, a big public meeting was held by the Madras Co-operative Milk Supply Union at the Rajaji Hall, Mount Road, Madras. The Hon'ble Sri M. Bhakthavatsalam, Minister for Agriculture and Industries presided over the meeting. The Madras Co-operative Milk Supply Union distributed free milk to about 20,000 children in different parts of the City.

His Excellency Shri Sri Prakasa, Governor of Madras in a message underlined the importance of milk as the most perfect diet and urged that steps should be taken to put an end to adulteration. He also said, "We in India, despite our cult of worshipping the cow, are most negligent of their welfare."

Sri A. B. Shetty, Minister for Health and Co-operation dwelt at length on the need for stepping up of milk production, lowering the price and increasing the per capita consumption of milk. He stressed the importance of developing dairy industry on a Co-operative basis and explained the several schemes incorporated in the Second Five Year Plan. He referred to the Cattle Colonization Scheme for the Madras City, which may cost Rs. 180 lakhs.

Sri M. Bhakthavatsalam, Minister for Agriculture and Industries appealed to religious institutions with rich endowments to work out schemes of free milk distribution to children. He stressed the nutritive value of 'toned milk', for the production of which a plant would be installed during the Second Plan Period.

Sri A. Palaniappa Mudaliar, Registrar referred to the low milk yield of the Indian Cattle and also to the low per capita consumption of milk in India. He revealed that according to a statistical survey, only persons with a monthly income of Rs. 100 and above consume two ollocks of milk per head per day and such persons constitute only 7 per cent of the population of the Madras City. Sri D. Pattabhiram, Director of Animal Husbandry said that cattle-breeding could be easily promoted in the villages on scientific lines.

With such encouragement both from the Government and the public, we do hope that co-operative dairying will have bright future, conferring its benefits both to the dairy farmer in the villages and the milk consumer in the towns.

COMMITTEE ON CO-OPERATION CONCLUDES ITS TASK

The Committee on Co-operation, which was appointed by the Government of Madras to enquire into the working of the Co-operative Movement in the State and to make recommendations regarding its consolidation, development and reform in February last under the Chairmanship of Sri T. M. Narayanaswami Pillai, had concluded its labours and signed its Report on 12th April 1956 at Chidambaram, under the divine aegis of Lord Nataraja and Lord Govindaraja.

The Committee have laboured hard for more than 14 months and have produced a 700 page type written report, with over 300 recommendations. Sri A. B. Shetty, Minister for Health and Co-operation had released to the Press a short summary of about a dozen recommendations of the Committee.

In the absence of the full report, we are not in a position to record our comments exhaustively. But from what appears from the summary, we feel that the Committee have given careful thought to the recommendations of the Committee of Direction, All India Rural Credit Survey and have in general accepted the principle of State partnership; besides, they have recommended the constitution of a State Co-operative Development Board and have suggested that the National Co-operative Development Board might allot the share of funds for this State on the basis of population and leave the responsibility of administering the funds to the State Board. This is a realistic step and may tend to develop the Co-operative autonomy, besides giving a sense of direction to the Co-operative Movement as a whole.

The Committee have been forthright in curbing the 'propensity to over-borrow' that prevails among the employees societies. Similarly, for the first time, an attempt has been made to constitute a High Power Committee to look into staff conditions of the chief officers of the Central Banks; the proposal is intended to secure the advantage of provincialisation of services, without impairing the autonomy of the Central Banks. In line with the All India Rural Credit Survey Report, the Committee have endorsed the view that the State Government may withdraw from the field of normal financing (both short-term and long-term) except in times of distress. Co-operation for the not-so-strong has also received the attention of the Committee, for example issuance of loans to landless labourers with proper safeguards, supply of looms to the loomless weavers at 50 per cent subsidy 50 per cent loan basis from the Cess Fund, Government guarantee for the loans issued by Central Banks to the Cottage Industry Societies, provision of technical, financial and administrative assistance to labour contract societies etc. fall under this category.

It is redeeming to find that the Committee have abundantly realised the importance of study circles in improving the qualitative value of the Co-operative Movement. In order to improve the efficiency of Audit, the Committee have recommended the separation of Audit from Administration, but kept it under the over-all control of the Registrar.

All in all, the Committee's recommendations are informed by a sense of realism, poise and balance. We hope the Government would take steps to publish the Report as early as possible and also expedite the implementation of the recommendations, so that Co-operation may not just remain as a system but may go forward as a Movement.

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. 17,784 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 First week of May, 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.

The Role of Milk Co-operatives in the Second Five Year Plan

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

1. Introduction:—Dairying is one of the widely practised subsidiary occupation of the agriculturists in this country. Although we have 186 million heads of cattle—a quarter of the total bovine population of the world—our 'PER CAPITA' consumption of milk is the lowest. It is much below even the minimum 'PER CAPITA' requirements. Owing to this deficiency, large quantities of dairy products are being imported into this country from abroad at a very heavy cost.

With our fast increasing population on the one hand and the deterioration of cattle on the other, our country's progress towards economic development is bound to be hampered if adequate attention is not paid to this activity.

Madras State has the fifth largest bovine population amongst all States in India. Despite this the PER CAPITA consumption of milk is phenominally low when compared to other states. The need for intensive planning in this State is therefore most important and necessary.

Since 95 per cent of the milch cattle live in villages and are owned by the ryots, any plan to tackle the problem set out above, should aim at improving the economic standards of the 'cultivator cum milk producer,' through the improvement of his milch animal. Since the resources of the villager are very limited, practically little can be achieved through his individual effort especially on the dairy side which calls for longer investments and greater risks than agricultural activities. The most successful co-ordinated effort in this direction would be the co-operative way of tackling the situation.

Schemes implemented by the Madras State

The fact has been recognised by our Government and in 1946 a Dairy Development Officer was appointed to attend to planning, conducting surveys for obtaining data on which dairy development projects might be based; formulation of schemes to increase milk production; set up organisations for the production, collection, transport and distribution of milk and milk products; and carry out field investigations in improved and profitable methods of preventing wastages; and execution of approved schemes for the development of the dairy work through advisory services, propaganda and publicity.

The Government sanctioned in 1948 a three-year plan for the purpose of organising fresh milk supply societies in areas which were not covered by them: strengthening and supervising the milk supply co operatives; and providing technical advice and the employment, in three instalments spread over three years, of a staff of 25 Dairy Assistants, 26 Senior Inspectors and 27 Junior Inspectors for the implementation of the scheme.

Progress Achieved

When the plan was started, there were 335 Milk Supply societies and 26 Unions in the composite Madras State with a total production amounting to 21,739 M.M. per day. At the end of three years, there were 486 societies and 37 Unions with a total daily production of 29,433 M.Ms. Government after reviewing the position were pleased to extend the period of the plan by another three years from 15-10-1951.

By the end of September 1953, (i.e.) after a period of 5 years from the inception of Dairy Development scheme, there were in all 41 unions and 725 societies in the composite Madras State as against 15 Unions and 88 societies about 13 years ago i.e. as on 30-6-40. After the separation of the Andhra State there were 20 Unions and 329 societies in Residuary State with a total production of about 37,000 M.Ms. per day.

At the time of drawing up of the Second Five Year Plan there were 19 Milk Supply Unions and 540 Milk Supply Societies inclusive of those affiliated to the Unions handling 40,000 M.Ms. of Milk a day.

Second Five Year Plan

The progress achieved so far by developing milk supply to urban areas has been very encouraging. Under the Second Five Year Plan it has been proposed to step up this rate of progress and consolidate the achievements realised so far. For this purpose schemes have been drawn up under the following heads:

(i) Development of urban milk supply.

(ii) Installation of pasteurisation plants in the larger co-operative Unions.

(iii) Improvements in the hygienic handling of milk by the Madras Co-operative Milk Supply Union.

(iv) Establishment of salvage farms for dry cattle and

(v) Establishment of cattle breeding Co-operative Societies.

I. Development of Urban Milk Supply:

The scheme drawn up for inclusion under the Second Five Year Plan aims at increasing the production of milk by the Milk Supply Co-operatives by 10 per cent each year over the present production, so that by the end of the plan period the production will be raised from 40,000 M.Ms. a day to 60,000 M.Ms. a day. To achieve this object it has been proposed to organise 150 new societies during the plan period on a phased basis. These societies will cover the milk pockets in and around the Urban areas and enable the existing unions to pool and market more milk.

With a view to enable the Milk societies to augment their production, it is proposed to provide a larger amount of Government loans for the purchase of milch animals by members the amount of such loans being Rs. 12 lakhs in the last year as against Rs. 8 lakhs now. These loans will increase the quality and number of the milch cattle and also help scientific collection and pooling of milk produced in the villages. To implement the scheme additional staff both supervisory and technical has been provided for. There are at present 549 Milk supply societies and 19 milk supply unions, with the daily average production of 40,150 M. Ms. per day.

Quality Control

Side by side with increased production, enforcement of quality is essential. This important factor has not been lost sight of. Provision has been made in the scheme for subsidising the Central Milk testing laboratory at Madras under the Control of the Dairy Officer, Madras State towards the cost of maintenance of equipment.

II. Installation of Pasteurisation Plants by the larger Co-operative Milk Supply Unions:

In order to preserve milk for longer periods and to increase its keeping quality, pasteurisation is essential. The installation of pasteurisation plants will help co-operative milk supply unions in the State to dispose of profitably the surplus milk available with them. This eould also enable the village producer to adjust the milking time more conveniently to the needs of supply. Out of the

19 milk supply unions in the State, the Madras Co-operative Milk Supply Union alone is equipped with a pastueriser. This union has purchased lands in Kodambakkam to set up another factory. With these steps the Union could easily double its present production. It is proposed to equip 9 of the other larger unions with pasteurisation plants during the plan period with suitable financial assistance from the Government.

III. Improvements in the hygienic handling of Milk by the Madras Co-operative Milk Supply Union :

The Madras Co-operative Milk Supply Union has been the pioneer in the field of urban milk supply in the State and the lead given by it has attracted the attention of Co-operatives all over India, and many are striving to emulate its example. The Union is at present handling about 30,000 lbs. of fluid milk which is no small achievement. The Expert Committee constituted under the Chairmanship of Dr. Lakshmanaswami Mudaliar, made certain recommendations to improve the hygiene of milk handling by the Union. The following steps are proposed to be taken to implement the various recommendations of the Expert Committee at a total cost of Rs. 5 lakhs :

(i) Seventy five feeder societies of the Madras Milk Supply Union will have hygienic cattle sheds at a cost of Rs. 4,000 each for common milking.

(ii) The vans that now attend to collection and distribution of milk will be got insulated and refrigerated.

(iii) A can washing and sterilization machine will be installed to reduce, if not totally eliminate, the bacterial flora that remains behind in the churns at present, despite the best supervision and cleaning by manual labour. This measure will reduce considerably instances of abnormal souring of milk.

(iv) Distribution of milk in bottles is to be introduced and a combined bottle washing and filling machine is to be installed. The distribution of bottled milk is an accepted mode of milk marketing in urban areas of advanced countries. This has been a long felt need in Madras City.

(v) To provide milk at odd hours, it is proposed to open 10 depots in crowded residential localities. These depots will be provided with a "drop-in" milk cooler each.

IV. Establishment of Salvage Farms for Dry Cattle :

One of the most vexed problems connected with urban milk supply is the proper maintenance of milch animals during their dry period. The performance of an animal during the subsequent lactation is dependent upon its proper maintenance during the dry period that precedes it. Production cost can also be lowered considerably by minimising the dry period and thereby the cost of maintenance during this period. In the economy of the cattle keeper, the code which guides his conduct is the immediate economic benefit that he can secure through his industry. His concern is to secure funds and for this purpose he is bent upon disposing of his dry cattle for whatever price he can obtain. The cost of dry stock is often abnormally low due to the distress selling of cattle keepers. Further, these dry animals are neglected and considerable losses occur on account of disease and mortality.

Adequate facilities for the salvage of dry cattle are therefore absolutely necessary for preserving and improving the cattle wealth. There are at present only 3 salvage farms for dry cattle. It is proposed to establish 5 more during the plan period, one in each of the following districts of South Kanara, Ramanathapuram, Tirunelveli, Tiruchirapalli, and Coimbatore. According to the scheme each farm will require a capital cost of Rs. 40,000 and an annual recurring expenditure of Rs. 5,900. The total cost of the scheme is Rs. 2.88 lakhs.

V. Establishment of Cattle breeding Co-operative Societies :

The existing 14 societies of this kind produce about 25,000 improved calves annually. The progess made in this direction of impoving the strain of cattle has not yet had any appreciable effect on the cattle stock of this State.

Under the Second Five Year Plan, it is proposed to establish 12 more cattle breeding societies in the State at a cost of Rs. 1,02,500. These societies are expected to produce annually 15,000 improved calves. Each society will be provided with three pedigree bulls and the cost of supervisory staff and first aid medicines.

The above scheme included in the Second Five Year Plan, if implemented would be an eloquent answer to the problems facing the Dairy Industry in our State. Common endeavour through the Co-operative method is called for in greater and greater measure to achieve substantial and lasting results. The plan aims at revitalising the Co-operative means for remedying the various draw backs in the dairy industry. The plan would tackle at once the problem of breeding to evolve a right type of animal to bring about an increased earning capacity of the cattlemen and also provide the much needed economic aid by way of loans and grants not only to acquire the right type of animal but also maintain it over several lactations. While on the one hand, the milk co-operatives in the plan period would rehabilitate the Dairy Industry to the advantage of the producer, the interests of the consumer are not lost sight of. Steps in a larger measure will be taken to ensure that the milk put on the market is free from any form adulteration or contamination. Supply of milk in bottles will be a very effective way of doing this at the distribution end and this will be taken up. The plan will therefore bring about a healthy reformation of the production and distribution aspects of the industry and thus achieve the principal object of a Welfare State.

Co-operative House Construction Societies in Madras State—

RIGHT OF MEMBER TO INSPECT SUCH OF THE SOCIETY'S DOCUMENTS AS ARE REASONABLY NECESSARY FOR THE PROTECTION OF HIS PERSONAL INTEREST.

SRI K. C. GOPALAN, M.L.

(Retd. Dist. Judge)

The principle that whatever is not permitted (expressly or by necessary implication) to a Statutory Corporation (like a Co-operative House Construction Society registered under the Madras Co-operative Societies Act) is forbidden to it,—this principle applies only to the declared objects of the Corporation and to the financial powers for attaining those objects. But here, nothing in the Madras Co-operative Societies Act,—nothing in S. 19 (copy of Act, rules, and by-laws to be open to inspection), or S. 26 (Register of members), or S. 27 (Proof of entries in Society's books),—nothing negatives (expressly or by necessary implication) the member's right, under the general law, to inspect such of the Society's documents as are reasonably necessary for the protection of his personal interest: (38 Chancery Division 92 at 106 per Lindley L. J.; I. L. R. 32 Bombay 466 Privy Council at 469,477).

2. And, in general, the right to inspect carries with it the right to take copies or extracts free of charge, and the right to obtain certified copies or extracts on payment of reasonable charges: (38 Chancery Division 92 at 105; (1897) 1 Chancery 130 at 132, 133, 134; Madras Co-operative Societies Act S. 27 (i), and Governmental Rule VI)

3. Furthermore the said right can, in general, be exercised by an agent acting on behalf of one or more members. The judgment of Parker J (later a Law Lord) in (1909) 1 Chancery 561, 565, 566 is notably instructive on this point. He observes.

> "Members are not by reason of their training, any more than I am, really competent to examine the accounts or to obtain proper information from them . . . And to find out whether what a member suspects is true or whether he is mistaken, he must resort to some person of training, who, because of his training, can examine the accounts and draw inferences from them . . .

It is more convenient that one common agent should examine the books than that a number of persons should do so. "

The petitioner in that case (Mr. Norey) was awarded his costs, though the otherside had acted on its Solicitor's advice (page 564.). The judgment of Parker J. in that case has been followed by a Bench of 3 Judges in (1934) King's Bench 333 at 339, 340, 341, where the Court issued a MANDAMUS against an Urban District Council.

4. So then, in respect of Co-operative House Construction Societies in the State, a model bylaw on practically the following lines would satisfy the test prescribed by S. 12 (2) of the Co-operative Societies Act; i.e., it wolud not be contrary to (but be consistent with) the Act and the Governmental Rules thereunder:

Suggested Addition to Model By-law 38

'The proper construction of a member's dwelling house on the terms and conditions determined by the Board of Directors as per bylaw 37 (iii), and its proper valuation in the Society's books as per bylaw 38 (i), are matters of vital interest to the member concerned; and for the protection of his particular interest in this behalf, the Society shall, if he so desires, give him inspection of all documents reasonably necessary for the said purpose and allow him to make copies or extracts during business hours and subject to such reasonable conditions as the Board of Directors may determine; and further, the Society shall, if he so desires, furnish him a certified copy of any such document (or part thereof) on his paying copying charges at such reasonable rates as the Board may determine. The aforesaid right to inspect documents, to make copies or extracts, and to obtain certified copies, may be exercised by the member personally or through (or together with) his agent authorized for the purpose.'

5. The suggested model by-law lags far behind the analogous statutory provisions in the English Industrial and Provident Societies Act (1893) S. 17, the English Trade Unions Act (1871) S. 14 and Schedule I Clause 6, the English Friendly Societies Act (1896) S. 40, the Madras City Municipal Act (1919) Schedule IV

Part 1 rule 1, and the Madras District Municipalities Act (1920) Schedule IV Part 1 rule 2, all of which (statutory provisions) confer a more comprehensive right on the member or the tax-payer.

And under art. 105 of the First Schedule to the Indian Companies Act (1913) (the provisions of which Act "shall not apply to the Societies registered under the Madras Co-operative Societies Act" (please see S. 61), "No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by-law or authorized by the Directors or by the company in general meeting."

Thus, even under the Indian Companies Act, the General Body Meeting can authorize a member (not being a Director) to inspect any account or book or document of the company.

6. Here I may give 2 illustrations of the practical value of the suggested model by-law.

(a) The Pass-book issued by the Madras Co-operative House Construction Society to its members, is divided into 5 Convenient sections: (i) Share Capital, (ii) Hire purchase instalments, (iii) Payments towards personal account, (iv) Payments towards Property Tax, (v) Miscellaneous payments. (I may, in passing, mention that the present Management issues the Pass-books free of charge). The 3rd section, lists 6 items viz., (i) Towards site value over and above the share capital, (ii) Initial deposit, (iii) Well, (iv) Extra sanitary fittings, (v) Fencing or compound wall, (vi) Additional Construction (Nature of Additional Construction to be specified). It so happens that, in respect of the Gandhinagar Colony, the pass-books have not yet specified the nature of the additional constructions made by the Society 5 or 6 years ago; but the members can know and are entitled to know, from the Society's other books, accounts, and documents the materials particulars about the additional constructions. And even where the Pass-book gives some specification of the nature of the additional construction, the concerned member may legitimately seek better and fuller information from the other documentary materials with the society.

(b) Again, to understand the operation of the averaging principle (that, in determining the final cost of house construction, all the advantages and disadvantages have to the shared alike by all members who have taken houses in a given Colony), the members may legitimately seek to know the pre-averaged actual cost as well as the averaged final cost.

7. In fine, the following view-point stressed by Casselman's admirable manual on Co-operative Movement (1952 Ed. pages 2, 57, 98, 152) merits iteration over and over again.

> "The Co-operative Movement is a School initiative, because of its basic principle of self help. It is a training ground for citizenship and democracy. The genuine Co-operative Society has nothing to hide; and it uses education and consequent conviction as its weapons. Because men have too long let others do things for them, and have not been taught or permitted to think or do things for themselves, the world is in its present precarious condition with its dictatorships, totalitarian Governments, and concentration of wealth and power in the hands of the few."

Co-operative Audit—A Discussion

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

Maclagan Committee's Views

The scope and function of Audit has been comprehensively summarised by the classic Maclagan Committee Report as follows:—

"The terms of the Act expressly require that the audit shall include an examination of overdue debts and a valuation of assets and liabilities. By this latter, we understand not merely the preparation of the balance sheets of societies but also a sufficient check, in accordance with such rules as the Registrar may lay down, of the list of the material assets of the members. The audit should, in our opinion, extend somewhat beyond the bare requirements of the Act, and should embrace an enquiry into all the circumstances, which determine the general position of a society. It would, for instance, be the duty of the auditor to notice any instance, in which the Act, rules, or by-laws have been infringed, to verify the cash balance and certify the correctness of the accounts; to ascertain that loans are made fairly, for proper periods and objects, and on adequate security; to examine repayments in order to check book adjustments or improper extensions; and generally to see that the society is working on sound lines and that the committee, the officers and the ordinary members, understand their duties and responsibilities."

"The audit is in fact a State controlled audit," observed the Maclagan Committee; "this view is implied in the clause of the Act, which imposes the duty of making an audit on the Registrar and his nominees. It is through audit alone that an effective control can be exercised over the movement, and it is clear that it was never intended that the audit should be merely an arithmetical one and that the Registrar's activities outside that audit should be confined to the inspections or enquiries mentioned in Sections 35 and 36 of the Act. The auditing staff, from whatever source they may be paid, are in our opinion responsible to the Registrar and must be mainly controlled by him. Their reports are intended for his information......................It seems, therefore to us unobjectionable in principle that audit should be carried out under State-control and we consider that at the present stage this is the only arrangement under which the purposes of the Act can be secured."

The concept of a State controlled audit has been enshrined in Sec. 37 of the 1932 Act, which lays the statutory responsibility for Audit on the Registrar.

"The Registrar shall audit or cause to be audited by some person authorised by him, by general or special order, in writing in this behalf the accounts of every registered society once at least in every year."

Sri V. Ramdoss Pantulu's Opinion

At one time Sri V. Ramdoss Pantulu pleaded for the creation of Central Audit Organisation on a non-official basis. He relied on the strength of Maclagan Committee's as well as the Townsend Committee's recommendations. His views are quoted below :—

"I must say that this position is an indefensible one for the simple reason that Government cannot withdraw from audit. Audit is a statutory duty of the Registrar under the Co operative Societies' Act. It is impossible for Government to withdraw from audit so long as the Act is in force. The auditors appointed by any non-official agency must be men whose selection is previously approved by the Registrar and they have to subsequently function under his control. The Registrar who issued the annual audit certificate is expected to do so after satisfying himself about the quality of the work of these auditors by test audit and other means at his disposal. There is a distinction between CONDUCT and CONTROL of audit and so long as the control is intact, there is no withdrawal. This is precisely the position contemplated by the Maclagan Committee, the Royal Commission on Agriculture and the Central Banking Enquiry Committee. In regard to this Province, the Townsend Committee adopted the same view. Let me quote a few relevant sentences from the report of the Maclagan Committee, which is still the classic on the subject. "When we speak of audit under Government control, we do not intend that the entire staff should be Government servants. On the contrary, we think that the auditing staff may rightly be divided into two sections ; (a) a staff maintained by Government for super audit, and (b) a staff maintained by co-operative institutions for original audit" (para 93). "As above stated, the original audit of primary societies should, in our opinion, be carried out by a staff maintained by co-operative institutions themselves. We deprecate the creation of a new Government Department on a large scale to carry out audit." (Para 94).

The case of non-official audit for central and urban banks stands on even more unassailable footing than that of the rural primaries. In regard to the larger societies like central banks, the Maclagan Committee observes as follows :—" In the case of larger banks, the audit of accounts involves much labour and takes much time and there are sometimes advantages in employing outside agencies, both to improve the system of book-keeping and to satisfy the outside public. (para 162.) The Townsend Committee for identical reasons recommended a central non-official audit organisation for the audit of central and urban banks. They say : "We propose that a central audit organisation be formed to which central and urban banks may affiliate themselves. The auditors employed by the organisation should hold certificates from the Local Government, and be approved by the Registrar. He should take appropriate steps to satisfy himself that the organisation discharges its duties efficiently." (page 79.) This unanimous recommendation of the Committee had the concurrence of the then Registrar. The present Registrar, who has also expressed himself in favour of a non-official central audit organisation says, "On the whole I believe that control of an audit staff by a non-official agency subject to supervision and test audit by Government officers, can be as efficient as the existing system." Indeed the Townsend Committee pronounced that the existing audit staff was as a matter of fact "not generally competent." The numerous cases of embezzlement in societies, which recently came to light when probed into, revealed frauds, which official audit failed to disclose for years."

I therefore feel that the objections to non-official audit are based on either erroneous assumptions or on a distrust of non-official enterprise, not justified even according to official testimony.

(Madras Journal of Co-operation, July 1932.)

But the Government did not accept the suggestion. They ordered, "The Government have, therefore, come to the conclusion that no extension of non-official audit of society should for the present be permitted and that Departmental audit should be the rule." That settled the controversy for the present.

Vijayaraghavachari Committee's Views

But however, the need for reorganising the audit work and separating it from the administrative side has for long been engaging the attention of Co-operators. The Vijayaraghavachari Committee, while recognising the need for continuance of the statutory responsibilities of the Registrar for audit recommended for the separation of Audit from Administration. To tone up the quality of audit and make it independent and free was the major aim of the proposal:

"The importance of the question from the point of view of audit is, whether it is proper that the administrative control of auditors should as hitherto vest in the district co-operative officers. It seems to us that the auditor should be free from official or other local influences, if he is to do his work fearlessly and discharge adequately the responsibility cast on him under the Act. As it is, the district co-operative officer is responsible for both the administration of the movement in the district and the audit of societies. It may, sometimes, happen that an independent auditor may have to disclose the defects or weaknesses in the administration of societies; or again, when a local officer comes to acquire likes and dislikes his prejudices may unconciously influence his auditors. We have come to the conclusion that the entire audit staff of the department should be constituted into a district branch; that there should be a differentiation right through between the administrative branch and the audit branch of the department, except in the person of the Registrar, who will be the head of both the branches."

They also suggested the appointment of Circle Auditors and a Chief Auditor to ensure the efficient working of the auditing system.

Audit Separation – the Idea Gains of Momentum

At a Conference held in September, 1947, a resolution was passed favouring the proposal for separating Audit from Administration.

"This Conference accepts the principle that audit should be separated from administration."

And the Retrenchment and Re-organization Committee (1948) strongly supported the separation of Audit from Administration, but suggested that audit should be taken away from the Co-operative Department altogether and entrusted to the Examiner for Local Fund Accounts. The Registrar then represented that such a separation will do good neither to audit nor to administration. In 1949, the Government accepted the Registrar's proposal to have two separate branches Audit and Administration and ordered him to

submit detailed proposal. As the proposal involved additional cost, the proposal was deferred.

Meanwhile, the Saraiya Committee examined the audit systems all over India and said:—

"Audit is one of the statutory duties of the Registrar and we recommend that it should remain so. We are, however, of the opinion that the Registrar may delegate this function to non-official Federations or Institutes. These Federations or Institutes should maintain a staff of duly qualified auditors as in the Punjab, Bihar and other Provinces for the smaller societies. For the larger societies and Central Bank, the Registrar may assign the audit to auditors placed by him on a panel. The practice of combining the functions of audit and supervision in one person is undesirable, as it is likely to lead to inefficiency. If a person, who supervises the Society also audits its accounts, many defects in its working are likely to remain undetected."

The principle of de-officialising audit has probably for the first time obtained an unmistakable recognition in the Saraiya Committee; and equally effective argument, that gained force was that the combination of supervision with audit leads to inefficiency in both. The latter point was brought out very vividly by the Report of the Supervision Committee, Bombay, 1934.

We are of the opinion that the integrity of the statutory audit is of paramount importance to the Movement and that the combination of Audit and Supervision is likely to detract from its efficiency. The audit done by an officer also resposible for the good management of the society is not likely to be so thorough and searching as it ought to be."

Very recently, the All India Rural Credit Survey in its report has once again reiterated the need for separating Audit from the Registrar, though it has emphasised the principle that audit should be Goverenment audit. Some of the salient recommendations of the All India Rural Credit Survey are:—

(i) Audit (along with office inspection of Co-operative Organisations) should continue to be in the hands of the Government.

(ii) Where there is a Development Commissioner, the Chief Auditor of the Co-operative Department should be responsible to him and not to the Registrar.

SUMMARY : The above discussion reveals certain broad trends. The statutory power of the Registrar regarding Audit has been most universally accepted Similarly, the need and desirability for carrying out super-audit is also generally recognised. But in the matter of the agency to be employed for carrying out Audit, opinions differ. The responsibility of the Movement itself regarding original audit in primary societies, in big credit and non-credit societies has also been accepted by the Maclagan and Townsend Committees. But the main issue of entrusting audit to a non-official competent Central Audit Organisation has not been unequivocally decided. Again, there is a new trend. There is now a growing volume of opinion that the audit and administration branches should be separated, but kept under the common control of the Registrar. Even there, there is one school of thought, that asserts that audit should not only be separated from Administration, but should be separated from the Registrar himself and placed under the control of an independent high authority like Development Commissioner, Examiner of Local Fund Accounts, Auditor General etc.

Conclusion I

As a short term policy, " Audit may be separated from the Administrative Section and placed under the control of an I.A.A.S. Officer, who shall work under the Registrar of Co operative Societies."

A Central Audit Organisation the Long Term Objective

The necessity of a Central Auditing Organisation, built as a pyramid with the District Organisations at the base is no novel suggestion. The seed was thrown by the Maclagan Committee: it was given shape to by the Townsend Committee. The Central Banking Enquiry Committee not only developed the idea further, but also worked out a detailed scheme giving it every practical embellishment as possible. " After a full consideration of these points, and of the efficiency of the auditing system in European Countries like Germany and Austria, we recommend that for the due discharge of the statutory functions of audit, special District Unions should be formed to carry out audit, supervision and inspection of the Societies." We have for the present restricted ourselves to the function of Audit. In Punjab, Bihar and Orissa, the Provincial Federation employs all the staff, which work under Government control. In Pakisthan, the Co-operation Union of the West Punjab has expressed itself as being very much satisfied with

Chief Minister laying the foundation stone for the Housing Colony of Ammapet Weavers' Co-operative Society, Salem.

Chief Minister declaring open the Rest House building of the Salem District Co operative Central Bank, Salem.

the system of audit, which it has launched. Already the auditing of the accounts of Primary Co-operative Societies has been entrusted to Federations in Ceylon, assisted and supplemented by a Super-Audit wing of the Co-operative Department. These are the present day trends and we have to recognise them and fashion our institutions in a manner best suited to Co-operative spirit of the people and the needs of an effiicient auditing system.

Conclusion II

" As a long-term policy, it is desirable that a net work of competent non-official District Audit Unions, under the federal control of the State Co-operative Audit Union is promoted, organised and strengthened. The Registrar may inspect and exercise salutary control over the new audit set up. He may prescribe the technical qualifications necessary for the auditing staff to be employed by the proposed State and District Audit Organisation. The Movement itself may contribute a certain percentage of the net profits or a certain percentage of the working capital towards the finances of the organisation; The Government should in initial stages make liberal grants. It will always be open to the Registrar to super audit the societies, and otherwise give directions to ensure the efficiency of audit and the exercise the statutory control as per section 34 of the Act. "

Efficiency Audit

There is one more aspect to which we would like to make a reference. In the advanced Co-operative Movement of the U. K. and Sweden, the C. W. S. of the respective Movements themselves organise and conduct an efficient auditing service to the member societies at reasonably cheap costs. The auditing service is not merely a tool to assess the financial strength and solvency of the Local Societies; it is more or less an Efficiency Audit, which throws light both on the business and Co-operative efficiency of the Societies.

In the inimitable words of Sydney and Beatrice Webb* " the most elementary of these tests and checks is that of regular periodical audit by independent experts. So far as the mere financial audit is concerned this has, we think, been adopted and applied with most gratifying results, with greater universality meticulous detail, and publicity in the Co-operative Movement than in any other part of the social organisation, both public or private,

*Consumers Co-operative Movement: Sydney and Beatrice Webb. pp. 330.

of this or any other country. It would, we suggest, be an advantage if this audit of the cash accounts were supplemented by an equally, rigorous "EFFICIENCY AUDIT" of particular branches or departments, and even of whole societies in which could be employed all the new devices of quantitative measurement and "Costing" and of comparative statistics of output, and of the ratio of every kind of expense. Here again, it is the Co-operative Movement, that is called upon to lead the way to a development of administrative devices productive of increased efficiency and economy, which State and Municipal Enterprise and even profit-making capitalism itself, will eventually be driven to adopt."

The advantages of an 'Efficiency Audit' are many. Especially so, when the Movement grows with great many ramifications. The more rapid the growth and the more succesful the enterprise, the more advantageous would be the indications offorded by comparative measurement and publicity. In the Swedish Auditing system, there are two classes of officers, who perform the audit. One is the Local Auditor, who is also elected by the societies and who is made responsible to the examination of books and the routine, mechanical audit. The District Auditor, who is in the employ of K. F. Audit Department is entrusted with the more onerous responsibility of not only making a legal audit of the Society, but also examining the management of the society from a professional and Co operative view point. Further, the value of the auditing systems is enhanced by the adoption of efficiency Audit techniques. The auditing system is strengthened by an economic report system.

"In order to maintain the necessary contact between the societies and the auditors, a system of reports has been introduced. At the end of each month it is the duty of every manager to prepare a balance extract from the various accounts in the ledger, and a special statistical report regarding the work of the society from the beginning of the financial year and to the end of the month. This monthly report must contain information regarding turnover, stock value, and cost developments both in respect of individual shops and the society as a whole. The report must also contain a specification of major cost items such as wages, rent, taxes, etc. Further the report must include a special summary result estimate for the period in question. This result estimate is based on the accounts of the society together with the stock value submitted by the stock checkers and included in the statistical report. Information should

further be given regarding solvency, outstanding claims and average working costs, etc.*

"For each Society, the Audit Department maintains a statistics card on which are annually entered all figures of major importance extracted from the annual reports of the District Auditors. This card thus registers turnover figures, the distribution of assets and liabilities (for instance, premises, stocks, liquid assets share, reserves, loans etc. together with surplus) wages, expenses, membership, members' occupations, type of statutes, size of dividend etc."†

Here is a new line of development in the auditing system which bids fair to make it all the more efficient. It seems to be full of revolutionary possibilities. In these days, when the business enterprise gets more and more complicate by the very size, volume and variety of transactions a well-integrated and efficient system of control of accounts is an indispensable one to make economic democracy alive.

The Webbs were almost prophetic, when they said:‡ "the deliberate intensification of the search light of published knowledge, we regard as the corner stone of successful democracy, not less in the Co-operative Movement than in State and Municipal Government."

Conclusion III

We, therefore, recommend that an Efficiency Audit technique be evolved and worked out with utmost expedition, both as a measure of increasing the efficiency of audit and as a measure of strengthening the control account system.

Follow up Work

There is another aspect of Audit, which if not properly and systematically organised and worked will render any system of audit, however, efficient almost valueless and even wasteful. We refer to the continued neglect of the rectification of the defects pointed out. As at present, several defects are made out in the audit reports and no effective followup work is done by the existing Supervision and Inspection machinery. The All-India Rural Credit Survey Report has indicated this weakness. "Rectification of defects revealed by audit is seldom satisfactorily ensured. The audit

*"The Auditing System of the Swedish Co-operative Movement"—M.J.C., February 55 pp. 397.

†Ibid, pp. 402.

‡Ibid pp 370.

section should arrange to verify periodically that the defects pointed out are being prompty rectified." In Madras, a fairly good defcet rectification system has been evolved. Before an Auditor takes up audit, he must scrutinize the defects pointed out in the earlier report and make sure that the defects are rectified. Similarly at the end of Audit, he prepares a summary of defects in two Parts A and B. The Deputy Registrar is expected to expedite rectification through the supervision machinery of the Central Bank and the Department. There is considerable time lag and much harm may be done in the meantime. This calls for a prompt, alert and agile supervision machinery, which will act like a Fire Brigade and arrest wrong practices and rectify defects, which brings a society to either disrepute or disaster.

Conclusion IV

A systematic follow-up work both to rectify audit defects and to reorganise societies must be taken up vigorously.

The Nilgiris Co-operative Central Bank, Ltd., Ootacamund.

WORKING OF THE BANK DURING THE FIRST FULL CO-OPERATIVE YEAR AND OPENING OF THE NEW PREMISES OF THE BANK.

SRI K. NANJUNDIAH, B.A., B. COM., B.L.,
Vice-President.

Sri A. Palaniappa Mudaliar, M. A., Registrar of Co-operative Societies, Madras declared open the new premises of the Nilgiris Co-operative Central Bank, Ltd., Ootacamund on 6-12-'55. On this occasion the Registrar paid tributes to the Directors of the Central Bank and the Co-operatives and the people of the Nilgiris for their earnest drive and loyalty with regard to the development of Co-operation in the Hills. The Registrar said that only due to the efforts of the earnest Co-operators in the Nilgiris District a separate Co-operative Central Bank came into being. He also referred that the Nilgiris Co-operative Central Bank is one among the four good working Central Banks which made a clean sheet of their over-dues both under principal and interest during 1954-55 and he also made particular mention on the good all round work done even from its start. He appreciated its development in respect of collections of deposits and share capital and the improved loan transactions.

While disclosing the development of Co operation in Madras State, the Registrar said that much striking results have been achieved in the Madras State due to the reason that a large number of Non-officials, throughout the state, played very good role in the development of the movement. However, he said, that Co-operation has not provided considerable and all credit facilities to the people, especially to rural mass even though the movement existed for more than fifty years. He revealed that it covered only three percent of the rural indebtedness in India and the balance is met by the private agencies. The Registrar emphasised that people should not rest content with what they have now and that every effort must be taken to extend the benefits of the movement to reach every village and ryot and covered almost every walk of life of the people of villages.

The Registrar referred to the Second Five Year Plan and its relation to Co-operation. He revealed that concrete and substantive work has been entrusted to Co-operation and he stressed that these things must be undertaken by every Co-operator and Co-operatives with a view to bringing atleast 50 per cent of the people to the Co-operative fold and credit. He expressed that for this purpose our Government have launched a pilot scheme for the implementation of the suggestions made by the Committee on Rural Credit Survey.

Immediately after the opening ceremony, the second annual General Meeting of the Bank for considering the Report of the Directors during its first full Co-operative Year was held. The Registrar also participated in that meeting. The General Body adopted and approved the Audit Certificate of the Bank for the year 1954–55 as issued by the Registrar as also the Administration report of the Bank.

Working of the Bank during the first full Co-operative Year

Consequent on the bifurcation of the former Coimbatore-Nilgiris Co-operative Cental Bank, the Nilgiris Co-operative Central Bank was registered on 12–5–54 and started on 14–5–54 with the whole of the Nilgiris District as its area of operations; thanks to the President and Co-operators of the Coimbatare District Co-operative Central Bank for their generous and mutual help. This new Bank has been able to stabilise itself and develop its transactions during the year.

On 30-6–'55 the Bank had 247 members on its rolls with a paid up share capital of Rs 4,60,400 the target being Rs. 5 lakhs. The Bank has proposed to enhance its authorised capital from Rs. 5 lakhs to Rs. 10 lakhs for the purpose of developing the transactions during the Second Five Year Plan period. There has been good increase in the number of societies and in the admission of members in the societies.

The Bank has built up deposits to the extent of Rs. 18 lakhs and statutory and other Reserves to the extent of Rs. 2.40 lakhs, while its investments outside its business amounted to Rs. 8.99 lakhs. Its borrowing from Madras State Co-operative Bank was Rs. 10 lakhs.

The Bank is having cash credit accommodation for Rs. 60,000 from the Madras State Co-operative Bank Ltd., Madras and an overdraft in the State Bank of India, Ootacamund for Rs. 80,000.

The credit limit sanctioned by the Reserve Bank of India for 55–56 is Rs. 10 lakhs. The entire accommodation has been utilised.

The loan transations during 54-55 with the affiliated societies and others are detailed below.

	As on 30-6-54.	During the year. Disbursed	During the year. Collected	Outstanding as on 30-6-55
	Rs.	Rs.	Rs.	Rs.
Loans to societies and individuals	24,78,026	37,90,962	34,66,910	28,02,078

During the year 1954-55 the total demand against loan transactions under principal and interest against the affiliated societies, including the arrears of Rs. 30,557 (principal alone) from 3 societies as on 1-7-54, amounted to Rs. 25,91,895 and Rs. 1,12,799-6-0 respectively. These demands were entirely collected by the Bank before 25-6-55.

The Bank is advancing two kinds of advances to stores societies viz. (1) Cash Credit on the security of floating assets and (2) short term loans secured by stocks. The total of such advances made during this year was Rs. 3 lakhs.

The lending limits for the year 55-56 were fixed at the rate of 10:4:1 for Short term, Medium term, Long term loans.

The scheme of controlled credit is in operation in this district and 55 societies were working at the end of the year as against 36 societies at the beginning. A sum of Rs. 19,08,409 was disbursed during year for cultivating of potato crop by the members of these societies. The Nilgiris Co-operative Marketing Society supplied 37,528 bags of manure valued at Rs. 11,28,107 to these societies for cultivation at the cheaper price of Rs. 29-8-0 per bag of 200 lbs. as against Rs. 40 sold by the private dealers.

At the end of the year there was one rural bank at Aravenu started in May' 55 and the Central Bank has subsequently sanctioned a cash credit accommodation of Rs. 15,000 and a medium term loan of Rs. 60,000. Another rural bank at Kunda has been recently started.

There are four hill tribe societies (majority of whose members are Kothas). During 1954-55 the Bank issued loans of Rs. 20,500 and collected Rs. 12,083 leaving a balance of Rs. 19,432 at the end of the year.

Until the formation of the new Bank, there were no village credit societies in Gudalur Taluk. The new Bank with the help of the Departmental Officers examined the possibilities of starting new societies at Gudalur where the lands were under "Genmi" system. As an experimental measure three societies were started and put to work and the Bank advanced Rs. 16,150 during the year. Subsequently another society has also been started on its work.

As per by-law No. 13 of the Bank the first set of Directors have been nominated by the Registrar of Co-operative Societies, Madras, whose names are given below.

1.	Sri T. B. Lingam,	... President
2.	,, K. Nanjundiah, B. A., B. Com., B.L.	... Vice President
3.	,, B. K. Bella Gowder,	... Director
4.	,, H. B. Chevenna Gowder	... ,,
5	,, V. L. Govindaraja Mudaliar	... ,,
6.	,, J. Milton	... ,,
7.	,, N. Bella Gowder	... ,,
8.	,, B. Hala Gowder	... ,,
9.	,, M. K. Nanja Gowder	... ,,
10.	,, A. Salai Gowder	... ,,
11.	,, C. Govindan, B. A.	... ,,

(The first five are the members of the Executive Committee.

As per by-laws, during the first 3 years the paid Secretary of the Bank shall be an officer of the Co-operative Department deputed by the Registrar. The Government sanctioned the post of a Deputy Registrar free of cost for one year as the Secretay of the Bank from 14-5-54. The Government was pleased to sanction the continuance of the said post for further period of one year from 14-5-55, at 50 per cent of the cost to be borne by the Bank. The Bank is grateful to the Government and the Registrar for giving the service of a Deputy Registrar to work as Secretary of the Bank under whose services the Bank was able to achieve this progress.

The Central Bank earned a net profit of Rs. 34,308 in the year 1954-55. It has decided to pay a dividend of 5 per cent for the year 54-55.

The Bank has been placed under "A" class by the Registrar.

Prizes were awarded to 3 best working societies and two supervisors.

A Report of the Opening of the New Buildings of the Coimbatore Co-operative House Mortgage Bank Ltd.

A plea for the starting of a Central Co-operative House Mortgage Bank for the Madras State, on the lines of the Co-operative Central Land Mortgage Bank, was made by Sri M. S. Palaniappa Mudaliar, B A., President of the Coimbatore Co-operative House Mortgage Bank on the occasion of the opening of the Bank's New Building and unveiling of the portrait of Sri M. S. Palaniappa Mudaliar by Sri C. Subramaniam, Finance Minister, Government of Madras, and the opening of the "Palaniappa Hall" of the Bank and unveiling of the portrait of the Bank's Vice-President Sri N. V. Krishnaswami Iyer, B.A., B.L., by Sri M. Bakthavatsalam, Minister for Agriculture on the morning and afternoon respectively on 15th April 1956 at Coimbatore. There was a large and distinguished gathering including Sri C. S. Rathnasabapathi Mudaliar, Sri S. R. P. Ponnuswami Chettiar, M.L.C., Dr. T. V. Sivanandam, M L.C. and Sri A. Ramalingam Chettiar (Chairman, Municipal Council, Coimbatore). Sri K. V. Narayanaswami Iyer, B.A., B.L., and Sri S. R. P. Ponnuswami Chettiar directors of the Bank praised the work of the Bank's President and Vice-President for the cause of its improvement.

Sri M. S. Palaniappa Mudaliar in the course of his welcome speech on the occasion, *inter alia*, said :—

With the steady growth of our population the need for more and more houses is becoming important. In the matter of construction of houses the Co-operative Housing Societies are no doubt playing a notable part in our State.

The Coimbatore Co-operative House Mortgage Bank is the first of its kind started in this State in the year 1919. The bank lends money on the mortgage of houses within the Coimbatore Municipal limits and one mile around. It differs from the Co-operative Building Society in this respect. Whereas the building society or House Construction society finances for the construction of new houses only, the House Mortgage Bank gives loans also on the mortgage of houses already constructed, for the purpose of clearing prior debts, making of improvements and additions to houses, repairs etc., on the mortgage of house properties. With the increase in the number of members in the families, many people want to effect additions and improvements to their existing dwelling houses and the demand for House Mortgage loans on this score is now-a days becoming more and more great in urban areas.

The Coimbatore Co-operative House Mortgage Bank has been able to obtain its funds needed for the transactions mainly from deposits for long periods ranging from 5 to 10 years from the public at a rate of 4 to 5½ per cent. This is mainly due to the reputation of the Bank which has had the good fortune of having a generation of able leaders as Sri T. S. Balakrishna Iyer, Sri T. A. Ramalingam Chettiar and Sri K. Raghavendra Rao as its successive Presidents.

Apart from deposits, the Coimbatore Co-operative House Mortgage Bank has been hitherto getting loan accommodation from the South India Co operative Insurance Society from time to time at 4½ per cent interest. But since nationalisation of life insurance business in our country, the House Mortgage Banks may not be getting this accommodation from the Insurance companies hereafter. They have therefore to think of some other alternative source for providing the finance.

In the matter of advancing loans great care is taken by the Directors. The value of the houses, as assessed by the Inspection Committee members among the Directors, is fixed only at 80 per cent of the market value. Only 50 per cent of this assessed value is given as loan. The legal adviser's opinion about the title to the property is never questioned. Loans are advanced to members only with sufficient repaying capacity, which is the net income after allowing for all expenses of a family.

I am tempted to suggest that the Madras Central Land Mortgage Bank may take up the financing of House Mortgage Banks also for some time as a separate branch of its activity just as it has been financing the Primary Land Mortgage Banks in the State. But there may be difficulties in the Land Mortgage Bank undertaking this kind of activity apart from this being against Co-operative principles. I only mentioned this so that our leaders may give serious thought over this matter.

The proper way to secure funds for the House Mortgage Banks seems to be the setting up of a State House Mortgage Bank exclusively for this purpose. This Bank may float debentures just as the Central Land Mortgage Bank has been doing and thus raise the funds needed by the Co-operative Housing societies. Government may have to stand guarantee for these debentures. The Central House Mortgage Bank should get all the funds which government earmarks every year for the financing of Housing Co-operatives by issuing debentures at 4½ per cent or a near rate. The amount of debentures realised must be lent out by the State Bank to House Mortgage Banks at 5½ per cent thus keeping a margin of 1 per cent for its expenses. The primary House Mortgage Banks must lend at 6¾ per cent or 7 per cent to its members. 7 per cent is not a high rate for borrowers in urban areas as the money market rules at present. The availability of funds can be utilised to start the primaries in urban areas wherever the public want them.

Whereas the primary Land Mortgage Banks get their entire finance from State Land Mortgage Bank alone, the primary House Mortgage Banks will get only part of their finance from the State House Mortgage Bank and the main source will be deposits received from the public at rates of interest below that of debenture rate as it can be expected that urban population will surely prefer investment in such deposits because of the high yield though the period of deposits may be over 5 years.

In conclusion Sri M. S. Palaniappa Mudaliar thanked Sri C. Subramaniam and Sri M. Bakthavatsalam for their participation in the function of the day. Sri M. S. Jagannatha Iyengar proposed a vote of thanks.

CO-OPERATION WITHOUT ROOTS.

Indeed, it might not be wholly impermissible to detect a certain degree of truth in a description we have come across of Co-operation in this Country as a plant held in position with both hands by Government since its roots refuse to enter the social. More than the roots of Co-operation it is the tentacles of private economy that have acquired grip in rural India.

—All India Rural Credit Survey

Life Insurance Nationalization Bill

A REPORT OF Sri P. S. RAJAGOPAL NAIDU, M.P's. SPEECH*

Mr. Vice-Chairman, Sir,

I am for nationalisation of not only the life insurance business, but also the general insurance business. But I am not in favour of the insurance business that is done by the State Governments and also the insurance business that is done by the Co-operatives also being nationalised. And I shall adduce my reasons towards the end of my speech with regard to that.

Sir, Members on both sides of this House have supported the nationalisation of insurance. There is not even one dissenting voice for not nationalising life insurance, though only two eminent Members of our House who had spoken this morning who were against the way in which it has been nationalised, and against the *Modus Operandi* that has been adopted by the Central Government for nationalising insurance.

Sir, all of us know that nationalisation of insurance was in the air for some time. Several Members not only of this House but also of the other House, on several occasions, had spoken for nationalisation of insurance.

It is not that the business people were not aware of this particular business being nationalised at some date or other. I know, Sir, that some insurance people with whom I came in contact were asking me a number of times whether there was any move on the part of the Government for nationalising this business. So, it is not that these particular business people were not prepared for insurance being nationalised. I am glad, sir, that not much time was given to these people for preparing themselves to enter into certain bogus transactions in the matter of securities. Sir, even when not much time was given, we had come across several instances as to how some of the securities had been alienated, and how even a responsible member is now absconding not having accounted for a certain amount of money for which he was responsible.

Now, Sir, coming to nationalisation of co-operatives, I would like to lay my emphatic protest against the Government treating

*(An extract of the speech delivered by Sri P. S. Rajagopal Naidu M.P. on 14th March 1956 at Rajya Sabha).

co-operatives on a par with capitalistic institutions—on a par with the companies managed and run on capitalistic lines. Sir, in a Welfare State socio-economic activities are carried on with an ideal consistent with the target set forth by the Union Government, namely, of a co-operative commonwealth. The co-operatives can justly feel, Sir, that their interests would be safeguarded and zealously protected. Sir, to the great shock of co-operators, they have not only been ignored in this Bill but they have been included in the category of capitalistic insurance companies overlooking the distinguishing features of their working and management. Sir, co operation is no doubt a good business, and co operative concerns have handled small-scale industries and also heavy industries very well. They have done well in those fields. They have never aspired to the profiteering tendencies of the capitalists. Sir, on the other hand, such intentions or inclinations are vigorously controlled and curbed by several officers of the Co-operative Department. Sir, service to the people is the motto of the co-operative movement. Profit making is not the motto of the Co.operative societies. Sir, it is only service to the people and also to the humanity which is the motto of the co-operators. Sir, the main objects of a co-operative society is to encourage thrift, self-help and mutual aid and it is to inclucate that principle of thrift that the co-operative movement exists. Sir, everybody knows how co-operative insurance had helped for the rural masses. All of us know that there is a provision in the Insurance Act, namely, section 4, under which it is only the co-operatives that are allowed to insure people for sums less than Rs. 1,000. No other insurance company can insure anybody for less than Rs. 1,000. That privilege is given only to the co-operatives because they have their organisations spread out in the rural areas. That concession is given to the co-operatives because they are mostly rural organisations, and it is only with this sort of concession to the co-operatives that they were able to spread their movement with regard to insurance in the rural areas also.

I would like to give a number of reasons as to why this co-operative insurance should not be bracketed or equated with capitalistic insurance. My first point in this connection is that there is no question of any share capital at all involved in co-operative insurance companies. A few policy-holders join together and start a co-operative insurance society. Secondly, there is no question of any fatly paid managing director. In the co-operative concerns there is no question of payment of thousands of rupees by way of remuneration to the managing director as is in the case of private insurance companies or insurance companies that are registered under the Insurance Act or under the Companies Act. We all know what the structure of a co-operative institution is. There is only a Board of Directors elected annually or in some cases once in three years and there is only a paid secretary or a paid manager appointed by the board of management. There is no question of one single individual sitting in an air-conditioned room in multi-storeyed buildings as we find in most of the insurance companies to-day.

There is just a Secretary who is paid a few hundreds of rupees by way of remuneration. And there is no question of profit making in a co-operative concern. There is no question of anything more than 6¼ per cent being declared as dividend in any co operative concern. If there is anything over and above that derived by way of profit, it goes in the accumulation of the reserves of the co-operative society or it goes in the accumulation of some other fund for the benefit of all the members of the society, who are the policy holders.

My next point is that unlike in the case of joint stock companies, whatever may be the number of shares held by a person, he gets only one vote. He may have a policy for Rs. 100 or a policy for a lakh of rupees, yet he will have only one vote. That is, everybody will have an equal share in the management of affairs of the co-operative institution.

Sir, the most important difference between a co-operative insurance concern and a private insurance company is this. All the surplus funds, other than those that have to be invested statutorily in approved securities will have to be utilised only in the co-operative movement. That is the most important difference between an ordinary insurance company and a co-operative insurance society.

SHRI JASPAT ROY KAPOOR: Is it according to the Articles of Association or is there a statutory provision like that?

There is a statutory provision. No amount other than what is to be invested in the Government securities can be invested in

any other way than in the co-operative movement. Sir, I shall just give a break up of how a leading co-operative insurance society in Madras has invested its surplus funds which will show that not a pie has gone out of the co-operative movement. The South India Co-operative Insurance Society has invested Rs. 20,75,000 and odd in co-operative house mortgage banks, Rs. 27,49,000 and odd in debentures of co operative land mortgage banks, Rs. 50,000 in fixed deposits with the Bihar State Co-operative Bank, Rs. 42,700 in some District Land Mortgage Bank and another Rs. 1,44,000 and odd in some other land mortgage bank. In addition they have advanced Rs. 16,76,959 as loans to policy-holders on the first mortgage of house properties. Even that amount of Rs. 16 lakhs and odd has been given by way of loans only to policyholders on the mortgage of their house properties. That is how the distribution of the surplus funds has been made by this co-operative institution. I have a particular knowledge of this particular co operative insurance society in the South and I am sure the same principle is being applied in all the other co operative insurance societies also in India.

Then, with regard to control, the co-operative insurance Societies have a dual control. They are subject to two laws—the ordinary laws under the Insurance Act and also the laws under the Co-operative Societies Act. On the one side there is the Controller of Insurance and on the other side there is the Registrar of Co-operative Societies. Their accounts are audited periodically by the auditors of the Co-operative Department who are appointed by the Government.

Coming to the issue of policies, I have already briefly stated that it is only the co-operative concerns that issue policies for amounts less than Rs. 1,000. I have known instances where policies have been issued for even Rs. 100. And who are the persons who will be benefited? It is the villagers. I am sure that none of these companies situated in the urban areas have ever taken any pains to send their agents to the villages for booking people for policies for Rs. 100, Rs. 200 or 500. The co-operative movement is spread in every nook and corner. There are rural co-operative societies, so far as Madras is concerned atleast, in every alternate village. The village societies are made use of to convass the villagers for taking life policies in the co-operative life insurance societies. There is a sort of integration of activities between the rural credit society on the one hand and the co-operative insurance society on the other. And I have not come across any malpractices being indulged in in any of the co-operative insurance societies ; that has not been stated also here on the floor of the house.

It may be said that the Co-operatives enjoy a special privilege, namely, that they are exempt from payment of income tax. Even that is now removed because from last year even the co-operative insurance societies are being taxed. They are treated just like other joint stock companies. Sir, I would like to read just two lines from a report of the co-operative Planning Committee. This is what they say about co-operative insurance :

> "What is required for serving the insurance needs of our people is a co-operative society having contact with the masses of people in rural as well as urban areas through various types of co-operative organisations and issuing policies for small sums even below the present limit of Rs. 500. Even the schemes we have for policies of small amounts must be financially sound as particularly the mortality rate among those classes of persons is probably greater and the cost of issuing small policies is comparatively higher. In spite of this sacrifice the co-operative insurance societies have existed and they have done well."

Sir, I shall only deal briefly with the average value of policies of co-operative insurance company. I shall give instances of four leading co-operative insurance societies in India and compare them with other insurers in India and also abroad. Take for instance, the South India Co-operative Insurance Society, the number of policies is 34,052, the average value per policy is Rs. 1,349; Bombay Co-operative average value of policy Rs. 1,262; Hyderabad Co-operative, average value of policy Rs. 1,167; Police Co-operative, average value of policy Rs. 1,173. Take the average of the insurance policies of the other companies registered under the joint stock companies Act or under any other act. So far as the Indian companies are concerned, it is something between Rs. 2,000 and Rs. 2,500 And in the case of non-India insurers it is between Rs. 5,000 and Rs. 7,000. This clearly indicates that the average value of the policy of any co-operative concern is something between Rs. 1,000 and Rs. 1,500. That only shows

how the co-operatives are beneficial, how they are helpful to the lower strata of the people, that is, for the lower middle classes and for the poorer classes. I need not dilate or enlarge my arguments more than what I have already stated. I would once again like to lodge my emphatic protest on the way in which the co-operatives have been bracketed or treated in the same way as the other capitalistic insurance companies.

Lastly I would like to mention that other types of insurance companies also should be nationalised as early as possible. Unlike the other advanced countries or developed countries in the world, our countty lacks in what is called cattle insurance and crop insurance. That is a general business. Unless it is a paying concern, I do not think any private company will be interested in doing cattle insurance or crop insurance. The insurance that is being done now is useful only for the urban people in our country. There is absolutely no attempt made in our country with regard to cattle insurance and crop insurance. And that can be done only as general insurance. Unless general insurance is also nationalised this sort of business cannot be undertaken. Why I say that cattle insurance and crop insurance are very important is this. Everybody knows that in our country we have vagaries of monsoons and one cannot depend upon the monsoon and raise any cultivation. And even if there is good monsoon, it would be washed out either by floods or some sort of disease that will attack the crop. The agriculturist will have to be absolutely at the mercy of nature. Unless this sort of confidence is shown to the agriculturist, we cannot improve our agriculture and we cannot call ourselves that we are striving for a Welfare State. So, I would urge upon the Government to take over general insurance also and at the same time introduce this crop insurance and cattle insurance which will be of great use to the agriculturists.

The Madras Committee on Co-operation Submits Report

The Committee on Co-operation appointed by the Government of Madras in February 1955 under the chairmanship of Mr. T. M. Narayanaswamy Pillai, M L.C., and Vice-Chancellor, Annamalai University, to enquire into the working of the Co-operative Movement and to make recommendations regarding its consolidation, development and reform, signed its report here this morning and submitted it to Mr. A. B. Shetty, Minister for Co-operation.

The Minister expressed appreciation of the work of the Committee and said that the report would be conducive to the progress of the movement. He also paid a tribute to Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies, for his able guidance to the movement.

The members of the Committee besides the Chairman were Messrs. R. Balakrishna, Dr. P, Natesan, T. M. Chinniah Pillai, M. Shiva Rao, P. Vasu Menon, B. Venkatratnam and Mr. A. Palaniappa Mudaliar.

The report runs to about 700 typewritten pages and contains as many as 300 recommendations, the main recommendations as given out by the Minister, are as follows :

(1) While welcoming the principle of State partnership in co-operative organisation, as suggested in the All-India Rural Credit Survey Committee report, the Committee has recommended its acceptance, as outlined at the Conference of State Ministers, Secretaries to Government, and Registrars of Co-operative Societies held at New Delhi in April 1955 and made several recommendations in this behalf.

(2) A State Co-operative Development Board should be constituted with the Minister for Co-operation as Chairman. The members of the Board will be the representatives of the apex co-operative institutions, village credit societies, marketing societies and a few eminent, non-official co-operators, a representative each of the Board of Revenue and Finance Department, the Director of Agriculture, the Director of Animal Husbandry, the Registrar of Co-operative Societies, etc. The National Co-operative Development Board (as envisaged by the Rural Credit

Survey Committee) may allocate the share of funds for this State on the basis of its population and leave the responsibility for administering the funds to this State Co-operative Development Board.

(3) Audit should be separated from administration and should be constituted into a separate wing of the department under a Chief Auditor who will be an officer of the Indian Audit and Accounts service.

Training Personnel

(4) The Central Co-operative Institute may be made a College for the training of the higher and intermediate personnel of the Department in addition to the training of the subordinate personnel which it is already imparting. The management of the college should be entrusted to a Committee consisting of the Vice-Chancellor of the Madras University, as the Chairman, the Registrar of Co-operative Societies, the President of the State Co-operative Bank, the Secretary of the State Co-operative Union, the Professor of Economics, Madras University, representative of the Central Committee on Co-operative Education and Training and the Principal of the College.

(5) Village credit societies may run demonstration plots with the help of Government subsidy and under the guidance of the officers of the Agricultural Department to demonstrate improved methods of cultivation to the villagers with a view to promoting " better farming ".

(6) The propensity of the members in employees' societies to indulge in over-borrowing should be curtailed by making suitable provision in the rules empowering the Registrar to fix the individual maximum borrowing power by himself.

(7) A committee consisting of the President of the State Co-operative Bank, the Registrar of Co-operative Societies, and one of the Presidents of the Central Banks may be constituted, so as to function as the appellate authority, so far as major punishments such as suspension and dismissal imposed by the central banks on their chief officers are concerned. The same committee may also arrange for transfers of officers between one bank and another with the concurrence of the banks concerned. This proposal is intended to secure the advantages of " provincialisation " of the services of the chief officers of the central banks without impairing their autonomy.

Agricultural Loans

(8) The State Government may withdraw from the field of normal financing of agriculturists (short-term and long long-term) except in times of distress. The cost of the special staff maintained by the Government for the issue of land improvement loans may well be given as subsidy to the Central Land Mortgage Bank to enable it to reduce its lending rates (and pass on the reduction to the ultimate borrowers through the primary land mortgage banks).

(9) The basis of valuation of the hypotheca may be adopted at pre-war average price plus 40 per cent instead of 25 per cent as at present.

(10) Loans may be issued to landless tenants also on the security of the crops proposed to be raised by them. Suitable safeguards in this regard have also been suggested.

(11) Looms may be supplied to loomless weavers on a subsidised basis. Fifty per cent of the cost of the loom may be given as subsidy and the remaining 50 per cent as loan repayable in a period of three years. The aid may be recognised as one of the purposes for which the Cess fund could be utilised.

(12) Government may guarantee the loans issued by the central banks to the cottage industries societies. Government may give a subsidy to the cottage industries societies, based on their production, to enable them to withstand the competition of factory products.

(13) The formation and development of labour contract societies are to be encouraged by the State by giving them all facilities such as free services of the technical and administrative staff etc.

(14) The State Co-operative Union may organise study circles to spread the knowledge of co-operation and connected subjects. Similar study circles are to be organised in the districts by the central banks and big urban banks.

(15) In the Community Development programmes (National Extension Service areas, etc.) greater emphasis should be laid on the economic development of the people through co-operatives rather than on the provision of common amenities.

Committee on Co-operation at Chidambaram.

Sri A. B. Shetty, Minister for Health and Co-operation is seen with Sri T. M. Narayanaswami Pillai, M.A., B.L., M.L.C., Chairman and other members of the Committee.

Committee on Co-operation at Chidambaram.

Sri A. B. Shetty, Minister for Health and Co-operation presents a pen to Sri S. Nithiyanandam, B.A., (Hons.) Joint Registrar of Co-operative Societies.

Sri A. B. Shetty, Minister for Health and Co operation presents a pen to V. K. Appandarajan, B A., (Hons.) Deputy Registrar-Secretary to the Committee.

A Report of the Celebrations of the 'More Milk Day' at Madras on 13–4–56

A cattle colonisation scheme has been drawn up for Madras City at a cost of about Rs. 180 lakhs. A new plant will be installed in the City for the manufacture of toned milk. The co-operative milk supply unions at 10 centres will instal Pasteurisation plants with Government assistance. These are the main schemes intended for increasing milk production in the State.

Mr. A. B. Shetty, Health Minister, gave this information while inaugurating the State-wide "More Milk Day" celebrations at a public meeting held on 13–4–56 at Rajaji Hall, Madras.

The function was held under the auspices of the Madras Co-operative Milk Supply Union. Mr. M. Bhaktavatsalam, Minister for Agriculture, presided.

Mr. K. Nachchinarkinia Sivam, President of the Madras Co-operative Milk Supply Union, read a letter from Mr. Sri Prakasa Governor, who while regretting his inability to preside owing to indisposition had sent a message wishing the function every success. In the course of his message the Governor expressed the hope that the Union would properly tackle the question of adulteration of milk and put a stop to the evil. The Governor also stressed the need to preserve the cattle wealth of the country.

Mr. Nachchinarkinia Sivam said that the object of the celebration was to gain the support of Government and the people to the efforts of organisations like the Union to increase milk production and make milk available to the people at a reasonably cheap rate. He said that nearly 20,000 poor people, men, women and children were supplied with milk free at nearly 12 different centres in various parts of the City that morning under the auspices of the Union, while the Madras Corporation distributed milk free at a number of their schools and maternity centres. A number of social service organisations had also arranged distribution of milk free to the public and a similar function was held at Raj Bhavan, Guindy.

Inaugurating the function, Mr. A. B. Shetty said that the celebration was inaugurated last year with a view to drawing the attention of people to the importance of milk as an article of diet. The Nutrition Advisory Committee of the Indian Council of

Medical Research had pointed out the need to pursue an enlightened nutrition policy simultaneously with a vigorous food policy to ensure success in national efforts to improve the nutrition of people. The problem of increasing milk consumption depended upon raising milk production and lowering its price. They had a large cattle population in the country but the milk yield was poor. To augment milk production they must improve the quality of the cattle by selective breeding and proper feeding and management. As good stud bulls were few, the method of artificial insemination was employed. The feeding of cattle by adequate supply of green and dry fodder and concentrates like oil-cakes was equally important. Dairying was a profitable side line to agriculture anp this was being sought to be promoted on a co-operative basis. They had at present 19 co-operative milk supply unions and 562 co operative milk supply societies in the State.

New Milk Supply Society

Mr. Shetty said that the Second Five-Year Plan aimed at increasing by 25 per cent, the production of protective foods, of which milk is an important item. About 150 new milk supply societies would be organised during the Plan period and it was proposed to start 120 more key villages and 20 new artificial insemination centres during the same period. Nearly 12 cattle breeding co-operative societies and five salvage farms for dry cattle would be newly started and 97 new veterinary institutes would be opened for the control of cattle diseases. It was proposed to increase the admissions to the Veterinary College from 80 to 120 each year.

Mr. Bhaktavatsalam said that the celebration would be deemed a success even if it only helped people to drink milk for a day. The intention was not only to inculcate this idea about the nutritious value of milk in the minds of the people but to tell them that the only substitute for milk was milk which was the reason why it also went by the name "Amirtham." The problem of increasing milk production was one in which not only the Government but the people, particularly the well-to-do people and managements of temples could help by establishing dairy farms. "A cow for every family" would be a good slogan if put into practice and it would supplement the supplies through other-organisations. The supply of 'toned milk' would help people,

provided the price was reduced, and this Government were trying to do through the co-operative organisations.

Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies, said that the problem to-day was to secure increased production of milk and make it available at a cheap rate. People knew the nutritive value of milk. Only there was not enough milk to go round to all people in sufficient quantities at reasonable price. Increasing milk production was therefore a national policy. The production to-day was disorganised. The Government had a proposal to establish a milk-men's colony in the vicinity of the City. At present there was no dairy industry as such carried on as a commercial concern. It was almost mixed up with agriculture with the result that they had a large number of agriculturists having one or two milch cattle and the problem of collecting the milk so produced had to be tackled in a co-operative way. The question of production and distribution of milk, he said, could best be done at State level through a Milk Development Board.

Mr. D. Pattabiram, Director of Animal Husbandry, said that Madras State had been the first to start veterinary institutes to attend to diseases of cattle. There was need to improve the health of cattle by ensuring for them proper food by way of green fodder. He hoped agriculturists and those who owned cattle would take advantage of the help the department was giving in various directions.

Mr. Bhaktavatsalam distributed prizes in the shape of cups and plates to the winners in the Cattle Show held the previous day.

Mr. Nachchinarkinia Sivam proposed the vote of thanks.

G.O.'s and Circulars

ACTS AND RULES—T. A. RULES—RULE XXVIII—A

Copy of G. O. Ms. No. 75, Department of Industries, Labour and Co-operation dated 10th January, 1955.

ABSTRACTS

ACTS AND RULES—Co-operative Societies Act—Rules—Rules XXVIII-A—Travelling Allowance to members of Co-operative Societies—Amendment confirmed.

Read :—

1. G. O. Ms. No. 2321 Industries, Labour and Co-operation, dated 26-8-1954.

2. From the Registrar of Co-operative Societies, No. 96368/53 J, dated 2-12-1954.

ORDER:

In the notification published at pages 315-316 of the Rules supplement to Part I of the Fort St. George Gazette, dated the 8th September 1954, the Government of Madras published under Section 65 of the Madras Co-operative Societies Act 1932 (Madras Act VI of 1932) a draft amendment to the Rules issued under the Act. The Government have not received any objections or suggestions in respect of the draft amendment and are of the view of that the amendment published should be confirmed without any modification. The appended notification will be published in the Fort St. George Gazette.

(True Copy.)

APPENDIX

NOTIFICATION

In exercise of the powers conferred by Sub-Section (1) and (2) of section 65 of the Madras Co operative Societies Act 1932 (Madras Act VI of 1932), the Governor of Madras hereby makes the following amendment to the rules published with Development Department Notification No. 264 dated the 1st August 1933, at pages 1178-1185

of Part I of the Fort St. George Gazette, dated the 1st August 1933, as subsequently amended, the same having been previously published as required by sub-section (3) of the said section.

AMENDMENT

Payment of Travelling Allowance to members of societies including directors of Committees for journeys performed to attend meetings

In the said Rules, after rule XXVIII, the following rule shall be inserted, namely :—

" XXVIII-A (1) Members of one registered Society attending the general meeting of another registered society may be paid travelling allowance to and fro from their usual place of residence and daily allowance by the former society ; but, they shall not be given any sitting fees.

(ii) Members of the Committee of any registered society may be given by that Society travelling allowance to and fro from their usual place of residence as well as daily allowance or sitting fees for attending the meetings of the Committee.

(iii) Members of the Committee of any registered society proceeding on tour on the business of that society may be paid travelling allowance and daily allowance in respect of such tour, by that society,

(iv) No member of a registered society or the Committee of any registered society shall, if he has claimed or drawn such allowances from the society which he represents, draw any travelling allowance in respect of any journey made to attend any meeting of another society, from that other society or from any other society whose meetings also he attended on account of the same journey. If, however a member of a Committee or a general body is detained at the headquarters of the society for a period not exceeding seven days, in order to attend a meeting of the general body or the committee of another society, that other society shall pay daily allowance to that member for the number of days he is so detained. The daily allowance so claimed should be limited to the travelling allowance admissible for the Journey.

(v) The Registrar shall prescribe the maximum rates for travelling allowance and daily allowances or sitting fees for any registered society or class of such societies and also the form of bill in which the claim for travelling allowance should be preferred and each registered society may fix the rate in its own by-laws with reference to its financial resources."

(True Copy)

ACTS AND RULES—PROCEDURE REGARDING AMENDMENT.

Copy of G. O. Ms. No. 83, Department of Industries, Labour and Co-operation, date the 9th January, 1956.

ACTS AND RULES—Co-operative Societies Act, 1932—Rules—Rule XXIV—Procedure regarding amendment to by-laws—Fixing of time limit for the Society to send up proposals—Amendment—Confirmed.

Read the following :—

G.O. Ms. No. 3388, Industries, Labour and Co-operation dated 30-9-1955.

From the Registrar of Co-operative Societies No. Rc. 18188/55-B dated 30-11-1955.

ORDER :—

In the notification published at page 422 of the Rules supplement to Part I of Fort St. George Gazette dated 12-10-55, the Government of Madras published under section 65 of the Madras Co-operative Societies Act, 1932 (Madras VI of 1932), a draft amendment to the Rules issued under the Act. The Government have not received any objections or suggestions in respect of the draft amendment and are of the view that the amendment published should be confirmed without any modification will be published in the Fort St. George, Gazette.

(True Copy)

APPENDIX

NOTIFICATION.

In exercise of the powers conferred by Sub Sections (1) and (2) of Section 65 of the Madras Co-operative Societies Act, 1932 (Madras

Act VI of 1932), the Governor of Madras hereby makes the following amendment to the rules published with the late Development Department Notification No. 264, dated the 1st August 1933 at pages 1178—1185 of the Part I of the Fort St. George Gazette, dated the 1st August 1933, as subsequently amended, the same having been previously published as required by Sub-Section (3) of the said section.

AMENDMENT.

In the said rules, the following sentence shall be added at the end of clause (i) of Sub-Rule (1) of rule XXIV, namely :—

"Such resolution shall be forwarded to the Registrar within two months from the date of the meeting."

(True Copy).

Endt. R. 18188/55-B.

Office of the
Registrar of Co-operative Societies,
Madras, dated 19-1-156.

News and Notes

THIRD ALL-INDIA HANDLOOM WEEK

ERODE

The Third All India Handloom Week was celebrated at Erode on 19-2-56 at 5 30 p.m. at Sengunthar High School under the presidentship of Sri K. J. Somasundaram M. A., Community Projects Officer (Industries). The Deputy Registrar Sri C.I. Varghese, in his Welcome address explained the part played by Handlooms in the State and in this circle and the concessions offered by Government out of the Cess Fund scheme. The Chairman said that the Handloom Industry has a bright future and that the Government propose to spend 200 crores of rupees in the second five year plan for this industry for increasing the production and marketing them in this country and abroad. Sri S. S. Meenakshisundara Mudaliar, B.A., L.T., Erode, appealed to the public to encourage the Handloom industry by purchasing cloth at least 50 per cent of their requirements. Sri Arumugam also spoke. With vote of thanks by Sri M. Jagannathan, President of the Erode Weavers Co-operative Society tbe meeting terminated.

VALPARAI

The Third All India Handloom Week was celebrated by Valparai Emporium of the Madras State Handloom Weavers' Co-operative Society Ltd., on 19-2-56, Dr. P. H. Daniel, M.B.B.S., President of the Anamalais Estates Workers' Co-operative Urban Bank Ltd., Valparai presiding. The Secretary of the Bank Mr. K. Muthusamy, welcomed the gathering. The celebration was attended by large number of Estates Staff, merchants, and workers of the Estates. Mr. K. Gopalsamy Mudaliar, and Mr. N. P. Gopalan spoke. Mr. T. K. Arunachalam, Manager of the Emporium proposed vote of thanks.

CHIDAMBARAM

The Third All India Handloom Week was celebrated at Chidambaram in a fitting manner. The Handloom goods produced by the Weavers Co-operative Societies were taken in carts in the streets of Chidambaram and surrounding villages and sold.

On 24-2-56, there was a public meeting at Chidambaram in the well decorated Hall of the Sri Arumuganavalar High School. Sri S. Thiruvenkada Nainar (Secretary, Chidambaram Co-operative

Supervising Union) presided and explained the history and importance of the Handloom Industry. Sri V. R. Nagaraja Iyer Sri K. Veeramani, Cuddalore, and Sri B. Ganesan, Dt. National Savings Organiser appealed to the audience to support the handloom goods.

At the end of the meeting there was a variety entertainment by the students of Sri Navalar School. Dr. (Mrs) Palani Swaminathan M.B.B.S., Chidambaram distributed prizes to the students who participated in the variety entertainment. Sri T. V. Neelakanda Chettiar (Member District Celebration Commitee) proposed a vote of thanks to all concerned.

OOTACAMUND

The Third All India Handloom Week Celebrations were held at Ootacamund on Tuesday the 21st February 1956 at 4 p.m. in the premises of the Nilgiris Co-operative Central Bank, Ltd., under the auspices of the Nilgiris Co-operative Central Stores and Central Bank and the Ootacamund Co-operative Stores, Ltd. Sri P. Shankar Rao, B.A. (HONS.) Collector of the Nilgiris presided.

Dr. N. Basuviah, Chairman, Municipal Council hoisted the Co-operative Flag and Sri P. Shankar Rao, B.A. (HONS.) Collector of the Nilgiris opened the handloom exhibition put up by the Nilgiris Co-operative Central Stores.

After prayer, Sri M.K. Nanja Gowder, President, The Nilgiris Co-operative Central Stores welcomed the gathering. The chairman's opening speech was followed by other speakers Viz. Dr. N. Basuviah, Municipal Chairman; Sri B. T. Lingam, President of the Central Bank, Sri T. R Masilamani Nadar, President of the Ootacamund Co-operative Stores, Sri P. S. Bharathi, Srimathi Leela Patrick, Sri Ignatius Absalam, Principal of the Government Arts College who spoke the various aspects of the handloom industry.

With the Chairman's concluding remarks and vote of thanks proposed by Sri A. Salai Gowder, Director, The Nilgiris Co-operative Central Stores, Ltd., and National Anthem, the pleasant function came to a close.

CO-OPERATIVE LAUNDRY AT TAMBARAM

" A Co-operative Laundry viz. The Vinobagar Co-operative Laundry limited ,No. J. J. 69 at Tambaram was registered by the Deputy Registrar of Co-operative Societies, Tiruvellore on 11-2-56.

The Vinobagar Co-operative Laundry, Tambaram the first of its kind in the Madras State was inaugurated on 6-4-56 by Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras. Group Captain C. Satyanarayana, Commanding Officer I.A.F. Station, Tambaram presided. Sri A. Venkatesan, I.A.S., Collector of Chingleput District addressed the gathering. Sri T. M, Dhanapal, President, Panchayat Board welcomed the gathering. Sri D. Parthasarathy Naidu, B.A., Deputy Registrar of Co-operative Societies, Tiruvellore also attended the function. The Registrar of Co-operative Societies, Madras explained the working of the Co operative laundry and advised the members how they could work the Society successfully with the co-operation of I.A.F Military authorities and enjoy the profits by themselves. He assured them all possible assistance to the Society if they worked successfully and sincerely. The Commanding officer appealed to the members to do the work to be entrusted them in a better way than the private individuals or a private contractor. He assured them to provide work for the Society provided the rates for washing the clothes of the I.A.F. Personnel were less and also the workmanship was better and more sanitary. The Collector explained the method of successful working of Co operative Society and advised the members to do the job sincereiy and in a better manner than the ordinary dhobi; He asked the members to assign alternative better housesites for them for constructions of houses.

The President of the Co-operative Laundry Sri M. Manickam proposed vote of thanks.

THE TIRUCHIRAPALLI DISTRICT CO-OP. CENTRAL BANK EXECUTIVE COMMITTEE MEETING

The Executive Committee Meeting of the Tiruchi District Co-operative Central Bank was held at Ariyalur on 7th April 1956 when a special meeting consisting of the Governing Body Members and the Bank staff in the Udayarpalayam Taluk area was convened. Sri S. Sengamalam Pillai, B.A., B.L., Vice President of the Bank, presided and Sri T. S. Muthukumaraswami Pillai addressed the gathering on the Second Five Year Plan and the part to be played by the Co-operatives to uplift the agriculturist about the integrated system and co-ordinated activities of credit and marketing societies and about the large sized societies and rural banks. They appealed to the gathering to avail the opportunities, strengthen the movement and help the ryots.

With the concluding speech of the President of the meeting the special meeting came to a close.

CREDIT SOCIETIES—COLLECTION—TINNEVELLY DISTRICT—VILATHIKULAM CO-OPERATIVE UNION—GOOD WORKING—PRIZES—AWARDED

From the year 1937 on-wards the Tinnevelly District Co-operative Central Bank has been awarding silver cups as prizes for meritorious services rendered by the Co-operative Supervising Unions in the District. The union selected for awarding the I prize was also given a Rolling cup, which was to be passed on to the union that would stand first in the next year. Second and third prizes are also awarded to the unions securing the II and III prizes.

The Vilathikulam Co-operative Supervising Union in the Koilpatti Taluk, Tinnevelly District has created unique record by annexing the first prizes consecutively from the years 1937 to 1943 and again from 1951-52 to 1953-45 A convention has been established that any union that retains the Rolling Cup for 3 years by securing the I prize consecutively for 3 years becomes the owner of the Cup. The Vilathikulam union has thus annexed 3 Rolling cups so far.

At the General Body meeting of the Bank held on 28-3-56 the Vilathikulam Co-operative Supervising Union was again awarded the I prize and a new Rolling Cup for the 1954-55.

TUDIYALUR CO-OP. RURAL BANK

The General Body Meeting of the Tudiyalur Co-operative Rural Bank, Ltd., was held on 10-3-56. Sri V. C. Subbaiya Gounder presided. A dividend of 6½ per cent on paid up share capital was declared. The Bank has 621 members, with a paid up share capital of Rs. 42,000. It has so far issued Rs. 1,72,068 as loans and has attracted Rs. 71,992 as deposits.

THE ANNAMALAI UNIVERSITY CO-OP. STORES, LTD., ANNAMALAINAGAR

The Hon'ble Shri A. B. Shetty, Minister for Co.operation and the Registrar of Co-operative Societies Sri A. Palaniappa Mudaliar, M.A., who were here in connection with the Report on the Committee on Co-operation paid a visit to the Annamalai University Co-operative Stores along with the Vice-Chancellor of the University and the Joint Registrar of Co-operative Societies, Sri S. Nithianandam, B.A., (Hons.), Madras. They went round all the

Departments of the Stores and evinced particular interest in the Binding Section, Tailoring Department and Sale of eggs and were much impressed with its development and its scope for further large scale improvement. The Minister and the Registrar of Co-operative Societies had a talk with the office bearers of the Stores about its working when they expressed the need for a suitable building for the Stores in view of the development of its activities. Dr. P. Natesan and Sri T. M. Chinnayya Pillai, Members of the Committee on Co-operation also accompanied them.

THE UTTIRAMERUR MILK SUPPLY CO OPERATIVE SOCIETY, UTTIRAMERUR

Milk Day Celebration

Under the auspicious of the Uttiramerur Co-operative Milk Supply Society Ltd., the Milk Day was celebrated at Uttiramerur on 13th April 1956 under the presidentship of Sri M. Varadachariar, President of the local Co-operative Bank.

After distribution of free milk to poor and expectant mothers and procession of Co-operators and school children with placards through the main streets of the town, a public meeting was held at 9 a.m., in the premises of the Co-operative Bank.

Sri B. Lakshmikantha Mudaliar, Special Deputy Registrar for Rural Credit and Marketing, Sri Kannappa Mudaliar, Co-operative Sub Registrar, Sri Sekaran, Dairy Assistant, Sri K. Sreenivasalu Naidu, Secretary of the Local Co-operative Union Sri R. Ramanujam, Dharmaraj, Thangavelu Mudaliar, C. D. Singaram, M. K. Pandurangam, Naidu N. Jayachandra Naidu and V. Aiyaswami Naicker spoke on the importance of producing and drinking more milk, and improving the cattle wealth.

After vote of thanks by Sri M. Shanmuga Mudaliar, Secretary of the Society and distribution milk and sweets to school children, the meeting came to a close.

Prizes were awarded to best cows and calves.

KODAIKANAL CO-OPERATIVE MILK SUPPLY UNION LTD. (MADURAI DT.)

More Milk Day was celebrated on 13-4-1956 under the auspices of the Kodaikanal Co-operative Milk Supply Union and affiliated societies in the premises of the Union which was tastefully decorated for the occasion.

Sri S. A. N. Sethupathi Chettiar, a veteran co-operator of Pannaikadu presided over the meeting. There was a huge gathering including members of the Union as also many officials.

Sri T. Subbiah Pillai, B.A., Commissioner, Kodaikanal Municipality inaugurating the celebrations, explained to the gathering the significance of the day and the nutritive value of milk. He appealed to the public to buy milk only from the Union. He also requested the authorities of the Union to arrange to open branches at various centres of the town and introduce house deliveries.

Sri M. K. Mohamed Nainar Rowther, Vice-President of the Union, speaking on the occasion explained the need for proper maintenance of the milch animals.

Sri V. Poomban, Secretary, Observatory Milk Supply Society stressed the need for more pasteur lands.

Sri A. K. D. Rengaswamy Raja of Rajapalayam distributed prizes in the shape of milk utensils to those loyal members who supplied good quality of milk throughout the year especially during the season.

There was a free supply of Milk to poor children. The function terminated with a vote of thanks by Sri R. S. Velayutham, B.A., Secretary and a group photo. There was also an entertainment—programme of loud speaker music.

THE STRONG VERSUS THE WEAK.

The not-so-strong can combine Co-operatively and get the same advantages as the strong. But the very weak are not in the same position as the not so-strong. Certainly not, if the strong have, in addition, a whole reservoir of institutional strength from which they can add immeasurably to their own. This disproportion provides a key to the wholly different records of Co-operative Credit in the West and in India, for Co-operation can succeed only if between the forces of Co-operation on the one hand and the opposing forces of private credit and private trade on the other, the disparity that ever tends to be present does not exceed certain reasonable bounds. In India, not only has there been too wide a disparity between the internal strength of the Co-operative structure and the external forces pitched against it in competition, these latter have in many insiduous ways entered into and vitiated the internal cohesion of co-operative bodies themselves.

ALL INDIA RURAL CREDIT SURVEY.

Edited and Published by Dr. P. Natesan, M.B., B.S., at M. S. C. Bank Buildings, Esplanade, Madras. Printed by Sri G. Subramaniam, L. P. T., Secretary, at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road Madras -1490 4-56