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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.

17TH MAY 1956.

NOTICE

A Meeting of the General Body of the Madras State Co-operative Union (The Madras State Tamil Nadu-Malabar-South Kanara Co-operative Union) will be held on *Sunday the 10th June 1956 at 4 p.m.* in the premises of the Madras State Co-operative Bank Building, 379, Netaji Road, Madras-1, to consider the Administration Report and the Audit Review of the Union for the year 1954-55 and to sanction the Annual Budget for 1956-57.

All the Members are requested to attend.

P. NATESAN
General Secretary.

XMm 211, N°2

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.

1ST JUNE 1956.

ANNOUNCEMENT

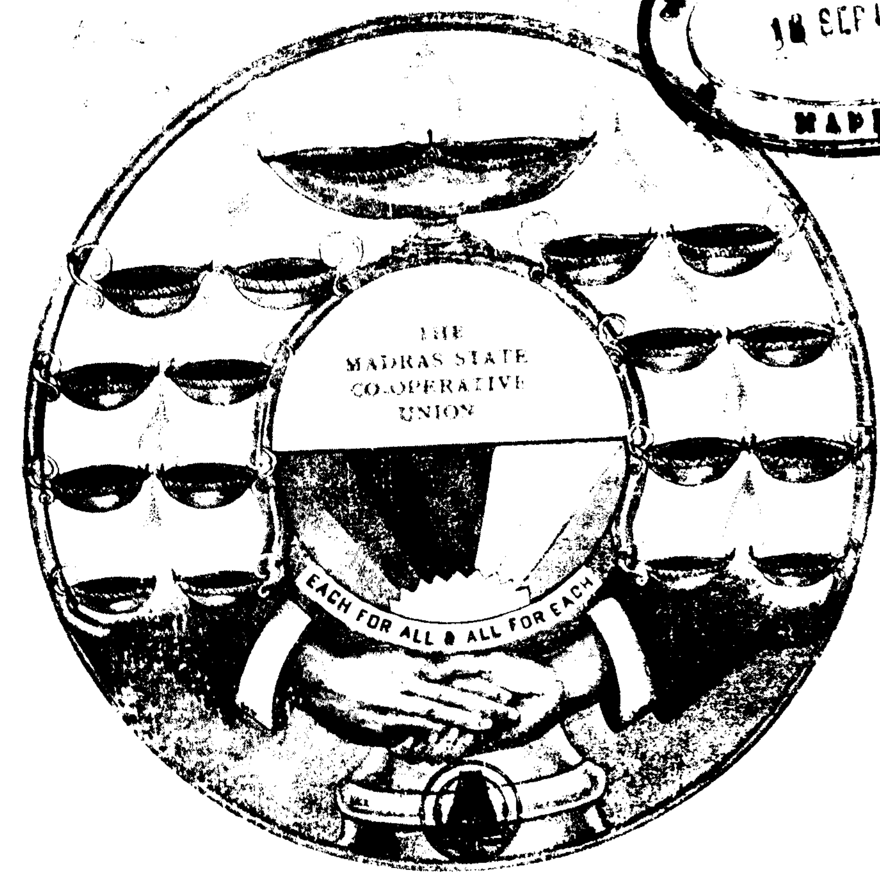
Sub: Second Madras State Conference of Co-operative Housing Societies—Convening of.

Ref: Our Circular dated 4th April 1956.

The Second Madras State Co-operative Housing Conference will be held in the 3rd or 4th week of July 1956.

P. NATESAN
General Secretary.

The Madras Journal of Co-operation



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

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

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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**.

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379, Netaji Road, Madras.

THE

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EACH FOR ALL AND ALL FOR EACH

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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

Co-operation touches no man's fortune ; seeks no plunder; causes no disturbance in society ; gives no trouble to Statesman ; it enters into no secret associations ; it needs no trades Union to protect its interests ; it contemplates no violence ; it subverts no order ; it envys no dignity ; it accepts no gift, nor asks for any favour ; it keeps no terms with the idle, and it will break no faith with the industrious. It is neither mendicant, servile, nor offensive; it has its hand in no man's pocket and does not mean that any other hand shall remain long or comfortably in its own ; it means self-help, self-dependence and such share of the common competence as labour shall earn or thought can win.

GEORGE JACOB HOLYOAKE,
"The History of Co-operation" Vol. I.

Editorial Notes

CO-OPERATION AND THE SECOND FIVE YEAR PLAN

THE FIRST PLAN AND CO-OPERATION

The First Five Year Plan was a bold and pioneering document in many ways and more abiding and optimistic was its faith in Co-operation. The abundant faith, which the Planners had in Co-operation is best illustrated in the following excerpts :—

> "The Co-operative form of organisation can no longer be treated as only a species within the private sector. It is an indispensable instrument of planned economic action in a democracy". . . . "As an instrument of democratic planning, combining initiative, mutual benefit and social purpose, co operation must be an essential feature of the programme for the implementation of the Five Year Plan. As it is the purpose of the Plan to change the economy of the country from an individualistic to a socially regulated and co-operative basis, its success should be judged, among other things, by the extent to which it is implemented through Co operative Organisations."

These extracts clearly indicate that the First Plan had a clear conception of the institutional role of co-operatives; but the Plan left the design and the pattern of Co operative Development rather vague and did not lay down specific targets for realisation. Though there was strong support to the general policy of co operative development, the lack of emphasis on co-operatives as an institutional agency for the realisation of targets had led to little concrete achievements in the Co-operative Sector in the First Plan.

THE SECOND PLAN AND THE CHANGED EMPHASIS

But the Seeond Five Year Plan starts with a lukewarm faith in the co-operative method, but takes a more concrete and practical view of Co-operative Development. To cite an example :—

"Where it succeeds co-operation brings large gains to the community but the human factors involved in it are complex and in some ways, it is much more difficult for the Co operative form of organisation to succeed than it is for a completely socialistic enter prise or for an individual enterpreneur. It is therefore necessary to take effective measures to enable co-operation to succeed specially in fields, which may be assigned to it in the scheme of national development."

Co-operation is, no doubt, a slow process. But its growth is organic; its results are profound. It paves the way for decentralisation of economic power and builds up democracy in its truest and everlasting forms. But the trouble is that people want immediate results. As Professor Karve has said, "Much as planners, administrators and reformers are ready to prescribe the Co operative principle, they are not so ready to insist upon it in practice. In the best of circumstances, this vacillation is due either to impatience or to misunderstanding. It is felt that quicker results are obtained through State or private action." It is precisely these doubts that assailed the authors of the Second Plan. But we do hope that in the actual implementation of the schemes scepticism will be thrown overboard and a sense of realism and the vigour of co-operative thought will shape the course of co-operative action.

THE DRAFT OUTLINE AND THE TARGETS

The Draft Outline of the Second Plan, so far as Co-operative development is concerned, has accepted the main recommendations of the All India Rural Credit Survey Report. The principle of State-Partnership, the Integrated Credit Scheme, the development of ware-housing, the rurally biassed co-operative training programmes have all been fitted into the Plan.

For the first time in the history of Co-operative planning, an attempt has been made to fix up national targets for the Co-operative programme. The importance of quantitative targets is not so much the finality or precision of the figures, but its usefulness in determining the man power and resources that must be employed to initiate a process of growth and development. It is the mobilization of energy that is of greater importance than the actualisation of physical targets. More important than the fixation of targets is the awareness that the rate of Co-operative growth should be accelerated so as to bring 50 per cent of the total business in agricultural credit, marketing, processing, cottage industries etc., within a period of 15 years. The village will be the povital Co-operative unit and it will be the endeavour of the Second Plan to make every family the member of a Co-operative Society. These are the laudable objectives towards the realisation of which, the Plan has allotted Rs. 48 crores, apart from the contribution, which the Reserve Bank will make.

THE FUNCTIONAL FIELD THEORY

The Draft Outline defines the fields appropriate to Co-operative action :

"The fields which mark themselves out as specially appropriate for the Co-operative method of organisation are agricultural credit, marketing and processing, all aspects of production in rural areas, Consumers' Co-operative Stores, Co-operatives of artisans and construction Co-operatives." But there seems to be a good deal of loose thinking on the demarcation of functional fields between Co-operatives, Panchayats, Community Projects, and other *ad-hoc* bodies.

" While Co-operation is the principle of organisation, the agency, which provides direction and leadership in the village is the Panchayat."

" Village institutions have played an important part in enlisting the participation of the people. Considerable use in being made of local organisatiods like panchayats, co-operative societies and Union boards for the education of development programmes. In some areas, development activities have been entrusted to *ad hoc* non statutory and non-elective bodies etc."

The rural Co-operatives are the excellent agencies for executing all economic programmes. They offer ample opportunities for people's participation and through the method of federal integration which co-operatives employ, they can secure an effective co-ordination of the village plan with the national plan. The Panchayats can take up the provision of social services and civic amenities like roads, wells, schools, hospitals, playgrounds etc. Though the leadership may come from the same people, the functions of the two agencies must be clearly demarcated. There are far too many references to co-operation in the speeding up of the Community Development and National Extension Programmes. But in practice, Co-operation does not find an integral place in the Rural Development Schemes. The multipurpose society, the labour co-operative, the industrial co-operative must be pressed into greater service in the implementation of development schemes. The creation of *ad hoc* bodies is just waste of effort. There must be greater co-ordination between the Co-operative leaders and the Project Authorities.

MEMBER EDUCATION—THE MISSING LINK

Education is the life's necessity for Co operators. The Co-operative Movement is not merely an economic movement; it is an ethical movement as well. It is not enough if we make an attempt to improve the business efficiency by imparting sound training to

the personnel, though undoubtedly it goes a long way to improve the operational efficiency of the Co-operatives. It is not in the numbers, but in the quality that the strength of the Co-operative Movement lies. Efforts must be made to educate the vast number of managing committee members, who according to Sri R. G. Saraiya, may be more than a million. They are the new democrats and unless we have a vigorous and sustaining programme of education for these million members, Co-operation will lose much of its meaning and purpose. The Co-operatives will remain just a mere system, but will not go forward as an energising Movement. The 'Draft Outline' makes a passing reference to the training schemes of the personnel and leaves the matter there. The problem of member-education is a serious one, and the Plan has not even touched the issue. It is a serious omission. The respective State Co-operative Unions and the All-India Co-operative Union may be consulted and workable schemes of member education should be drawn up and fitted into the Plan without delay.

CO-OPERATIVE FARMING

There, is however, one proposal on which is laid great emphasis; that is Co-operative Farming. The Plan sets Co-operative village management as the goal of reorganisation of village economy. Though the First Plan had set forth in great detail the scheme of co-operative village management and though a provision of Rs. 40 lakhs has been made towards financing co-operative farming experiments, no significant progress has been made so far. Now, there is a growing emphasis on co-operative farming, and very recently official pronouncements have underlined this trend. Unless it be that we are going to fall out for compulsory co-operation, there is not much scope for co-operative farming. Collective Farming or Joint Farming has one sure disadvantage, namely that of diminishing the personal interest of the member. In a peasant economy, personal interest in tilling turns land into gold. Corporate farming whether capitalistic, co-operative or collectivistic has very little chance of success. The only way in which co-operation may be employed to improve the farm economy is to offer a full complement of co-operative services like credit, marketing, processing, fertiliser, seeds etc. to step up farming and make it progressive, while allowing the peasant to till his own land and reap the rewards. If we take away personal interest, even the most fertile land will sooner or latter become the most infertile land.

LET THERE BE GROWTH, NOT HASTE

There is again a danger against which we have to guard ourselves. Now that certain targets have been fixed up in the Plan, there will be a perceptible tendency, mostly among the official circles to show up speedier progress and create 'an administrative illusion of implementation woven round the reality of non compliance.' There are certain pre-requisites for the successful working of a Co-operative.

FIRSTLY, there must be a felt need ;

SECONDLY, there must be a community of interests, activated by a strong desire to come together and to co-operate ;

THIRDLY, there must be enough capital, wise leadership and an active member-participation and

LASTLY, the member interest should be continuously kept alive by persistent education and propaganda. Only when these conditions are satisfied can we hope for an expansion of the Co-operative economy. Undue haste or pressure in registering co-operatives, for which there is no real felt need, however necessary it may be in interests of a good-hearted official policy can only result in an unstable quantitative development and followed by the quick mortality of such artificially inspired ventures.

Mr. W.K.H. Campell, a former Registrar of Co-operative Societies, Ceylon has advised the Co-operative officials against excessive haste : *

" The strength of Co-operation lies in the fact that it is based on persuasion and conviction and not on compulsion. No plan or system can effect desired improvements in the situation of a people unless it succeeds in exciting in the people themselves an interest in, and a desire for, the improvements contemplated. . . . . It is a failure to appreciate this important point, which is responsible for much undue pressure on Co-operative officials to produce quick results. Their task is not direct executive action but the conviction of others and their persuasion to take action. Such pressure is particularly dangerous, because it is so fatally easy to produce flashy and spectacular results, which will not last".

We hope that the measures for the development of Co operation would follow the enthusiasm of the members and not overtake it. Thus alone the co-operative system can attain that stability and strength and become the most successful social experiment in our country.

*Co-operation for Economically Underdeveloped Countries by W.K.H. Campell, C.M.G. p. 100.

Sri G. Ramanuja Mudaliar, the President of Sri Kamalambika Co-operative Urban Bank, Ltd., Tiruvarur.

'Ramanujam Buildings'

The Premises of Sri Kamalambika Co-operative Urban Bank, Tiruvarur. On 20—12—55, Ramadoss Hall was opened by Sri A. Palaniappa Mudaliar M.A. Registrar.

Warehousing Schemes at the Central, State, Regional and Village Levels

SRI P. S. RAJAGOPAL NAIDU, B.SC., B. L., M.P.
President, N. A. Dist. Co-op. Wholesale Stores, Ltd.

[We are publishing a note on 'Warehousing' by a Parliamentarian. Sri P. S. Rajagopal Naidu is actively interested in the Consumer Movement and his suggestions on 'warehousing schemes' are eminently topical, practical and constructive. We commend his suggestions for the earnest consideration of the Food and Agriculture Ministry of the Govt. of India.—*Edr.*]

As a result of the recommendations made by the Rural Credit Survey Committee, a comprehensive programme for the setting up of warehouses and godowns at different levels as an important adjunct to a marketing and credit programme, has been prepared and incorporated in the Second Five Year Plan.

This programme involves, in addition to the existing godowns, the construction of the following number of godowns and warehouses in the various States:—

(i) At the village level by co-operative credit societies	...	4,019 godowns
(ii) At the mandi level by co-operative marketing societies	...	1,550 ,,
(iii) At Sub-divisional and more important centres of trade in the States by the State Warehousing Corporations	...	250 ware houses
(iv) At regional centres of all-India importance by the Central Warehousing Corporation	...	100 ,,
		5,919

The total financial assistance proposed for the abovementioned storage facilities under the Second Five Year Plan is as under:—

		(Rs. in lakhs)
(i) For godowns of the large-sized primary agricultural credit societies	...	358.8
(ii) For godowns of the primary marketing societies	...	420.2
(iii) For the State Warehousing Corporations in the shape of share capital	...	487.5
(iv) For Central Warehousing Corporation as share capital	...	400.0
		1,666.5

CONTENTS

Merits of the Future Programme

The manner in which this programme will be implemented and the resulting benefits are outlined below :—

(i) The programme for construction of warehouses and godowns will either be preceded by or go hand in hand with the intensive development of credit and marketing organisations. There will be about 10,400 newly organised large-sized primary agricultural credit societies and about 1,900 co-operative marketing societies which would need storage facilities for keeping the produce of their members. The farmers can keep their produce in these godowns pending disposal.

(ii) A large volume of marketing finance would become available both through the co-operative institutions, the Reserve Bank as well as the various branches of the State Bank of India in order to enable the agriculturists to take full advantage of the warehousing and credit facilities made available.

(iii) The godowns at the village and mandi level will be constructed by the co-operative societies themselves for which loans and subsidies will be granted by the State Warehousing Corporation out of its own funds. Large warehouses of 10 to 20 thousand ton capacity will be constructed by the Central Warehousing Corporation at about 100 centres out of its own share capital and other resources.

(iv) Co-ordination of the operations of all these warehouse and godowns and the credit marketing and warehousing institutions will be secured by the policy and financial powers vested in the National Co-operative Development and Warehousing Board in the Ministry of Food and Agriculture. Similarly, the Central Warehousing Corporation will be contributing to half the share capital of the State Warehousing Corporations and nominating half the number of Directors to the State Corporations. There will, therefore, be close co-ordination and co-operation between the Central and State Warehoueing Corporations. Similarly, at every warehouse it is proposed to have a local Advisory Committee consisting of the representatives of the Regulated Market Committee the co-operative marketing society, the representatives of the trade and the farmers and of the financing agencies.

(v) Personnel required as Secretaries and Managers of the credit and marketing societies, warehousemen, accountants and similar personnel will be recruited and trained for the purpose of

operating the godown and the warehouses and the co-operative institutions connected therewith. A Central Committee for Co-operative Training with the representatives of the Reserve Bank, the Ministry of Food and Agriculture and prominent co-operators has already been set up and it has achieved a good deal of progress in setting up training centres and in strengthening the existing ones.

Village Godowns

At the village level, the large-sized credit society will construct a godown estimated to cost between Rs. 10,000 to Rs. 15,000. 25 per cent of the cost of this godown will be given as subsidy to be shared equally between the Central and State Governments. Out of the remaining 75 per cent which will be given as loan, $62\frac{1}{2}$ per cent will be lent by the Central Government and $12\frac{1}{2}$ per cent by the State Government. These godowns will serve more than one purpose. Firstly, the credit society may use the godown for storing the produce of its members temporarily until it is sent to the bigger godown of marketing society. The credit society may also give temporary financial accommodation to its members against these stocks. Secondly, the godown would serve as a clearing house for pooling foodgrains of the same type of the various members before transporting them to the marketing societies; and, lastly these godowns can also be used as depots for distribution of fertilizer, seeds, implements etc. to the members of this society after procuring these materials from the marketing society. Each large-sized credit society will have a full-time trained Manager whose cost will be subsidized for a period of three years by the Central and the State Governments and who will be in charge of these godowns.

Godowns at Mandis

At the mandi level, each primary marketing society will have a godown of its own. This godown will be larger than the one constructed by the credit society. Its cost will be between Rs. 20,000 to Rs. 60,000 depending upon the size and capacity of the society. In some cases it may even go up to Rs. 1 lakh, if sufficient volume of trade is expected to be handled by the society. The marketing society will in the initial stages devote special attention to only major agricultural commodities of that area. Suitable designs for construction of these godowns depending upon the types of commodities to be stored are being evolved by the Government of India and will be suggested to the co-operative societies through the

State Governments. Similarly, supply of essential materials like cement, iron and steel required for godown construction will be arranged by the Government of India, Ministry of Food and Agriculture on a priority basis. The cost of this godown will be subsidized to the extent of 25 per cent on the basis of equal sharing by the Central and the State Governments. The remaining 75 per cent will be given as loan to the societies. The cost of staff of the marketing societies will be subsidized for a period of three years on a declining basis and the full-time managers of marketing societies will be in charge of these godowns. Until such time when such godowns are constructed, the marketing societies will hire whatever suitable godown accommodation is in existence. The State Governments have been asked wherever necessary to acquire existing godown accommodation for the purpose of these societies.

Sub-Divisional Warehouses of State Corporations

According to the Bill now before the Parliament, the State Governments will be setting up in each State a Warehousing Corporation. The maximum authorised share capital of such a Corporation will be Rs. 2 crores and the issued capital may vary from State to State depending upon the needs. Half of this share capital will be subscribed by the Central Warehousing Corporation and the remaining half by the State Government. The Managing Director will be appointed by the State Government in consultation with the Central Warehousing Corporation. It is expected that the State Warehousing Corporations will be operating about 250 warehouses in different centres by 1960-61. Although the progress of warehousing in different States will vary according to the development of co-operative credit, marketing, regulated markets etc., the following tentative breakdown is attempted :

Year	No. of States where State Warehousing Corporations may be set up.	No. of warehouses likely to be set up.
1956–57	5	20
1957–58	5	40
1958–59	6	60
1959–60	–	65
1960–61	–	65
	16	250

The capacity of these warehouses is expected to vary between 1000 and 10,000 tons and between them these 250 warehouses will

provide storage facilities of the order of 1,00,0000 (one million) tons. The selection of suitable centres for these warehouses is under examination by the State Governments and the following criteria have been suggested to them in making such selections :

(i) There should be need for storage facilities in the locality and there should be sizable quantities of surplus produce for sale.

(ii) The centre should be close to a terminal market and should have adequate transport facilities by road, rail or water.

(iii) There should be a nucleus of co-operative marketing associations and possibilities of their further expansion.

(iv) There should be existing or potential banking facilities in order that loans could be advanced against the produce in godowns or in warehouses.

Warehouses of Central Corporation

According to the Bill now before the Parliament, a Central Warehousing Corporation will have an authorised capital of Rs. 40 crores and an issued capital of Rs. 10 crores. Out of this issued capital of Rs. 10 crores, Rs. 4 crores will be subscribed by the Government of India through the National Co-operative Development and Warehousing Board and the remaining Rs. 6 crores by the State Bank, Scheduled Banks, Co-operative Societies, Insurance Companies and other recognised associations and Joint Stock Companies dealing in agricultural produce. This Warehousing Corporation will also be able to issue debentures with the prior concurrence of the Government of India as and when necessary. A part of the capital will be used for contributing 50 per cent share capital of the State Warehousing Corporations and the rest in setting up the Central Warehouses.

The Central Corporation is expected to set up large sized Warehouses of 10,000 to 20,000 ton capacity at 100 important centres. These centres are also being considered in consultation with the State Governments, care being taken to see that there is no overlapping and that only the largest centres are being handled by the Central Corporation. The phased programme of the setting up of the Central Warehouses is as under :—

Year.	No. of Warehouses of the Central Corporation.
1956-57	15
1957-58	17
1958-59	18
1959-60	20
1960-61	30

A list of commodities to be taken up for warehousing in each State is being prepared in consultation with the State Governments.

Recruitment and Training of Staff

The staff expected to be required at the large warehouses of the Central Corporation will be one warehouseman, one accountant-cum-cashier, one technical assistant for fumigation and one grader. In relatively smaller godowns and warehouses, the staff requirements will be correspondingly less and functions of technical assistant and grader may have to be combined and suitable persons trained. In the smallest category of warehouses, the warehousemen himself may have to do grading, fumigation etc, and only a separate accountant may have to be provided. The total requirements of staff of various types for the management of the Central and the State warehouses are, therefore, estimated as under :—

1.	Warehousemen ...	100
2.	Accountants-cum-Cashiers ...	350
3.	Technical Assistants ...	25
4.	Graders ...	25
5.	Warehousemen-cum-Technical Assistants-cum-Graders ...	250
6.	Technical Assistants-cum-Graders ...	75
	Total ...	825

These categories of personnel will have to be recruited and trained. Qualifications for the various types have been tentatively worked out and a training programme has also been prepared. The scheme can only be finalised after the Bill becomes law and the Central and State Warehousing Corporations have been set up. Their respective Boards of Directors will have to approve of the tentative plans and programmes prepared by the Ministry of Food and Agriculture by that time. In the meanwhile, the possibility of starting some pilot training courses for warehousing is being examined.

Conclusion

The Second Five Year Plan programme for the development of marketing and Co-operation, including storage and warehousing, was discussed at great length in the two regional Conferences of the State representatives at Hyderabad in November 1955 and at Jaipur in February 1956.

When the full programme of storage and warehousing is implemented by the end of the Second Five Year Plan, it is expected that storage and warehousing space for over 3 million tons of agricultural produce will be available in the country in addition to the existing facilities. Although this will only be a fraction of the marketable surpluses likely to be available at the end of the Second Five Year Plan, this organisation is expected to help substantially in ensuring a fair return to the farmer for this produce and a more rational distribution of marketable surpluses over a longer period.

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Co-operative Education and Publicity

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

Publication of Literature

Education is a continuous process. So, the flow of educative publications should likewise be continuous. The purpose of the publications should be to re-educate the converted and to persuade him to dedicate himself to the co-operative work.

The Union has already published several publications. For example:—An Introduction to Rural Economics" "Co-operative and Industrial Welfare", "Co-operative Wholesales", "The Story of Rochdale Pioneers", "Co-operation in Denmark" (under print). But the above publications are in English. There is an urgent necessity to publish a large number of tracts, study-guides and phamplets in the regional languages of the State-Tamil, Malayalam and Kannada. The publication of literature may be divided into the following types.

(1) Case study type.
(2) Family type.
(3) Academic type.

Case study type of publications should throw a vivid light on the working of the inner mechanism of select co-operatives; while family type of literature should explain in an informal and interesting way, how co-operatives are helping the families to achieve and enjoy a higher standard of life and how it develops cultural, social and democratic values; the academic or study guide type of literature should help the discerning reader in knowing the actual problems of running a Co-operative, the trading and business practices and stimulate fresh thought and discussion on Co-operative theory and practice. Simple, effective, and telling booklets on various aspects of co operation, basic vital, and seminal tracts from the pen of master writers like Dr. J. P. Warbasse, G. D. H. Cole, H. J. Laski and others may be included in the last series.

In order to effectively execute a book publishing programme, a well staffed Publishing Department should be organised in the Madras State Co-operative Union. The Staff should comprise a Chief Editor, an Assistant Editor, a stenographer, an artist, a

photographer, a proof reader, a clerk, an accountant and two peons. It is also desirable that a modern, well equipped Press is attached to the Union. Competent writers drawn from Co-operative Leaders, Managers, Secretaries and Professors may be constituted into an Editorial Board. The Board should be entrusted with the responsibility of carrying out the publishing programme. In order to draw out new talent, attractive monetary awards should be given to the promising writers. The objective should be to reach at least 20,000 members in Madras by the end of the Second Five Year Plan period. Each year at least, 50 publications should be brought out. The publications should not only be attractive and handsome, but also entertaining and stimulating. The get-up and the format of the series should be sprightly like the *Pelican*, *Collins* and *Mentor* series. Another point, relating to the publications is that the price should be very low, generally not more than 0-8 0 per publication. The details of the cost of the scheme has to be worked out accordingly.

Research and Educational Programmes

Research is an indispensable item of work in any Movement, which is always growing and expanding. Innovation is the main spring of growth. Working methods must be constantly kept under expert review; principles must be kept fresh and adjustments both in policy and practice should be constantly made; new skills must be tapped, new problems solved and new changes executed. Unfortunately, the Co-operatives have seldom risen above the mere routine business outlook; often, they forget the basic principles and become a static business enterprise. While corporate enterprises are alive to the necessity of fundamental research, it is surprising that Co-operative Movement, which draws its sustenance from the people and which builds its strength from the idea of service and not profit, should have so conspicuously neglected a vital task namely research and experiment and devoted so little attention to this vital aspect of co-operative education.

In Madras State, so far no concerted and organised effort has been made to create a special organ devoted to Research, though in the past, the Union had made sporadic efforts in this direction. The Union had brought out a publication "Co-operative Wholesales", which was a singular attempt to study intensively and comprehensively the future of the Co-operative Wholesale Societies.

In the early days of its career, painstaking leaders like Sri Vedachala Iyer, Sri K. Deivasigamani Mudaliar, Sri V. V. Ramdoss Pantulu, Sri T. Srinivasa Rao, T. Hanumantha Rao and others had done excellent pioneering work in the field of Co operative research. However inspiring these efforts may be, they were at best sporadic. irregular and fitful. A sustained and planned effort should be made to put Co-operative Research on a sound and scientific footing. Research work should be a full time job of the trained researchers, who have a special aptitude for the work. They should have high academic qualifications and should, besides possess a flair for research, study and experimentation. The Research Section should be under the control of a Chief Research Officer. He should be assisted by two or more Research Assistants. Familiarity and experience in conducting socio-economic surveys and statistical knowledge are essential for research work. Men like J. A. Hough of the Manchester Union have blazed a trail, which is well-worth emu'ating. The Research Section should be equipped with an upto date library and documentation service. The job of Evaluation should be entrusted to the Research Organisation. Theoretical knowledge should be augumented with field studies and facilities for tour and travel should be given to the men, incharge of Research. As Co-operation is essentially a people's movement, the capacity for evolving original and novel techniques, without any bias for official conformity can only be expected from men, who are devoted to study and research in a free atmosphere. Therefore, it is absolutely essential, that the responsibility for initiating Research should be the inalienable right of the Union and Government should leave this responsibility to the Union. The entire scheme may cost an annual recurring of Rs. 20,000+plus a non recurring expenditure of Rs. 20,000.

Educational Programmes

Educational Programmes are of different types :—(i) employee training, (ii) member-training, (iii) consumer education, (iv) house-wives training and (v) youth training.

Employee Training

In this sphere of work an important policy decision has to be taken. So far as this State is concerned, there is an urgent necessity to re-evaluate the existing practice and take a bold policy decision, in order to make Co-operative education to serve the needs of a growing

popular movement. At present, there are three agencies (i) The Madras State Co-operative Union, (ii) The Government, (iii) The Central Committee for Co-operative Training. The Union controls the educational work at the Institutes, which trains Supervisors. The training is for a period of 11 months, of which 9 months are devoted to theoretical training in Co-operation, Co-operative Law, Book-keeping, Audit, Banking and Rural Economics and a two month practical training at a Central Bank. S. S. L. C. passed or completed candidates are admitted. The Government give training for their own staff and to a limited number of private candidates at the Central Co-operative Institute. The Regional Co-operative Training Centre, Madras in its turn, gives training to Intermediate Level of Officers. All these three types of Training are more or less analogous in standards of training and the difference if any, are very small and could easily be toned up. But, if a graded system of introductory, intermediate and advanced levels of training are to be organised, it is essential that a central agency should be created and vested with the necessary authority and requistite finances to carry out efficiently an integrated programme of training under its own auspices. A State Co-operative Educational Council, with the representatives of the Union, the Government and the Reserve Bank of India may be constituted under the administrative auspices of the Union. This body should be provided with requisite resources by the Movement, the Government of Madras and the Reserve Bank of India. A Chief Educational Officer on a sufficiently high grade i.e. 750—75—1,500, assisted by a band of well-qualified and experienced Lecturers should form the staff. Training Courses suited to different types of employees, both official and non-official should be worked-out. Detached academic teaching, coupled with plain job instruction should guide the basic policy in designing the Courses. Vocational courses to meet the growing needs of trained personnel in the field of Consumer Store Management, Co operative Marketing, Industrial Co-operative Management, Dairying, Farming, Salesmanship, Shop-practice, Business Administration etc. should be started. Theoretical training, should invariably be supplemented with actual field study. In order to train a large army of workers, it may be necessary to provide both residential schooling, supplemented with correspondence training. Residential Schooling should be primarily designed to afford a refresher-training to a candidate, who has already acquired a preliminary instruction. It should be a percursor to lead him on to a further training of an advanced nature. The absolute absence of a well planned correspondence training scheme is a major weakness of our co-operative educational system.

Member Training

In order to carry on the nation building message of Co-operation to the farthermost rural corners and to initiate the uninitiated into the working of co-operative techniques and to sustain their interest in the progress of the co-operative enterprise in which they are associated, a vitalising programme of fundamental education must be pushed through vigorously. The technique of Study Circle holds out infinite possibilities. In Sweden, and in the Maritime Provinces, this technique has produced encouraging results. A well balanced programme to suit the rural conditions of India should be thought out. A separate Section "Study Circle Department" should be created under the control of the Chief Education Officer. Graduated courses of training, study guides etc. should be prepared by competent men. A study circle leadership training must also be organised. The Radio-Forum and Intensive Session techniques should also be incorporated in this scheme.

In Madras State, the Union had already submitted a Panchayatdars Training Scheme to the Government. The Registrar has revised the scheme suitably in order to fit in with the Draft II Five Year Plan. The scheme provides for a recurring cost of Rs. 1,02,163 and a non-recurring cost of Rs. 1,11,424. The scheme provides for audio visual education. The scheme may form the nucleus, upon which the edifice of study-circle activity can be built up. Each primary society, with a total membership of 200 and above, should be encouraged to organise study-circles and the Study Circle Department should nurse and nourish these activities with the supply of study materials, films, teaching service etc.

Co-operative Propaganda and Publicity

The selling of the Co-operative idea is as much an expert task as managing an enterprise. Co-operative propaganda is a delicate art. Its appeal is not primarily material; it is intrinsically ethical and psychological. The effect of co-operative publicity is generally more slow, but once. an interest is enkindled, it will have a lasting effect. A Publicity and Public Relations Division, in charge of a Public Relations Officer should be created under the auspices of the Union. He should be assisted by Publicity Assistants, Technical Assistants (Photography, Films Division, Regional

Organisers etc.) etc. A well staffed unit should be placed under his charge. Four propaganda vans, one Tour automobile (with a capacity of 40 persons), Film Projectors, Charts, Publicity Materials, Folders, Posters, Maps, Music Records, Radio and other publicity aids and display accessories should be placed at the disposal of the Unit.

The Division should be entrusted with the following functions :

(i) *Preparation of Publicity Materials* : Folders, write-ups, posters, co-operative crusade slogans, flags, buttonholes, juntas, advertisement blocks and write ups, leaflets, display materials etc. should be planned and prepared.

(ii) *Photography Section, etc.* There should be a separate Photography Section, equipped with the necessary instruments and processing facilities.

(iii) *Films Division* : It should be in charge of making documentaries. It should be equipped with the latest machines, cine cameras, films and should be in the control of expert technical men, assisted by artistes, scenerio writers, musicians, play-backs, orchestra, etc. Educative and entertainings films, which are popular should be purchased and kept in stock. Foreign Co-operative Films should also be on the inventories. All the Commentaries should be in the respective regional language.

(iv) *Plans, Dramas, Radio Playlets, Songs* : This is the most important item in any effective Publicity work. Dramas, Plays of 1 to 1½ hours duration on co-operative themes should be prepared. The Union has published "Sathayama" a Tamil drama by Sri T.S.R. Chandran, I.C.S. Drama competitions should be held annually and prizes should be given. Similarly, Radio.playlets should be arranged at least once in a month, both in the Madras and Tiruchy Stations. Besides, periodical radio talks, discussions, dialogues, quiz programmes and symposia should be arranged. Radio at present, plays very little part in the field of co-operative education. It should be harnessed to this task more effectively. Popular poets should be induced to write vivid, refreshing poems, explaining the role of Co-operation. Effective Dance-Dramas, Burrah Kathas, Kalatchebams etc. should be arranged.

(v) *News write up, Articles etc*: Arrangements must be made to popularise the idea of co-operation through the popular press both in English and regional languages. Interesting, vivid and sparkling accounts of the progress of co-operatives etc. should be periodically circulated to the Press establishments free of cost, just as the United States Information Services are doing. Press coverage of co-operative news should be progressively stepped up.

(*vi*) *Exhibitions*: The role of Exhibitions in educating the public about the values of co operation needs little emphasis. Now-a-days, the frequency of Exhibitions have become great. So, it is proposed that a separate unit, with the necessary staff and equipment should be organised. Products of Co-operatives, the story of their growth etc. should be graphically displayed in the form of bas reliefs, charts, posters, maps, electrically operated models, display counters etc. and exhibited. Demonstration parties may add to the personal touch. A provision of an annual expenditure of Rs. 20,000 should be made for this purpose.

(*vii*) *Pageants, Processions and Rallies*. Arrangements must be made to organise pageants, processions and rallies on suitable occasions like the All India Co-operative Day, All-India Handloom Day, More Milk Day, etc.

(*viii*) *Tourist Service*: As the movement grows, the need for organising a Tourist Service becomes imperative. Further, under the I. L. O. fellowships scheme, there is a continuous influx of travel grantees from various countries. The Union should organise a regular Tourist Service. A modern and excellent Hostel, an up-to-date canteen, a tourist van and tour-guides are the minimum requirements of an efficient Tourist Service. The Service should arrange for study tours, visit to important centres of Co-operative activity and cultural interest etc. Brief, pleasing and attractive folders on the history, growth, achievements and problems with vivid pictures, easy-to-read statistical charts should be kept under the control of the Tourist Service Staff. The service should also arrange for visits to other States and even abroad. This service will greatly facilitate exchange of information and the growth of collective consciousness among co-operators.

(*ix*) *Conferences, Publicity Meetings and Seminars*: The Division should be in charge of conducting annual conferences, periodical sectional conferences on housing, milk supply etc. and regional conferences. The Conference, besides being the

forum of leaders and Government members to air their views on several co-operative matters should facilitate the exchange of informed opinion. The reading of papers on Co-operative topics should constitute an indispensable item. The resolutions passed at the Conference must be referred to a 'Watch Committee' which should review the pace and speed of their implementation. Publicity Meetings for a homogeneous area should be convened on a planned basis ; so also regional conferences. At least, once in a year, a Co operative Seminar should be conducted. The questionnaire and relevant study-materials should be sent to the participants well-in-advance and the members should be split into small working groups and the conclusions should be taken up for general review at the end. The services of the Chief Education Officer and the Chief Editor shall be requisitioned for the purpose of counselling and briefing the members in order to give a touch of expertness aud finality to the suggestions of the participants.

Organisation of Youth Leagues and Women Guilds

We have already indicated the scope for the organisation of study circle ; we proceed, therefore, to discuss the plan for the organisation of Youth Leagues and Women Guilds.

Youth Leagues

The future of the Co-operative Movement is inseparately bound up with the Youth. If the Movement should advance, it must be assured of a vanguard of Youth, sincere, intelligent and trained. Though in our State, there are various Youth Movements like the Scouts, the Girl Guides, the Rovers, the N. C. C. the R. S. S. the Y. M. C. A. etc. almost all of them do not bestow much attention to Co-operation. Some cater to health and hygienic interests; some to religion; and many to physical education and the development of a spirit of Co-operation and *espirit-de-corps*. The services of the Scouts, the Girl Guides, the Rovers and the N.C.C. may be utilised to build up a Co-operative Youth Movement. The Government of India may set apart some funds for the Madras State to build up the Co-operative Youth Movement. (The First Plan had set apart Rs 1 crore for Youth Welfare). A Youth Division, under the control of a Youth Officer should be organised. Youth should be organised into three groups (1) the Playways (7-10 years) (2) the Path Finders (11-14) and Youth Clubs (15-20). The idea of the Youth Movement is to foster a sense of Co-operative consciousness among the young people and to develop in them an active interest in co operative work. As in U.S.A. besides catering to health, cultural, educational and recreational activities by conducting Youth Camps etc., the members of the

Youth Clubs may be initiated in practical co-operative problems and their services may be engaged in co-operative membership campaigns, poster contests, sales drive, study-circles, pageants, dramatic troupes etc. It will be a valuable training ground for the youth, who aspire to practice democracy in its most effective forms. The State Government, Local Boards and Co-operative Institutions may also render financial assistance to the Union in this behalf. The Educational Division should organise a Youth Leadership Training Course. The Publications Division and the Public Relations Division may assist the Youth Movement by supplying literature, publicity materials, films, arranging study tours etc. The services of the Youth Movement may be requisitioned during conferences. In the initial stage, a Co-ordination Committee may be set up and representatives of Scouts, Girls Guides. Rovers, N.C.C.'s, etc. may be invited to the Committee.

Women Guilds

The Co-operative Movements in all countries should help in the rational planning of homes in order that women may have greater leisure to devote to social, cultural and public work. The Co-operative Movements in U.S.A., Sweden and U.K. have organised Women's Guilds, through which they train women in rational house keeping by means of training courses, exhibitions and demonstrations. But in India, women play little or no part in the development of Co-operative Movement, excepting perhaps in the solitary example of Women's Cottage Industry Co-operative Society. There is an urgent necessity to bring in more women on the Boards of Management of Co-operative Societies, especially Consumer Co-operatives. In Co-operation with the Women's Welfare Department, the Kasturba Trust, the Women's Conference Section and the All India Women's Food Council a concerted effort has to be made to organise a Women's Co-operative Guild at the State and District levels. The Government may render financial help towards the organisation of guilds. Special courses in consumer education, home management, child care, family health, home economics and demonstrations in cookery, house furnishing and dress making may be conducted by the Guild. The lectures will have a distinctive co-operative flavour. The Officers and Field Staff of the Women's Welfare Department may prove very useful in building up a Women's Guild Movement in Madras. A Chief Women Guild Officer, with necessary staff have to be appointed to execute the scheme efficiently.

Seminar on Co-operative Education and Training in India*

PATTERN OF CO-OPERATIVE EDUCATION

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Need for Co-operative Education

Education is desirable for all mankind. It is the life's necessity for co-operators as they have chosen to associate together even at the risk of accepting unlimited liability some times to better their social and economic conditions. If this assumption is true of the most advanced countries, it is even more so of economically less developed countries like India and China No successful co-operative development is possible without certain minimum standard of education at least in the principles of co-operation, if not in general education. The educational task should be a continuous one and cover the theory and practice of co operation, as well as those branches of social sciences relating to Economics, Sociology, Ethics and citizenship. It is, therefore, considered by many advanced countries that co operative training is the corner stone of the co-operative movement.

The Rules and Regulations of Societies, the guidance of supervisory and inspection staff will be of no avail, if the mass of the members are not educated in the principles of co operation. Co-operation is basically a people's movement and has to be managed by the people themselves. The State's intervention comes in only as a friend, philosopher and guide and not to take away or be a substitute for self-help. Members should be educated in regard to their rights and duties. They must know the basic principles underlying co-operation as a big world force aiming at the establishment of a World Co-operative Commonwealth of Nations. The imperative necessity of co-operative education both to the existing and to the prospective members is generally accepted by all the people concerned. The education and training must undoubtedly be practical for the most part and must have intimate relation with the day to day administration of the society. Such type of education can be

*The views expressed in this paper are not either of the Bombay Provincial Co-operative Institute or the Central Committee for Co-operative Training and Education with which I am associated, but my own.

provided only by tried workers in the field of co-operation. The word of mouth of eminent and tried workers carry conviction to a large body of members and acts as an inspirational force. Co-operation has succeeded in its true form only in countries where the movement has taken up educational work on a large scale and provided facilities to every type of its members. Co operative institutions may be compared to small republics which, should grow out of human characters, which constitute them. Education should be so imparted to the members of co-operatives to make them true and loyal co-operators, well conversant with the constitution, the rules and regulations of societies. It is only then that the co-operative movement will become a powerful force in the country.

2. Co-operative and Rural Bias in Education

While drawing up a programme of co operative education, particularly in a land of 6 lakhs of villages like India, it is quite necessary to give a rural and co-operative bias, which should be evident in all spheres of public contact, quality, taste, display and honesty of dealings of all kinds. To my mind, it appears that a definite co operative aim and co-operative method, particularly in staff training. is necessary and I feel that the best agency to work out the same must essentially be the co-operative. The staff from the lowest to the highest grade, who come into contact with the public should be trained to deal with them in a distinctive co-operative way. It may argued by some people that there is no need for a co-operative bias in technical training provided within the movement, as credit, buying, selling, salesmanship and banking practised in the various private and joint stock concerns and co-operative institutions are not very much different. But they failed to know that there is a distinct co-operative way, a co operative way of life and a co-operative way of thinking and acting, which is quite necessary in tackling problems connected with co operation. It is my attempt, therefore, to impress upon this assembly that there is definitely what is known as a co-operative way, particularly in the tackling of the problem of rural co-operative education. The Second Five-Year Plan contemplates making every family out of the 70 million families in rural parts to become members of co-operatives and make them also creditworthy. To achieve this stupendous task, a dynamic programme of rural co-operative education and propaganda is necessary.

3. Efforts of Pioneers in England and Other Countries to spread Co-operative Education

We will profit a great deal in knowing something about the progress achived in this direction in other countries. The best example of early attempts of co-operative education was in England by the Rochdale Pioneers in 1944, while organising the first society. In their rules of business they had laid down that a certain percentage of profits should be allotted for co operative education. This suggestion has attained a concrete shape in the British Co operative Union setting up a big Education Department and a Central Co-operative College at Stanford Hall. In sevaral other advanced countries great attention has been paid to the problem of co-operative education. The Folk High Schools and Co operative Schools and College of Denmark, the Co-operative Schools and Study circles of the Scandiavian countries, the 4 tier system of eleborate co-operative training, including research. in U.S.S.R. through the Central Organisation, known as the "CENTROSOYUS", the Co-operative Educational Unions of Canada including the Antigonish movement of the St. Xavier University, the great endeavours of the American Co operative League, the American Institute of Co operation and the Farm Credit Administration of the U. S. A. are good examples of efforts made towards co operative education. Except the Farm Credit Administration of U. S. A., almost all the other instituions are democratically managed co-operative institutions.

4. Some Suggestions for the Application of Rochdale Principles

Let us go back to the days of the Rochdale Pioneers, who propagated the scheme of co-operative education while proclaiming to the world the benefit of a co-operative society as far back as 1844. According to one of their rules of business, they had originally thought of devoting 1/10 of their profits arising out of their mutual trading for educational purposes. But unfortunately for them the Registrar of Friendly Societies disallowed it as there was no legal provision in the Friendly Societies Act. The Pioneers persisted and succeeded finally in making due provision for an allotment of 2½ per cent of the net profits for educational purpose in the new Industrial and Provident Societies Act of 1852. This decision to allot a fixed percentage to the educational fund has become historic. It marks an epoch in co-operative history. This decision was taken at a time when England had no Compulsory Education Act. It is said that it would be difficult to overestimate the importance of this facility for intellectual advancement at those times when several persons in the country were ignorant of even the 3 R's. The cheapest newspaper cost from 4 to 6d each and was beyond the reach of working men, of whom a large proportion could neither read nor write.

It is authoritatively stated that in early days the educational funds of co-operative societies in England were frequently devoted for elementary education and thereby some working people gained some notion of the 3 R's. After the passing of the Compulsory Education Act in 1870, they switched on to real co-operative education. The work of providing definite instruction in the principles of co-operation and subjects bearing on co-operation was taken up in right earnest by the Co-operative Union of England by setting up a separate committee for its administration. The growing importance of education led many societies to follow the example of Rochdale Pioneers and set up separate educational committees in every society, besides the establishment of a Central College of Co-operation for the whole of Great Britain and Ireland. Even to this day, it continues to be be the foremost co-operative educational institution in the world, housed in an expansive Lord's Manor, with a compound of 350 acres of land and with all the modern amenities. In this connection it is interesting to note that the oldest universities of Oxford, Cambridge and London came forward in 1890 to organise Workmen's College and also university extension arrangements for the benefit of co-operators desirous of taking higher education. The present expenditure per annum by the Co-operative Union alone works to about 9*d* per member, in addition to large sums spent by individual societies on member education.

Let us now see how for this system can be applied to Indian conditions. The first and foremost reform needed is to make a provision in all the Provincial Co-operative Acts for a statutory contribution ranging from 2½ to 5 per cent of the net profits to the co-operative education fund. Out of this fund, 50 per cent of it should be contributed to the Provincial or State Co-operative Institutes, which undertake co-operative education and propaganda. The balance should be used in the concerned societies for propaganda towards co-operative education. Besides this, every society should collect 4 as. per member as contribution to the Central Co-operative Education Fund to the pooled and administered by the Central Committee for Co-operative Training and Education or by the All India Co-operative Union.

The membership of all co-operatives on 1st July 1954 stood at 1½ crores and it is possible that the membership would have risen to at least 2 crores by now owing to the concerted efforts made in the Five Year Plan. particularly in the Community and N. E. S Development Blocks. This rate of levy of as. 4 per member will bring Rs. 50 lakhs per year to the Central Fund, according to the present membership. Similarly, a rough calculation of 2½ per cent of net profits allotted to education in various societies works to about Rs. 4,20,000 taking the net profit figure of Rs. 1,68,00,000 as on 31-3-1954 of all the societies in India.

Even though in the initial stages large sums may be spent by Central and State Governments and the Reserve Bank of India on Co operative education, I am of the opinion that ultimately. say after a lapse of about 10 years, co-operative education should be provided to a very large extent by the movement itself. While general education is an important function of the State, we can to some extent draw upon the State for the education of co-operators in the initial stages but the rest of the progress should depend upon the efforts of self-help of members, the cardinal principle of Co-operation. In this connection mention may be made of the collection of funds for education by the Bombay Provincial Co-operative Institute and the Madras State Co-operative Union and successfully run co-operative educational institutions. As the prospective members constitute the bulk of the population of India with a literacy extending up to 17 per cent only, the task of co-operative education will undoubtedly be a very stupendous one. In ordert to suggest improvements, we should know what is being done now in India for the spread of co-operative education.

5. Review of Existing Facilities for Education & Training

It is well known that consequent on the setting up of the Central Committee for Co-operative Training & Education, under the Chairmanship of Shri V. L. Mehta, the veteran co-operator of India, in 1952, there has been a great revolution in the matter of co-operative education and training. The following are the high lights of the scheme :—

(1) Senior Grade Officers' Training at the Poona Co-operative Training College.

(2) Intermediate Grade Officers' Training at 5 Regional Institutes.

(3) Special Course in Co-operative Marketing at the Poona College.

(4) Subordinate Grade Officers Training in about 30 centres in the States.

(5) Block Level Co-operative Officers' Training at 8 Centres.

(6) Special Courses on Land Mortgage Banking and Where-housing are about to be started shortly at Madras and Meerut respectively.

(7) Training of members, honorary and paid office-bearers of rural societies by the State Co-operative Unions and Instituties under the direct guidance of the All-India Co-operative Union. 6 pilot schemes in the States of Bihar, Saurashtra, Madhya Bharat and Dehli have been taken up and before long such units will operate in all the States.

It is proposed to take full advantage of audio-visual aids, the raido, the press, pamphlets, posters, dramatic performances and group discussions. Considering the short span of time and the funds at the disposal, the efforts made so far by the Central Government, the Reserve Bank and the All India Co-operative Union are very praiseworthy. Thanks to the Government of India, the Governor of the Reserve Bank and the authors of the great monumental Report of the Rural Credit Survey for their foresight inushering in this scheme of intensive education as well as several schemes for the benefit of co-operatives and the rural population.

6. Suggestions for Improvement

I venture to make the following suggestions :—

1. I fully endorse the view of Prof. N. G. Ranga, M.A., (Oxon), M.P., Vice-President of the All India Co-operative Union, that a separate Minister for Village Administration and Co-operation should be appointed at the Centre and every State should have a Minister exclusively with co-operative portfolio. It is only then that co-operation will get the due recognition at the hands of the Central and State Governments. The establishment of a Co-operative Commonwealth would meet with success only with such concerted efforts both at the Centre and the States.

2. Training of a large number of co-operative teachers is an urgent necessity. Co operative education and propaganda to reach

all the corners of the 6 lakhs of villages and 36 crores of population, a very large number of teachers is needed. In addition to the officials of the Government Co-operative Departments, Co-operative Unions and Institutes of States, all the teachers of Elementary, Higher, Elementary and Secondary Schools, all the Social Service Workers, Block and Village Level Workers in Community Development and N. E. S. Blocks will have to be used for the purpose. All these will have to be given a special training according to an approved syllabus for a month at different centres of the country and then entrusted with the education and propaganda, particularly in rural parts. In my opinion, the village school teacher is a very potential person in the propaganda of co-operative education. The teachers can be persuaded to do propaganda during week ends and holidays. They should be given an honorarium as per the advice of the local institutes or the Registrar.

3. An All-India Co-oparative Research Institute should be opened either at the Agricultural Credit Department of the Reserve Bank of India or the All India Co-operative Union or the Poona Training College, where researches on important co-operative problems should be carried out on the model of the Research Department of the Co-operative Union of Great Britain. The Research Institute should have the benefit of the advice of a panel of Co-operative experts to be set-up by the Reserve Bank of India some what on the lines of the panel of Economists for consultation by the Planning Commission of the Government of India.

4. With a view to create co-operative consciousness among the younger generation, co-operation should be introduced as a compulsory subject in all the classes from the elementary up to the College standard according to an approved syllabus and the study of it should be made compulsory by statute as in U. S. A. and Canada. Generally, educational authorities in America are agreed on the matter that schools must adapt their curricula to the needs and interests of local communities. The important need of a community is co-operative endeavour in all spheres of life.

5. A country-wide effort should be made to start immediately auxiliary bodies, like the Men's and Women's Guild, the mixed guild, youth organisations and children's societies on the model of England, to carry out effectively propaganda on co-operation in general.

6. The Officers of the I.A.S. cadres, Agricultural Officers. Revenue Officers and Rural Development Officers should be given short orientation courses on co operation.

7. It will pay a rich dividend if special women's co-operatives are organised throughout the country. It may not be out of place, if I mention that an All India Co-operative Women's Wing should be organised as part of the All-India Co-operative Union, which should have affiliated women's co-operative organisations all over the States.

8. All the Indian universities should be requested to co-operate in this great task of spreading co-operative education by starting university extension activities and also run special courses on co.operation and other closely allied social sciences. The efforts made in this direction by the M.S. University of Baroda are laudable. It is worthy of emulation by other universities.

9. Initiating co operative discussion groups in all the villages with a trained group leaders and establishing co-operative reading rooms and libraries.

10. Financial assistance should be sought from world bodies like the U.N.O., E.C.A.F.E., I.C.A., F.A.O., I.L.O., Colombo Plan and Ford Foundation. Their help can also be availed for training a large number of experts on co operation and allied matters in foreign countries. It is worthwhile sending round the world a number of selected experienced co-operators of India—officials and non-officials—to study the various aspects of the working of co-operatives in foreign lands, particularly with reference to co-operative education and training, like the recent tour undertaken by Prof. D. G. Karve, an emient economist and co-operator of India under the Ford Foundation and the ensuing projected tour of America and other European countries by Mr. B. J. Patel, Honorary General Secretary of the All-India Co-operative Union, who is also a great non-official co-operative worker of India.

Development of Co-operation*

CO-OPERATION AND NATIONAL PLANNING

Economic development along democratic lines offers a vast field for the application of co-operation in its infinitely varying forms. The socialist pattern of society implies the creation of large numbers of decentralised units, both in agriculture and in industry. These small units can obtain the advantage of scale and organisation mainly by coming together. The character of economic development in India with the emphasis on social change, therefore, provides a great deal of scope for the organisation of the co operative activity. The building up of a co-operative sector as part of the scheme of planned development is, thus, one of the important aims of national policy.

2. The limit to the range of activities to which the principle of co-operation can be applied is set by the fact that a co-operative group should be reasonably small for its members to know and trust one another. For certain purposes a number of small groups may, and indeed must combine into larger organisations, but the strength of co-operation comes from relatively small and homogenous groups which function actively. If strong primary units exist at the base, effective organisations can also be build at higher levels. The structure as a whole can then undertake activities and provide services which require large resources and organisation. From the aspect of the fields which mark themselves out as being specially appropriate for the co-operative method of organisation are agricultural credit, marketing and processing all aspects of production in rural areas, consumers' co-operative stores, co-operatives of artisans and construction co operatives. In these fields, the objective is to enable co-operation increasingly to become the principal basis for the organisation of economic activity. This implies that new activities should be co-operatively organised and also that by stages existing activities should be taken over by co-operatives.

3. In the areas appropriate to it the co operative form of organisation has advantages which neither the system of private enterprise nor that of State ownership can match. In particular, it offers a means of achieving results valuable to the community by drawing equally upon incentives which are social and incentives which are individual. Where it succeeds co operation brings large gains to the community, but the human factors involved in it are

*Source: Second Five Year Plan—A Draft Outline; Govt. of India, Planning Commission, February 1956.

complex and in some ways it is much more difficult for the co-operative form of organisation to succeed than it is for a completely socialistic enterprise or for an individual entrepreneur. It is, therefore, necessary to take effective measures to enable co-operation to succeed specially in fields which may be assigned to it in the scheme of national development.

4. This aspect has received special attention in the report of the Rural Credit Survey organised by the Reserve Bank of India Programmes of co-operative development for the second five year plan have been drawn up broadly on the lines recommended in the Rural Credit Survey. Because of historical circumstances agricultural credit accounts for the greater part of development in the field of co-operation during the past fifty years. The provision of adequate credit on reasonable terms is undoubtedly a most important part of co-operation but the movement has wider and more far reaching aims. In co-operation the crucial unit is the village. In implementing the programme of co-operation there are three aspects to which special attention has to be given. Firstly, credit is only the beginning of co-operation From credit, co-operation has to extend to a number of other activities in the village, including co operative farming. In co-operation hard and fast rules of development cannot be made and every step is determined by the experience of the people. The second aspect is that every family in a village should be member of at least one co-operative society. The third aspect is that the co-operative movement should aim at making every family in the village creditworthy. At present, even in areas in which the movement has spread most, only 30 to 40 per cent of families are able to satisfy the tests laid down. The primary co-operative society and the village panchayat have to work in unison if the needs of all the families in the village are to be met. In determining the size of the primary society, therefore, it is important that, on the hand, the society should be large enough to be a viable unit to be able to provide a competent committee of management and, on the other, it should not be so large that the committee of management cannot keep in touch with individual families and undertake their rehabilition. Co-operatives, like village panchayats, are institutional agencies for achieving social cohesion. In a country whose economic structure has its roots in the village, co-operation is something more than a series of activities organised on co-operative lines; basically its purpose is to evolve a system of

co-operative community organisation which touches upon all aspects of life. Within the village community there are sections of the population who need special assistance. Co-operation should therefore mean an obligation towards all families in the village community and the development of land and other resources and of social services in the common interest of the village as a whole.

Pattern of Village Development

5. The manner in which the village economy is to be reorganised and developed over the next 10 or 15 years is a question of central importance in determining social and economic policies in several fields. For instance the scheme of land reform, the place of village industries in the rural economy, the organisation of the co-operative movement, relations between urban and rural areas, the role of small-scale industries in the programme of industrialisation and the precise application of the concept of balanced regional development are all intimately related to the pattern of growth of the village economy which is visualised for the future. The community development and national extension programme provides a link between national planning and changes which are sought to be achieved within the rural economy. In this programme the expression 'community' refers specially to the group of families who belong to the social unit called the village. A Community Project is therefore, best thought of as a programme for the development in a co-ordinated and planned way of all the village communities comprised in it. It is the social changes and the economic progress which are achieved at the level of the village which provide a true measure for the success of many of the development programmes which are now in progress. The reconstruction of the village along co operative lines implies, firstly, that a more or less homogeneous social structure in which different sections of the community have equal opportunities is brought into existence, and secondly, that the economic basis of village life is greatly expanded and strengthened. Measures relating to land reform, development of village industries, establishment of village panchayats as well as other programmes have to be considered in relation to these two basic objectives

6. For all sections in the village community to have equality of status and opportunity, removal of disparities in the ownership of land is doubtless the first step. The protection afforded to tenants and facilities given to them to become owners of the land they

cultivate as well as the application of ceilings on individual holdings are steps in the right direction, but they are no more than the first steps. Substantial sections of the village community are without land and without adequate opportunities for work. As economic development proceeds, a growing proportion of the rural population will move to towns to take up new work. Even if employment opportunities in urban areas expand more rapidly than can be anticipated, there will still be very considerable pressure on land. For the vast majority of potential workers in villages work has to be found on land and in occupations which can be developed in rural areas.

7. One of the most important questions, therefore, to which national planning has to address itself is the manner and the agencies through which new form and work and service are to be developed within the rural economy. Industrialisation, and specially the development of basic industries, has an extremely important role in accelerating economic progress, but the secondary and indirect effects of industrialisation will not by themselves go far enough in creating and maintaining work opportunities in rural areas for the employment and utilisation of locally available man-power. To the extent a deliberate attempt is made to provide fields for small-scale industries and to locate large industries with due regard to such considerations as the needs of a balanced economy in different parts of the country, the rural problem will be easier of solution. In order that the rural economy may take advantage of opportunities which national policies along the lines may offer, certain changes internal to the village economy have also to be secured.

8. The average village has two main assets, its land and its man-power. In raising the productivity of land through irrigation, national extension and other means conditions are established for expansion in the village economy. But specially favoured areas apart, without reorganisation in the agrarian structure the problem of under-employment in the rural economy will continue to be one of large dimensions. Individual villages have to be brought into the scheme of national development as units of planning. For many purposes groups of villages rather than individual villages will constitute the appropriate planning units. The primary organisation, however, has to be at the village level. This is the reason for setting co-operative village management as the goal of reorganisation for the village economy.

9. Co operative village management implies, in the first place, that the ownership of land belongs to peasants. With the progress of land reform the number of owners within the village community will increase and disparities in the ownership of land will be greatly narrowed. In the peasant community, apart from artisans and others engaged in non-agricultural activities, there will be a section of the population who will be dependent on agriculture but without being owners of land. Theirs is an important problem to which solution has to be found, specially since, as pointed out earlier, they and many small peasant owners will continue to be in effect surplus to the rural economy. The second aspect of co-operative village management, therefore, is that it aims at developing the land and resources of the village and creating new employment opportunities from the point of view of the community as a whole. In other words, the community accepts a measure of responsibility for providing opportunities for gainful work in agricultural as well as non-agricultural activities to all persons in the village who are in need of work and are prepared to do whatever work can be made avilable.

10. To be able to provide a diversity of occupations within and outside agriculture, the village economy itself has to develop new techniques. Rapid technical change including the utilisation of power and of improved equipment thus becomes a basic factor in further progress. So long as the small holding, often uneconomic and fragmented, remains the unit of MANAGEMENT in agriculture, the possibilities of expanding the village economy to create adequate diversity and richness in the occupational structure are severely limited. A distinction should be made between the unit of management and the unit of OPERATION. Even when a larger area or the village as a whole is the unit of management, for many years, the common unit of operation will be the peasant holding. If the village is the unit for planning, there could be co-operation in many operations such as, the use of improved seed, common buying and selling, in soil conservation, in the use of water, in the construction of local works and so on.

11. During the transition to co-operative village management lands in the village will be managed in three different ways. Firstiy, there will be the individual farmers cultivating their own holdings. Secondly, there will be groups of farmers who pool their lands voluntarily in their own interest into co-operative working

units. Thirdly, there will be some land belonging to the village community as a whole. This will include the common lands of the village, the village site, culturable waste lands assigned to the village, lands whose ownership or management is entrusted to the village on the application of the ceiling on agricultural holdings and, lastly, lands which may by given as gifts for the settlement of the landless Thus, one could visualise within the scheme of land management in a village an individual sector, a voluntary co-operative sector and a community sector. The relative proportions between these sectors will be a matter for growth and development as well as positive planning. The aim would be to enlarge the co-operative sector until the management of the entire land in the village becomes the co-operative responsibility of the community. Co-operation in credit, marketing and processing will also further co-operation in production. These activities are inter related Those which are simpler to organise will naturally be taken up first. Co-operation in all forms and in all activities is to be welcomed because the habit and outlook of co-operation is as important as the forms through which it is expressed.

12. While co-operation is the principle of organisation, the agency which provides direction and leadership in the village is the panchayat. The panchayat has important functions in the agricultural programme, in land reform and in land management. The development of panchayats has therefore to be a fundamental item in the programme of national extension and community projects. As the functions of panchayats within the village economy grow and the rural people realise the opportunities for raising standards of living which co operation gives to them, local opinion and leadership will move more rapidly in the direction of co operative village management than may have seemed likely in the past. Participation in the national extension and community development programme brings a new understanding to the rural people and prepares their minds for change.

13. Once this stage of co-operative village management is reached, the distinction between those who have land and those who are landless loses much of its significance. The true distinction then is between workers with varying skills who are engaged in different occupations, both agricultural and non-agricultural. The resources of the village community derived from agriculture, trade and village industry will be employed in securing the maximum

increase in production and employment through action within the village as well as through co-operation in activities extending beyond the village. Such a village community will have an integrated social and economic structure and will be linked organically as a production and business unit with the economic life of the tahsil and the district. Thus, a rural economic structure is visualised in which agricultural production, village industries, processing industries, marketing and rural trade are all organised as co-operative activities. The banking system of the country and, especially the Reserve Bank of India and the State Bank of India and the network of co-operative credit institutions will, undoubtedly, play a large and growing part and the surpluses of rural areas will be available for the development of the rural economy While providing such assistance as is needed from the State, from the Reserve Bank of India and other institutions, the aim is to build up a co-operative system in which the village community is the vital social and economic unit and leadership comes from the people. The essential function of co-operative credit, marketing and other institutions which are to be built up in partnership with the State, as recommended in the Rural Credit Survey will be to assist the development on a sound and business-like basis of an expanding co operative sector on the lines described above.

Development Programmes

14. During the first five year plan, largely on the initiative of the Reserve Bank of India, several important steps have been taken to reorganise the co-operative movement with special reference to agricultural credit. The co-operative movement now includes 22 State Co-operative Banks, 499 Central Banks and Bank Unions 126,954 Primary Credit Societies and 9 Central and 291 Land Mortgage Banks. At the primary level, besides agricultural credit societies there are 30,306 agricultural credit societies, 8,389 non-agricultural credit societies and 21,137 non agricultural non-credit societies. The primary agricultural credit societies have a total membership of 5.8 million and non-credit societies of 2.7 million.

15. The recommendations of the Rural Credit Survey were accepted by the Reserve Bank of India, the Central Government and by the Indian Co operative Congress and during the past year action has been taken to implement several of them. The main principle on which the reorganisation of co operative institutions is based is

that of State partnership. The form and degree of such partnership varies at different levels of the structure and for different type of institutions. The Reserve Bank of India Act was amended to enable the Bank to set up a national agricultural credit (long-term operations fund) and a national agricultural credit (stabilisation fund.) State Governments are now in a position to obtain assistance from the Reserve Bank for State participation in share capital in respect of the larger sized credit societies, Central Banks, State Co-operative Banks and Central Land Mortgage banks on lines proposed in the Rural Credit Survey. Similarly, the Central Government will assist States for participating in the share capital of marketing and processing societies and construction of storage godowns.

16. The conference of Ministers in charge of Co-operation in the States which met in April 1955 to consider the report of the Rural Credit Survey proposed that the long-term goal should be the reorganisation of rural business on a co-operative basis in such a way that within 15 years 50 per cent. of the total business, including credit, marketing, processing, etc., comes within the co-operative sector. It was proposed that during the second five year plan the active membership of primary agricultural credit societies should be raised from 5 to 15 million and the amount advanced through the co-operative movement in short-term loans from Rs 30 to 150 crores, as medium-term loans from Rs. 10 to 50 crores and of long-term loans from Rs. 3 to 25 crores.

17. Development programmes for co-operation for the second five year plan have been drawn up in consultation between the Central Government, States and the Reserve Bank of India. The principal targets in the co-operative programme, which have been worked out in detail for each State, are as follows:

Credit	
Number of larger sized societies	12,000
Target for short-term credit	Rs. 150 crores.
Target for medium-term credit	Rs. 50 crores.
Target for long-term credit	Rs. 25 crores.
Marketing and Processing	
Number of marketing societies to be organised.	1,700
Sugar factories	36
Cotton gins	77
Other processing societies	112

Warehouses and Storage	
Warehouses of Central and State Corporations..	350
Godowns of Marketing societies	1,700
Godowns of larger sized societies	5,000

For achieving these targets, apart from the contribution which the Reserve Bank will make, the plan provides for a total amount of about Rs. 48 crores.

18. The Ministry of Food and Agriculture has prepared draft legislation for setting up Central and State warehousing corporations in accordance with the recommendations of the Rural Credit Survey. It is proposed to build up storage capacity of 2 to 2.5 million tons. The Central Warehousing Corporation is expected to establish nearly 100 Warehouses, each having storage accommodation of 10,000 to 20,000 tons or more. State warehousing corporations are expected to construct about 250 warehouses of 2,000 to 10,000 tons of capacity. Tentative locations for warehouses have been determined.

19. In the development of co-operative credit and marketing institutions, as indeed in all aspects of co-operative development the training of personnel is of the highest importance. For higher co-operative personal a training centre was set up by the Reserve Bank at Poona and for training intermediate co-operative personnel three regional co-operative training institutes are at present functioning and two more are shortly expected to be established. For the training of subordinate personnel State Governments have established 21 training institutes and 10 more are shortly expected to be set up. A special scheme for trainining block level officers to work in national extension and community projects has also been undertaken.

20. This brief review of steps which have been taken since the Rural Credit Survey was completed suggests that co-operation has now entered upon an active phase of development fully supported by the resources of the Central Government and the Reserve Bank of India as well as by State policy. In the rapid progress of co-operation, large organisational and personnel problems are involved, both for the co-operative deparatments carrying out the programme and in terms of work at the village level. Co-operation is the vital principle of all rural development. While building up and strengthening institutions at higher levels, co-operative staffs along with national extension workers should give the utmost attention to work with primary societies. The programmes which have been

drawn up for the development of co-operation in the States during the second five year plan concentrate mainly on credit and marketing and to a smaller extent on processing. Insufficient attention has been given so far to the programme for co-operative farming. This aspect needs to be reviewed further.

21. In the first plan a number of suggestions for encouraging and assisting small and middle farmers to group themselves voluntarily into co-operative farming societies were offered. These have been reviewed and elaborated by a committee of the Panel on Land Reforms dealing with the reorganisation of agriculture. The Committee has suggested that in areas where property rights do not come in the way of establishment of co operative farming, as in government waste lands which have been reclaimed or are suitable for cultivation and in surplus lands obtained through the application of ceilings on agricultural holdings, settlement should as far as possible be on co-operative lines. In these areas intensive efforts should be made to develop suitable methods for co-operative farm operations and the necessary technical guidance, financial aid and supervision should be made available. Agricultural holdings which are smaller in size than the basic holdings should receive special attention with the object of developing co operation in all activities.

The Review of the Co-operative Movement in India 1952-54*

"The Review of the Co-operative Movement in India 1952-54" published by the Agricultural Credit Department of the Reserve Bank of India, contains a detailed account of the progress made by the Movement in its various aspects in the country. The period under review ended after the celebration all over the country of the Golden Jubilee of the Co-operative Movement in India. During the last five decades of its activities, the Movement has recorded varying degrees of success in different parts of the country. Comparing its humble beginnings in the early years of this century with the growth it had attained by the end of the co-operative year 1953-54, the Movement may be considered to have made creditable progress and established itself as one of the more important instruments of social and economic development. The Review, however, points out that there is much still to be achieved and stresses the need for determined efforts being made to spread the benefits of co-operation over wider groups and areas in this country.

During the period under review, the number of societies rose from 185.65 thousand to 198.60 thousand, representing an increase of about 7 per cent. Membership also showed a corresponding rise of 10.1 per cent, from Rs. 137.92 lakhs at the end of 1951 52 to Rs. 151.80 lakhs at the end of 1953 54. The working capital of all societies together rose from Rs. 306.34 crores to Rs 351.79 crores. These figures testify to the important place the co-operative sector occupies in the country's economic life.

There have been many instances of striking success achieved by the Co-operative Movement in different spheres. The efforts to step up food production, to distribute equitably goods which were in short supply, to rehabilitate the exservicemen and displaced persons and to help the handloom industry to tide over the crisis it was passing through are a few instances of the substantial benefits the movement conferred on the country. An outstanding achievement was the establishment of a Co operative Spinning Mill at Guntakal in the Andhra State by weavers' co-operatives societies to produce some part of the yarn they needed. This Mill was pronounced to be "almost a shrine in the world s textile progress" by the industrial experts of the Ford Foundation who visited india in 1954.

*Source: Press Communique issued by the R B I., dated 1-5-56.

While considerable progress was thus undoubtedly made, the Review discloses that there were unsatisfactory features as well during the period. The quantum of credit supplied by co operatives to agriculturists was inadequate leaving them to seek more credit elsewhere and obtain it more promptly than the co-operatives could provide. Another matter of concern during the period under review was the deterioration in the repayment of loans in various co-operative credit institutions, although some part of the overdues was accounted for by the fall in agricultural prices. Marketing and processing of agricultural produce is another sphere in which, in spite of isolated instances of significant success, the general picture was unattractive. The impact of decontrol was felt by consumers' co-operatives and several stores had to be wound up while several others reached the verge of liquidation. The same factor also affected several co-operative marketing societies, which were engaged mainly in the distribution of controlled commodities. Housing was another sector of the movement, which failed to register any demonstrable progress.

The Review therefore concludes that while there were some features of an unsatisfactory nature, which characterised the Co operative movement during the period under review, there were others which held out the prospect of a bright future. The intimate interest which the State took in the expansion of the Movement and the increasing recognition it gave it as a medium for the pursuit of socio-economic policies intended for the benefit of the disadvantaged sections of the population are of happy augury, and the recommendations of the All India Rural Credit Survey Report most of which have been accepted by the Central and State Governments and embodied in the Second Five Year Plan have reinforced the confident outlook for the future.

The Review contains separate chapters on the structure of co-operative credit, short-term as well as long-term, co-operative marketing, consumer's co operatives, co operative housing and other aspects of the co operative activity in the country. Statistical appendices are also included, which give data on several types of co-operative institutions in detail. The price of the publication is Rs. 3. Copies are obtainable from the Accountant, Department of Research and Statistics, Reserve Bank of India, Central Office, Post Box No. 1036, Bombay.

A Note on the Processing Activity undertaken by the Mettur Government Servants Co-operative Stores Ltd.

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The Mettur Government Servants' Co-operative Stores Ltd., has installed one Wardha Gani to undertake processing activity and regular crushing of gingelly seeds is being done from 24-10-1955. The cost of the Ghani is Rs. 300 and it was purchased from the Manager, Gandhinikitan Ashram T. Kallupatti (Madurai District). The Stores is eligible for an equipment subsidy of Rs. 125 and it has applied to the Regional Development Officer, Village Oil Industries, T. Nagar, Madras for the subsidy. The Stores has purchased one bull for Rs. 300 for driving the Ghani and has appointed one oilman on daily wages. The crushing capacity of the Ghani per day is 30 Madras Measures of gingelly seeds (6 shifts). The economics of its working are furnished below :—

Gingelly seeds used per day 30 M. M. (6 shifts).

	Rs.	A.	P.
Cost of 30 Madras Measures of gingelly seeds @ 0-11-6 per M. M. ...	21	9	0
Cost of 3 visses of palmyrah jaggery	1	8	0
Wages for the Oilman ..	1	0	0
Feeding, charges and maintenance of the bull per day	1	8	0
Total ...	25	9	0

Production of gingelly oil for 30 M. M. of seeds is $9\frac{1}{4}$ M. M.

Selling price of $9\frac{1}{4}$ M. M. of oil ...	22	14	0
Selling price of output of oil cake 15 visses ...	5	10	0
Total ...	28	8	0
Margin of profit expected on the production on day ...	2	15	0

The Regional Development officer has informed the Stores that a production subsidy will be issued at a rate of Rs. 2-8-0 per maund (80 lbs.) of oil produced by country chekku. For getting the subsidy, the stores should get itself recognised by the All India Khadi and Village Industries Board and it has applied for the same. The Stores is able to market the oil produced among the consumers then and there in the retail section of the Stores.

2. Now that stores societies are facing keen competition from private merchants, they have to take effective steps to meet the situation. Supply of quality articles at reasonable prices to the clientele is one of the methods by which the business of stores societies could be improved. Undertaking such processing activities is sure to help the stores societies to a great extent. It is advisable for stores societies to take up the processing of gingelly seeds into oil, following the example of the Mettur Government Servants' Co-operative Stores.

A Review of Progress of the Madura Urban Co-operative Bank, Ltd., Madurai—1906-1956.

Origin and Early Working

The Madura Urban Co-operative Bank. Ltd., originally called the Madura Urban Co-operative Credit Society and Stores Ltd., was started in April 1906. The objects of the Society were to borrow money for being lent to members for useful purposes and to purchase and supply the members the necessaries of life. It started its earliest activities in a portion of the house of late Rao Bahadur G. Srinivasa Rao who was also the founder and the first Secretary of the Society.

Separation of the Society from Stores

2. The Society and the Stores carried on their work together till 1920-21, when the Assistant Registrar of Co-operative Societies suggested in his Audit Notes for the year to split up the institution into two. This question was engaging the attention of the General Body for a long time. In April 1923 they resolved that the Society should devide itself into two institutions, one as a credit society and the other as stores. Both were registered separately and have been working accordingly ever since. The credit branch thus separated, attended to its main work of receiving deposits and utilising the receipts in granting loans to members on and from 25th August 1923.

Membership, Shares and Share Capital

3. Membership is open to all persons over 18 years of age, who are competent to contract and who are residing within the limits of the Madura Municipality. The value of each share is Rs 10 and can be paid either in one instalment on allotment or instalments of Re. 1 per share per month. Every member can take atleast one share but none is permitted to take more than 20 shares. Any person desirous of taking a mortgage loan can become a member but his membership will cease if the loan is fully discharged. Another class of membership has been introduced from 1st January 1953—B class—in which the share holders are eligible only for obtaining loans on the pledge of jewels and they have no other privileges of membership. The value of each B class share is annas four and has to be paid on allotment. The number of members, shares and

share capital and under each class of membership on 30th June 1955 are as follows :

Class	No. of members	Shares	Share Capital
A. Class	1350	4367	43,449
B. Class	567	567	142

Deposits : Provident Fund

4. From the beginning, the main source of receipts were deposits, fixed, savings, current and recurring. Another kind of deposit called Provident Fund Deposit was introduced from 1—1—1950. This is intended to provide facilities for the poor as well as middle class people. Anybody, made or female, legally competent to contract, can subscribe for this ; provision is also made in this to advance money to the subscribers in cases of illness or for family expenses under certain conditions. One rupee paid in to the Bank every month gets Rs. 639 at the end of 30 years while the amount actually paid is only Rs. 360. This appears to have become very popular and there are 37 accounts to the total value of Rs. 16,526.

Loans : Surety Loans

5. (a) The main work of the society, now Bank, is granting loans to members. These are granted on the security of the borrower and also on the suretyship of two other members provided the total amount borrowed or for which a member stands surety does not exceed Rs. 100 for each share held by him. This system is of immense service to the share holders and is growing popular.

Jewel Loans

(b) From 1934, the system of advancing money on the pledge of jewels was introduced. The borrower is advanced 75 per cent of the estimated value of the jewel pleged. In valuing, the cost of precious stones are not taken into account. The grant of this loan was till 1—1—53 restricted only to the members of the institution.

As there was much demand for this kind of loan and as many were not able to enjoy this privilege by becomming a member, another class of share holders called, B class, was introduced from 1—1—53 as detailed in para 3.

Mortgage Loans

(c) Though there were special by-laws for granting loan on immovable properties prior to 1—7—1931 on loan was actually granted. Two loan applications were received on 1935 but no action could be taken on them as the by laws had not been finally approved. All immovable properties, mostly houses, proposed to be mortgaged have to be inspected by two members of the Board of Directors, who are called Surveyors. They have to submit an accurate estimate of the market value of the property to be mortgaged. 60 per cent of the estimated value is advanced to the borrower. The first loan of this kind was granted on 30—3—1937 for Rs. 2,000. This has also become very popular as other classes of loans.

Chits

6. The conduct of chits was one other important activity of the Society. This was started only on the application of members. The number of members in any particular chit, the period for which the chit was to run and the maximum amount of a chit fund was restricted. The disposal of a chit amount was under the auction system by which the amount subscribed by all the members is knocked down to the member who bids the highest bids as a consideration for drawing the amount. The members of a chit fund are jointly and sevarally responsible for any loss arising from any member or members of the chit failing to fulfil their engagement and the Bank as a whole was not responsible for such losses. This chit fund had been very popular prior to 1931, and the total number of chits organised was 329 amounting to Rs. 2,70,380. But since July 1931, applications for starting chits began to dwindle. 3 new chits were formed in 1931-32, 8 in 1932-33 to an aggregate amount of Rs. 12,600 and thereafter there was no demand for starting a chit at all due mostly to two facts (1) that similar chits were organised by individual persons and other institutions also (2) and that the applicants did not like to shoulder the responsibility fixed on them according to the Bank by-law.

Common Good Fund

7. The amount at the credit of this fund on 1—7—31 was Rs. 542. Pure Musk is being supplied *gratis* to the general public, irrespective of the fact whether they are members or not, to be used in times of labour most needed to facilitate easy delivery. Every year any amount availiable after meeting all the normal

demands from out of net profit is carried to this fund. Balance under this head on 1—7—55 is 104.

Dividend Equalisation Fund

8. The amount at the credit of this fund on 1—7—31 was Rs. 385. A sum not exceeding 5 per cent of the net profit is carried to this fund every year so that it may be available for distribution when net profit falls below the required sum. The amount available under this head on 1—7—54 is Rs. 156.

Bad Debts Reserve

9. The amount available under this head on 1—7—31 was Rs. 435. The amount to be carried to this head is left to the discretion of the Board and the decision of the General Body. The amount written off as bad debts and met from this fund from 1-7-51 to 1-7-54 is Rs. 6,455; of this Rs. 6,075 relates to the period prior to 1-7-39. The amount written off in the subsequent period is only Rs. 380. The amount at its credit on 1—7—54 is Rs. 1,811.

Staff

10. When the Society was started there was only one clerk on a monthly salary of Rs. 12. As work increased and need for more staff was felt, the Board of Directors have been increasing gradually to cope with the work in different sections and the present staff consists of a paid secretary, a cashier, one clerk in the deposit section two in the loan section, a jewel appraiser and 4 attenders besides a peon, a call boy and a watchman. The monthly cost of the establishment is Rs. 1,050. The staff is paid decently. Dearness and house rent allowances are paid and the staff is kept contented. A provident fund has been introduced. A monthly contribution of one anna per rupee from salaries of the permanent employees of the institution with a contribution of an equal sum form main source of receipt under this head; subscribers are making good use of it. The staff is allowed 10 days casual leave in a year and one month privilege leave with or without medical certificate for every eleven months served by them. The holidays observed by the Central Bank are allowed in this Bank also.

Library

11. The Bank has a library of its own containing books mostly on Agriculture, Co-operation and Banking. The number of volumes now held in the library is 500. One English and one Tamil daily,

3 weekly and 5 monthly journals of which three on co-operation are being subscribed.

The present position

12. The institution started its work on 3rd April 1906 with a modest capital of Rs. 4,000 obtained from the Madura Hindu Permanent Fund as a loan at an interest of $6\frac{1}{4}$ per cent per annum and had its first abode in a portion of the house of Late Rao Bahadur G. Sreenivasa Rao, one of its illustrious founders. It has worked slowly and steadily. Its working capital was Rs. 2,38,633 in July '31 and has risen to Rs. 4,67,989 nearly twice in July '55. Its reserve funds shares and other investments have increased from Rs. 1,70,136 to 1,75,838 and the loans issued from Rs. 62,641 to 1,86,040 nearly thrice the amount in the same period. Thus it will be seen that there has been an all round improvement, though with some slight and occassional set backs here and there and the institution is also getting very popular. It is almsot self supporting. The institution has the commodious building of its own purchased in the year 1917. It has its office in the first floor and has let the ground floor at a decent rent to the Madura City Co-operative Stores Ltd. An extension of a stored building in place of the tiled shed in the eastern side of the present main building, and imporvement to the front portion of the latter, at an estimated cost of Rs. 9,500 is under contemplation.

Conclusion

13. The Bank completes its 50 years of working on 3rd April 1956. The success, so far, of the institution is, no small measure, due to the efforts of the office bearers, past and present, prominent co-operators, staff, the departmental officers, and not in the least to the members and the General Public of the Madurai City and the Golden Jubilee Committee takes this occasion to thank them one and all.

From a small beginning, by careful nurture, steady growth and efficient supervision, the Bank has grown into big institution, just the one needed for the times; it is prayed and requested that the same hearty co opration will be continued and the institution will be enabled to be of greater service and utility.

Golden Jubilee Celebration*

THE MANNARGUDI CO OPERATIVE URBAN BANK LIMITED, MANNARGUDI

Sri A. B. Shetty's Address

It is no small achievement for an Institution to have served its members and the public successfully for five decades and I congratulate the Directors of this Bank, past and present, on their steward-ship of the Bank, which has been responsible for the continued success of this Institution all these years. The Directors should not rest satisfied with the commendable progress already made by the Bank. They should take steps to enlarge its membership so as to cover the entire bulk of the middle and poorer classes in this town.

2. Co operative urban banks occupy an important place in the Co-operative credit structure of this State. In point of numbers and of transactions, they come next in importance of the Agricultural credit societies. They are intended to provide credit mainly for the smaller artisans and traders in urban areas. Just as the ryots in the villages are the victims of village sowcars, the urban population consisting of artisans, traders, shopkeepers, industrial employees and others are equally under the baneful influence of local money-lenders. To give them credit facilities a reasonable rate is no less humanitarian than the relieving of rural indebtedness. A variety of co-operative credit societies have, therefore, been organised with a view to saving the poorer classes in the towns from the clutches of the money-lenders who charge high rates of interest and give few facilities for repayment in instalments.

3. The Madras State can well be proud of its sound urban banking system. The first Co operative Urban Bank on limited liability basis was started in 1904 at Kancheepuram. Urban Co-operative credit societies are generally of two types--ordinary urban banks and employees credit societies. In addition, a few societies for scavengers and similar low paid employees are formed in the towns on unlimited liability basis. Communal banks of the Bombay type are not generally encouraged in this State. On 30th June, 1955, there were 173 Urban Banks and 503 Employees Co-operative Credit Societies. The Urban Banks had a membership of 3.17 lakhs and a paid up share capital of Rs. 82.00 lakhs. They held deposits to the extent of Rs. 431.80 lakhs, of which Rs. 149.40 lakhs were from members. They accept fixed, current, savings

*Address by Sri A. B. Shetty, Minister for Health, 4 p.m. 25-4-56.

and other kinds of deposits and provide banking facilities to their clientele such as issue of drafts, collection of cheques, drafts bills etc. Most of the banks are carrying on their business mainly with their own resources as may be seen from the fact out of their total working capital of Rs. 697.47 lakhs, their borrowings from the District Central Banks amounted to Rs. 122.25 lakhs. The banks issued loans to their members to the extent of Rs. 546.20 lakhs during the co operative year 1954–55 and the loans outstanding against the members at the end of the year amounted to Rs 420.02 lakhs. The banks catered to the needs of the agriculturists also within the towns and the surrounding villages over which they operate and in this way they lent Rs. 196.62 lakhs for agricultural purposes like cultivation, purchase of land and cattle and improvements to lands. Against a demand of Rs. 670.62 lakhs, the overdues from members amounted to Rs. 76.93 lakhs and worked out to 11 per cent of the demand.

4. While Madras can well be proud of its achievements in urban Co-operative Banking, the urban banks have yet to cover a large field in the matter of providing credit and banking facilities in urban areas. I should like to make in this connection a few observations regarding the future line of development of urban credit co operation. First, we should not lose sight of the fact that a co operative urban bank is quite different from a joint stock bank. While co-operative urban banks aim at rendering service to their members at the cheapest possible cost consistent with soundness and solvency, joint stock banks aim at profit for their share holders. That is why co-operative banks enjoy a number of concessions from the Government, which contribute in a large measure to the development of their business. Any tendency therefore on the part of the urban banks to develop the joint stock spirit should not be countenanced. An urban bank is formed mainly to serve the small and the middle class men and if it is allowed to develop on join stock lines, these classes of people are likely to be neglected. Joint stock banks are not interested in developing the business of small loans because the cost of advancing and recovering them is comparatively high. It is the urban co operative banks that should come to the help of these small men. I understand there is a tendency on the part of some urban banks to issue big loans to businessmen and other rich class people. If co operative urban banks are to be really co operative in character and serve the people, they should encourage small loans to persons of moderate means. They should spare

no efforts to cater to the needs of the thousands of struggling working-men and the small artisans in the urban areas. I find there is also a tendency among some of the big urban banks to undertake large scale banking business such as discounting of bills and drafts which are usually expected to be done by joint stock banks. Co-operative urban banks are not intended to replace joint stock banks but are formed to relieve the distress of the ordinary men at the hands of the local money lenders. They should no doubt help their members with banking facilities but such facilities should only be to a limited extent. Urban Banks having a working capital of Rs. 1 lakh and above and having paid secretaries have been allowed to undertake discounting bills. drafts etc., with necessary safeguards. During the year 1954-55, 27 urban banks discounted cheques to the value of Rs. 57.75 lakhs. It is however not quite desirable for the co-operative banks to increase these activities which are of a speculative nature in view of the financial risks involved.

5. Urban Banks are not merely lending shops. They should take active part in tapping local savings and encouraging investment on the part of the local public. They should function as centres of thrift and encourage savings by introducing recurring, homesafe and daily deposits. By promoting thrift, the urban banks will be doing a great service to the people and incidently be getting the resources required by them. In the context of the planned economic development of the country, urban banks have an important part to play in the eradication of poverty and distress among the middle class people, artisans, labourers and other poorer classess in the urban areas. Urban banks can also help the agriculturist residing in their area by providing them with timely loans, particularly loans on the pledge of produce in places where there are no marketing societies. I understand that some urban banks are having godowns of their own and are issuing produce loans. The urban banks can thus play a useful role in the expansion of agricultural credit also. It is high time that urban banks are started in all the towns to provide financial assistance to the poor labourers, artisans and small industrialists. The target should be to have one urban bank for every urban centre. In view of the important part that these banks have to play in the expansion of credit in urban areas, I think it will be useful if a conference of the urban co operative banks in this State is held annually to discuss the difficulties in their working and to formulate plans for their consolidation and development.

Sri A. Palaniappa Mudaliar's Address
AT
The Co-operative Training College, Poona*

Gentlemen, I am very thankful to the Principal, Sri Chengappa of your College for having invited me to give a talk to the stndents and the staff of this College. I understand from him that the Trainees have come from all over India, from various States where Co operation has advanced and from States where it is still to be developed. I am indeed happy to meet you all who will soon occupy responsible positions in the Co operative Movement in the country. This is the first occasion when I am addressing the Trainees of a Co-operative Training College. Mr. Chengappa, I know, has a particular frame of mind with practical outlook for co-operative work, and training received at his hands will be helpful in solving the various problems confronting the Co operative Movement to-day.

2. It seems to me that if Co-operation is to succeed in our country, if Co-operation is to permeate amongst the masses and if people are to be enlisted in the Co operative organisations, the workers engaged in the movement should carry the message of Co-operation to them. It is highly essential that the people who are engaged in the conduct or administration of the co-operative institutions should have an aptitude for the work and a certain outlook and frame of mind which will enable them to understand and realise the problems of small landholders, agricultural labourers and artisans, and to devise ways and means of improving their economic condition. Hard-work, patience, sympathy and missionary spirit are needed. It is no exaggeration to say that these qualities are essential for a successful co-operative Officer. It is easy to administer a co-operative organisation but if co-operation is to succeed and take root in the country, if the people are to believe in that method, it will depend to a large extent upon the quality of the workers who are in the field. Apart from acquiring whatever knowledge is imparted to you in the College, I think you will have to make a proper approach to the people to convince them of the efficacy of Co-operative method. It is no doubt requires patient effort on our part to do so. If the Co-operative method is to succeed, we have to do propaganda to convince the people of the benfits of this method so that they may come members of the co operatives and remain loyal to them. I do hope that the College will serve to create and

*Speech delivered by Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras State to the trainees of the Three Classes of the Co-operative Training College, Poona on 2-4-1956.

develop that atmosphere and frame of mind, and that outlook and method of approach, which will be so essential for the success of the co-operative movement. The success of the movement will depend not only on the persons who compose the society but, on the large body of the workers—official and non-official, who guide the movement.

3. In view of the increasing recognition of the importance of the movement, it is highly essential that a large number of workers should be attracted to the movement; not only honorary workers, but paid workers. Honorary workers may lay down policies and programmes but the efficiency of the day-to-day administration will depend entirely upon the honesty and efficiency of the paid workers.

4. All of you probably may be interested in the way in which the recommendations of the Rural Credit Survey Committee are being implemented in Madras. We have a pilot scheme for implementing these recommendations and I think, I should say something about the way in which the scheme is being implemented in our State. Though the problem of agricultural credit has been engaging the attention of our countrymen for the last 50 years, yet we have not found any satisfactory solution for the proper supply of credit in rural areas. The recent recommendations of the Rural Credit Survey Committee are steps in the right direction for solving the problem of agricultural credit. Luckily for us, the recommendations of the Committee were published at a time when the Central and State Governments were busy drawing up their Second Five-Year Plan and naturally, the recommendations of the Committee find a prominent place in the Second Five-Year Plan of the Madras State as well as the other States of India. You may also be aware of the importance assigned to Co-operation in the Second Five-Year Plan, generally. The Five-Year Plan contemplates and visualises a rural structure in which the small farmer will be helped to carry on his economic activities on a co-operative basis. Under the new Order envisaged, the agriculturists are to join together and to carry on their agricultural process and marketing activities on a co-operative basis. The idea is that the farmer should be helped to reap the full benefit of his effort. With this end in view, the co-operative method has been advocated, so that the farmers may have the facilities to raise their standard of living through the co-operative method. The Committee remarked that "while co-operation has failed it must be made to succeed" that is, given the necessary environment and assistance, it should be possible for the co-operative movement to make bigger strides of progress. That is the

conclusion the Committee arrived at and they have also made certain valuable recommendations. In pursuance of these recommendations, a scheme has been drawn up for expansion of agricultural credit in Madras. This scheme, as previously stated, is one of the major schemes in the Second Five-Year Plan in Madras.

Before I tell you the details of the plan, I shall just explain to you briefly, for the benefit of the trainees, the structure of the co-operative credit in the Madras State. In Madras, we have got a well-defined credit structure for both short-term and long term credit. The short-term structure has an apex bank. At the top, the State Co-operative Bank finances the Central Banks, the Central Banks in the districts finance the Primary Agricultural Credit Societies and the Primary Agricultural Credit Societies advance loans to their members. The apex bank derives money from deposits and borrowings from the Reserve Bank of India. The Central Banks obtain funds by way of deposit and borrowings from the State Co-operative Bank. Below the central bank we have got the agricultural credit societies. That is so far as the short-term credit structure is concerned. On the long-term side, we have the Central Land Mortgage Bank and the primary land mortgage banks which advance loans for 20 years. The Central Land Mortgage Bank raises money by issuing debentures. One of the reasons for the success of the credit movement in Madras is that the two wings of the credit structure, viz., short and long-term, are kept separate. Organisation and management are also separate. Yet, the volume of agricultural credit supplied is only small, roughly 7 per cent of the total requirements. We should not, however, judge the progress of the movement merely by the transactions. We must also judge the progress by the effect it has had on the general money lending. The establishment of the societies had gone a long way to bring down the lending rate in rural areas. Again, it is not the mere money that we supply. We should supply credit in such a way that the user of credit is better off by the transaction. If agricultural production is to be increased, credit is necessary. The supply of credit on reasonable terms will go to lessen the cost of agricultural production and benefit him to retain for himself, something more than he could, if he had borrowed from the money-lender. The main object of agricultural credit is to lessen the cost and to give him that credit without making it burdensome. The fundamental part of the recommendation of Rural Credit Survey Committee is that credit should be integrated with marketing and, other economic activities. The supply of credit alone will not solve the problem. Credit should not only be adequate and given in time, but the agriculturists should be enabled to reap the benefit of their labour. That is possible only if credit is linked with marketing. This idea of linking credit with marketing is not altogether new. It is an old idea. The idea is that the borrowers in a primary credit society should sell the produce through the marketing society. This scheme we tried in certain parts of Madras. The essential idea of the Rural Credit Survey Committee is that, apart from various other matters, an integrated approach to the problems of the cultivators is necessary. Mere supply of credit is not going to solve the problems. Credit should be given in such a way that the farmer should be in a position to get certain economic advantages free from social indignities. To evolve a system of integrated credit and to achieve the object, it requires all the energies of the financing banks and of trained personnel. It is not an easy job to make agriculturists bring their produce to a marketing society. Departmental advice should be offered to the ryots and a good deal of propaganda and advertisement are necessary.

5. As regards State participation it has been agreed to by all the States, I think though co-operators in Madras were not quite happy at the outset. The main recommendation of the Rural Credit Survey Committee is that the State should join hands with co-operators and carry on the administration of the societies which will not only add prestige to the institutions but give them financial strength. Another important point is that credit should be given not so much with reference to the property owned by the members but with reference to anticipated crops. Another important recommendation is the establishment of large sized primary societies. Our experience in Madras is that if some of the agricultural credit societies do not function properly, it is because of the fact that they are small units, membership is small; transactions are small. They cannot afford to employ well-paid and trained staff who will give day-to-day attention to the administration of the societies. They may be workers in the villages but it is difficult to get people who will devote whole-time attention to the administration. There should be somebody to attend to the requirements of the members. This is not possible unless the societies have a whole-time paid staff. To maintain staff, transactions should be large. Therefore, large-sized societies sould be established in various states. We propose to

start 400 large-sized societies in the State—375 large-sized credit societies and 25 rural co-operative banks. It is not proposed to do away with the existing credit societies all at once. We must proceed gradually by converting these societies into large-sized societies. The idea is to form 400 societies and also to increase the number of primary land mortgage banks. It is also proposed on the marketing side to establish 30 marketing societies, raising their number from 120 to 150. About 400 godowns are proposed to be set up at a cost of nearly Rs. 72 lakhs. 75 per cent of the villages will be covered by Co-operative Societies, 50 per cent of the rural population in terms of families will be enlisted as members and the advances made will be trebled. Total loans amounting to Rs. 15 crores will be issued in the fifth year of the plan period. The percentage of credit to be supplied to the total credit needs of the agriculturists will be 21.43. Marketing societies will handle at least 10 per cent of the agricultural produce brought to the Mandies. That is roughly the programme. With these objectives in view we have launched a pilot scheme in six districts. We have established large-sized societies. Government will contribute 10,000 rupees to the share capital of each society.

We have a great job ahead of us. A lot of work will have to be put in by the workers-official and non-official. The success of the movement, in my opinion, ultimately depends upon the people. We may lay down policies and programmes; the Government and the Reserve Bank may provide financial assistance; but after all, the success of the movement depends upon the people themselves. We want honest, sincere and enthusiastic workers. The success of the movement will depend upon those who are in charge of the societies. Now we have got full support of the Reserve Bank and the State and the Central Governments. Increasing attention is being paid to the co-operative method of advancement. If we do not make use of this opportunity, I think it will not be possible to establish the co-operative movement on a sound basis. I do hope that with all the sincerity of purpose and with all the financial resources made available by the Reserve Bank and the Government, the co-operative organisations will play a very significant role in the future economy of rural India. I do hope that the Principal and his colleagues will make you good workers and I shall be glad to hear that each one of you, in some part of the country, in some capacity or other will be contributing to the progress of the Co-operative Movement to the best of your ability.

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A Report of the Pilot Scheme Conference, Madras

Proceedings of the Conference of the Presidents of the Madras State Co-op. Bank, The Madras Central Land Mortgage Bank and the Central Co-op. Banks, held on 17-12-55, at 2-30 p.m. in the Office of the Registrar of Co-op. Societies, Chepauk, Madras.

PRESENT :

1. Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras.
2. Sri Medai Dalavai Kumarasami Mudaliyar, President, The Madras State Co-operative Bank.
3. Sri Raja Chidambaram, M.L.A., Vice-President, The Madras Central Land Mortgage Bank.
4. Sri C. S. Rathnasabhapathy Mudaliar, President, Coimbatore Central Bank.
5. Sri A.M. Madurai Puli Gounder, President, Madurai District Co-operative Bank.
6. Dr. P. Natesan, M.B.B.S., President, The Madras District Co-operative Central Bank.
7. Sri T. B. Lingam, President, The Nilgiris District Co-operative Bank.
8. Sri P. Govinda Menon, B.A., B.L., President, Malabar District Co-operative Central Bank.
9. Sri R. Arunachala Ambalagarar, President, The Pudukottai Co-operative Central Bank.
10. Sri R. Nagulusami Naidu, President, The Ramnad District Co-operative Central Bank.
11. Sri R. Kanakasabai, Vice-President, The South Arcot District Co-operative Central Bank.
12. Sri M. Shiva Rao, Vice-President, The South Kanara District Co-operative Central Bank.
13. Sri K. S. Subramania Gounder, M.L.A., President, Salem Co-operative Central Bank.
14. Sri S. Ramalingaswami, Vice-President, The Tanjore Co-operative Central Bank.
15. Sri B. Bakthavatchala Naidu, M.L.A., President, Vellore Co-operative Central Bank.

16. Sri A. Hirudayaswami, B.A., Joint Registrar, (Weavers).
17. Sri S. Nithiyanandam, B.A., (Hons.), Joint Registrar.
18. Sri Md. Abdul Hafeez, M.A., Joint Registrar, (Resettlement.)

Sri A. B. Shetty, Minister for Public Health and Co-operation to the Government of Madras, also attended the conference, in the course of the discussions and watched the deliberations till the Conference was over.

The Registrar presided over the Conference. In his introductory speech, the Registrar welcomed the delegates present, and said that it was a business conference convened to discuss the practical methods of implementing the pilot scheme of integrated rural credit and marketing during the financial year 1955-56. He gave a brief account of the salient features of the pilot scheme as well as the main scheme for the development of integrated rural credit and marketing drawn up for inclusion in the Second Five Year Plan, in pursuance of the recommendations of the All-India Rural Credit Survey Committee and the decisions of the State Ministers' Conference held at New Delhi in April 1955. He also stressed the need for working the pilot scheme in advance, of the main scheme, so as to gain experience and to surmount practical difficulties, if any, in working the scheme. He then requested the delegates to consider the various subjects on the agenda, and to suggest practical methods for implementing the pilot scheme. He also expressed his thanks to the delegates who were kind enough to respond to his invitation to attend the Conference :—

The following subjects as per the agenda were then considered and decisions taken

Subject No. I :- Implementation of the pilot scheme for the development of Integrated Rural Credit and Marketing.

The Conference discussed the above subject and the following resolutions were adopted in respect of the various points which arose therefrom :—

(i) The nomenclature of the large-sized primary credit society envisaged in the scheme should be "Village Co-operative Bank".

(ii) The area of operations of large-sized society should not extend to more than four or five villages and should be confined to a radius of not more than five miles. It was also agreed that the area of operations should be so fixed as to ensure for the society a minimum loan transactions of Rs. 1 lakh within one year.

(iii) The large-sized Society should be on the basis of guaranteed liability which should be fixed at 10 times the subscribed share capital of the members.

(iv) The objects of the large-sized society should be those of a multi-purpose rural credit society with the additional provision for the issue of jewel loans.

(v) The individual maximum borrowing power should not exceed 10 times the paid up share capital of the member concerned subject to a maximum of Rs. 2,000 but loans on the pledge of jewels and produce may be over and above the individual maximum borrowing power and shall have no bearing on the share capital subscribed by the borrower. Medium term loans shall be given only on the security of immovable properties. In respect of medium term loans for installation of irrigation machinery, the limit may be relaxed upto Rs. 3,500 in deserving cases with the previous sanction of the Deputy Registrar and the Central Bank by means of a transitory by-law. Short term loans on the security of anticipated crops along with personal surety may be given upto Rs. 500. Jewel loans may be limited to 60 per cent of the market value of the jewels pledged subject to a maximum of Rs. 1,000. Loans against pledge of agricultural produce may be limited to 60 per cent of the market value of produce pledged subject to a maximum of Rs. 3,000 and against the pledge of industrial goods, subject to a maximum of Rs. 500.

(vi) The large-sized societies should undert-take to provide full finance to agriculturists in their area of operations. For this purpose a beginning may be made even now. As the ultimate object is to provide the entire agricultural credit through co-operatives, the society may fix a target for issue of loans in 1955–56 and in the subsequent years. The society may also select one village in its area of operation, study the credit needs of all the agriculturists in that village and prepare a scheme for providing full finance to those agriculturists as an experimental measure.

(vii) The gradual replacement of Takkavi loans by co-operative credit should be the aim of the large-sized primary credit society. The Government should be requested to make available to the agricultu. rists whatever amount is sanctioned as Takkavi loans in the pilot scheme area, only through the co-operatives.

(viii) The large sized societies should be maintain property statements as in the case of agricultural credit societies and revise the statements every year.

(ix) The maximum credit limit of the large-sized society should not exceed 10 times the paid up share capital plus Reserve Fund.

(x) The Central Co-operative Banks should finance the large sized credit societies, at a rate not exceeding $4\frac{1}{4}$ per cent per annum.

(xi) The strength of the directorate of a large sized society should not ordinarily exceed nine. The minimum will be five. Every village or group of village included in the area of operations of the large sized society, should be represented on its Board of Management.

(xii) The first set of directors should be either nominated or elected in full, according to local conditions. If nomination by the Registrar is necessary, transitory provision for the purpose should be made in the by-laws. The nomination, if made, should be in consultation with the Central Bank concerned.

(xiii) For election to the Board of Management, it is necessary to prescribe share and deposit qualifications. In the elected board, atleast two Directors should be from among the members holding fixed deposits of not less than Rs. 1,000 and the remaining from among the members holding shares to the value of not less than Rs. 250.

(xiv) The appointment of the village level workers in the National Extension Service areas, as ex-officio directors of the village credit societies in such areas is not necessary.

(xv) The paid Secretary of the large sized society should be preferably a Supervisor of the Central Bank.

(xvi) The standard and form of securities as fixed by the Registrar for the employees of the Rural Co-operative Banks may be fixed for the employees of the large sized societies also.

(xvii) Forty per cent of the net profits earned by the large sized society every year should be appropriated to the Reserve Fund.

(xviii) The Agricultural Credit (Stabilisation) Fund to be created by the large-sized societies need not be a charge against the profits. It may be a compulsory appropriation out of profits subject to be a maximum of 10 per cent of the net profits.

(b) Construction of Godowns

(i) The large sized societies to be formed, the marketing societies and the rural credit societies should take early steps for the construction of the godowns and see that the entire amounts of loan and grant sanctioned in the pilot scheme are utilised before the close of the financial year 1955-56.

(ii) The Conference considers that the societies will not be in a position to manage with 25 per cent subsidy and 75 per cent loan, and therefore requests the Government that as hereto-fore, the societies may be given 50 per cent grant and 50 per cent subsidy.

(iii) To enable the societies to construct godowns with financial assistance from Government, the conference requests the Government to :—

(a) invoke wherever the societies apply, the emergency provision of the Land Acquisition Act so as to enable the societies to secure sites expeditiously.

(b) to assign available Government lands to the societies wherever the societies require such lands and

(c) to make available to the societies at controlled rates, building materials such as cement, iron and steel.

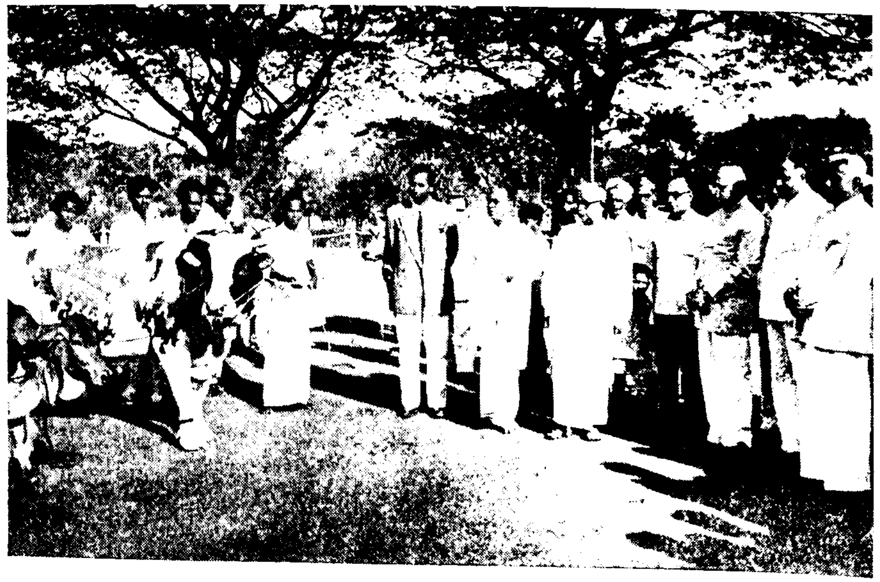
The conference also requests the Registrar to get type designs prepared for the construction of godowns at the varying cost mentioned in the Scheme.

(c) Utilisation of the Services of the Special Deputy Registrars and their Staff for Implementing the Scheme

The Conference resolves that the Special Deputy Registrars sanctioned by the Government for implementing the scheme of integrated rural credit should work in close collaboration with the Central Banks concerned. For this purpose, they should work as Executive Officers of the banks and should have full control over the supervisory staff employed by the Central Banks. The Conference feels that it is only then that the Special Deputy Registrars would be able to implement the Scheme successfully. The headquarters of the Special Deputy Registrars should be the headquarters of the Central Banks concerned. The Deputy Registrars should have the powers of a Registrar under the Madras Co-operative Societies Act that are necessary for the successful implementation of the Scheme.

Subject No 2.—Consideration of the manner in which the principle of State Participation is to be given effect to :—

More Milk Day in the City (14—4—56)

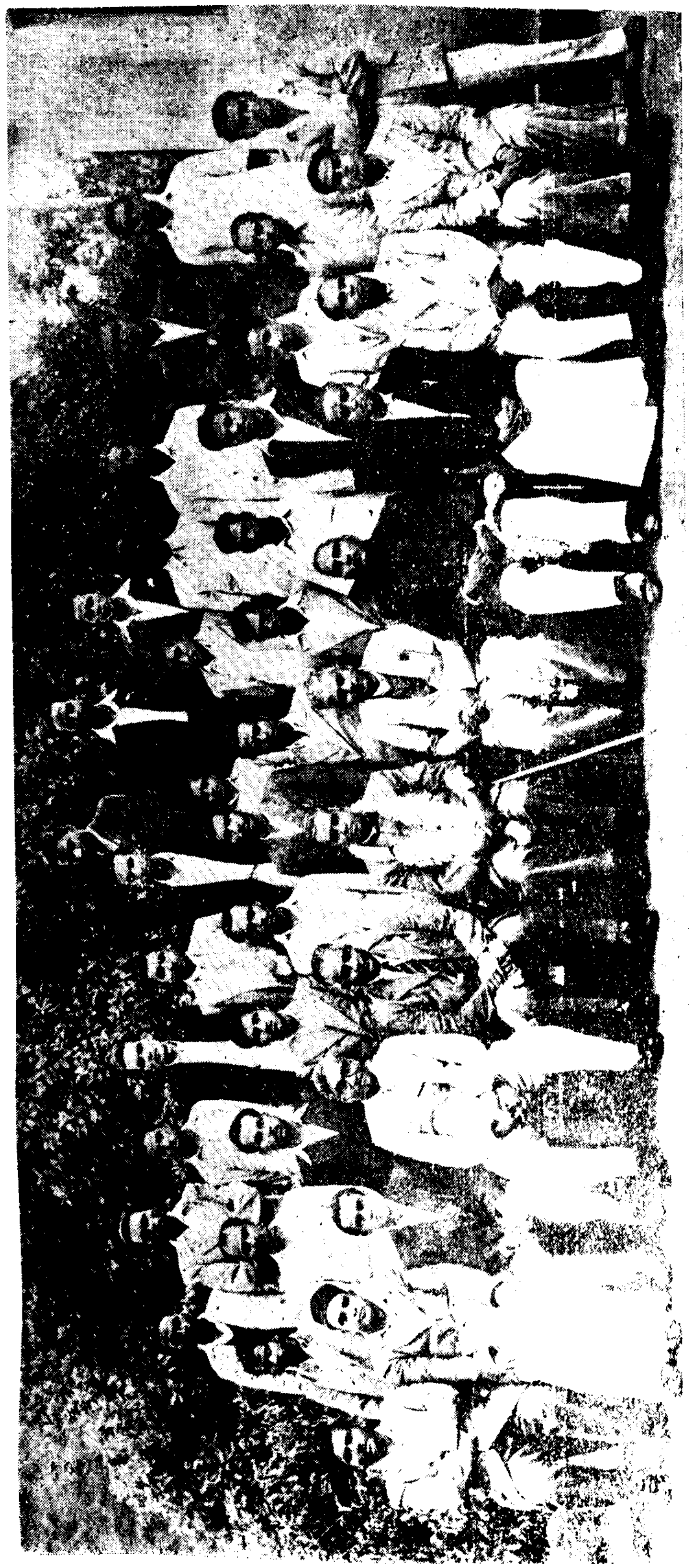


Sri M. Bhakthavatsalam, Sri A. B. Shetty, Sri K. N. Sivan, Sri A. Palaniappa Mudaliar, Dr. Pattabiraman and Sri M. Arulanandam are seen witnessing a fine pedigree bull.

Co-operative Advisory Council, Madras. (1—5—56)

A meeting of the Co-operative Advisory Council was held on 1—5—56. Sri A. B. Shetty presided over the meeting.

The Nilgiris District Co-operative Employees' Society, Coonoor.



The General Body of the Society was held on 16—5—56. Sri A. Palaniappa Mudaliar, Registrar attended the meeting and addressed the gathering. Sri M. P. K. Nambiar, President presided over the meeting.

The Conference resolves that :—

(i) so far as State Participation in the share capital of the Co-operative credit institutions is concerned, either it should be as share capital through the State Co-operative Bank which will take shares in the Central Co-operative banks, which in their turn, will take shares in the primary credit institutions, or partly as share capital and partly as loan in the same order, except at the primary level. If it is share capital, it should be dividend free at all levels for a period of at least five years and if it is as loan, it should be interest-free for the same period.

(ii) The strength of the nominees of the Government on the Board of Management of the State Co-operative Bank should not exceed three.

(iii) The principles to be adopted for selection of the three nominees of the Government on the Board of Management of the State Co-operative Bank, are left to the Government themselves.

(iv) The State Co-operative Bank may nominate one member each to theBoards of management of the Central banks for the present.

(v) The nominee of the State Co-operative Bank on the Board of Management of the Central Bank may be either a local man or the local agent of the State Bank of India.

Subject No. 3 :—Consideration of the important amendments to the Co-operative Societies Act, necessary for implementing the scheme.

The conference resolves :—

(i) That legal provision is necessary for the compulsory amalgamation of rural credit societies into large-sized societies and

(ii) that necessary provision as suggested by the Registrar may be made in Section 13 of the Madras Co-operative Societies Act, for the purpose.

In his concluding speech, the Registrar, referred to the damages and havoc caused by the recent cyclone and floods in the southern districts of the state and exhorted the delegates to see that co-operative institutions made liberal contributions out of their Common Good Fund (and also general funds) wherever possible for Cyclone relief and send such contributions to the Madras State Co-operative Bank. After a vote of thanks to the Minister for Co-operation for having graced the occasion with his presence, the conference came to a close at about 5-30 P.M.

A. PALANIAPPAN,
Registrar.

Short Note on the Meeting of the Madras State Co-op. Advisory Council Held on 1-5-56

A meeting of the State Co-operative Advisory Council was held on 1st May 1956 in the Office of the Registrar of Co-operative Societies, Madras, presided over by Sri A, B. Shetty, Minister for Public Health and Co-operation. Dr. P. Natesan, Secretary, the Madras State Co-operative Union, Sri M. P. Nachimuthu Mudaliar, President, the Madras State Handloom Weavers Co-operative Society, Sri P. Govinda Menon, President, Malabar District Co-operative Central Bank, Sri Allapichai, Vice President of the Madurai Ramnad Co-operative Wholesale Stores and Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies who are members of the Council were present. Sri G. Ramachandran, Director of Handlooms, Madras, Sri S. Nithiyanandham, Joint Registrar of Co-operative Societies, Secretary of the Council, Sri A. Hirudayaswamy, Joint Registrar (Resettlement) and other Officers of the Department also attended the meeting.

The Co-operative Development schemes included in the Second Five Year Plan were generally discussed. In regard to the development of processing and marketing activities, it was pointed out that the pattern of financial assistance in regard to the installation of processing plants and construction of godowns needed liberalisation and that 50 per cent subsidy should be given for the construction of godowns as against 25 per cent now contemplated and that the cost of installation of processing plants should be provided as a subsidy and loan on 50:50 basis instead of by way of loan only as now indicated. In the interest of more intensive supervision of credit societies, it was suggested that the Co-operative Central Banks should be provided subsidies to maintain more number of supervisors so as to make it possible for providing one supervisor for every 10 societies as against the present standard of 1 supervisor for every 15 or 16 societies. The need for more facilities for encouraging collective and joint farming was stressed in connection with the scheme relating to co-operative farming.

Regarding study tours, it was considered that along with the officers of the Department, non officials should also be given the benefit of going abroad and to other States for study of Co-operation there. In connection with Housing Schemes, emphasis was laid on the need for subsidies to small agriculturists, landless labourers and village artisans to the extent of atleast 25 per cent of the cost of construction. It was suggested that Government land should be given free of cost to those people as house sites.

Various amendments to the Madras Co-operative Societies Act and the rules proposed in connection with the implementation of the recommendations of the Rural Credit Survey Committee were also considered. The more important amendments were those pertaining to State participation in the share capital of the financing banks and societies and nomination of directors to these institutions by the Government or the financing banks, enforcement of amalgamation of rural credit societies into large sized societies where necessary, the creation of an agricultural credit stabilization fund by societies and the introduction of a provision for appeals to higher co-operative organisations or to the Registrar in the case of refusal of admission to membership by societies.

The question relating to the organisation of a Central Co-operative House Mortgage Bank was then considered. The Council recommended the formation of a Central House Mortgage Bank with a view to finance the primary House Mortgage Banks now in the State and those to be formed hereafter for the purpose of providing long term loans to their members (for repairs and renewals of their houses,) for redemption of mortgages on houses, for purchase of houses in special cases and for discharge of prior debts. While long term Government loans are now granted for construction of new houses through the agency of Co-operative housing societies, there is no organisation to finance house owners for the redemption of houses from mortgage and for maintaining the houses in good repair. The few House Mortgage Banks that are functioning in the State now have been meeting this need to some extent by obtaining the funds they require from the South India Co.operative Insurance Society, Ltd. The position has now changed with the Nationalisation of life Insurance and the need has arisen for a Central Organisation for raising the funds required and for providing the moneys to the people for periods ranging from 10 to 12 years at a reasonable rate of interest. The proposal is that the Central institution to be formed should raise the money by floating debenture backed up by the mortgage of the houses in the same manner as the Central Co.operative Land Mortgage Bank is doing in regard to the financing of agriculturists for land development and discharge of prior debts. The Advisory Council considered that there is an immediate need for an institution of this kind and that the Government should enable to establishment of such an institution and guarantee the debentures that might be floated by the institution in the same manner as they are doing now in the case of the Central Land Mortgage Bank. ——

G.O.'s and Circulars

RULE VIII—A FIXATION OF LENDING LIMIT

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

SRI A. PALANIAPPA MUDALIAR, M.A.,

Registrar.

No. Rc. 67182/56-A. Dated 14-4-1956.

SUB :—Co-operative Central Banks—Rule VIII A.—Fixation of lending limit—Instructions Issued—

The lending limits of Co-operative Central Banks under Rule VIII-A of the Rules framed under the Madras Co-operative Societies Act for the issue of short term, medium term and long term (i.e. loans for periods not exceeding 5 years) are fixed with reference to the actual resources available with the banks. While fixing or refixing the limits, the actual borrowings and deposits of the banks, owned capital etc., under short term medium term and long term funds as on a particular date are taken into account and the lending limits are fixed with reference to these resources and the transactions of the bank. In this procedure, the actual borrowings from the Reserve Bank of India outstanding on that date alone are taken into account, while in some cases the credit limits fixed to the banks by the Reserve Bank of India in respect of short term loans and by the State Co-operative Bank in respect of medium term loans may be more than the actual amount borrowed on that date. As the undrawn portion of the credit limits both under short term and medium term will always be available to the central banks, it will be proper and necessary to take into account and include the undrawn portion of the credit limits while computing the resources available with the banks for the purpose of fixing the lending limits. All the Deputy Registrars are requested to follow this procedure in future while refixing or revising the lending limits of the Central banks under Rule VIII-A. They may in addition to the actual borrowings include the undrawn portion of credit limits fixed by the Reserve Bank of India and Madras State Co-operative Bank in respect o both the short term and medium term accommodation respectively.

A. PALANIAPPAN,
Registrar.

L.M. BANKS—LEGAL FEES PAYABLE BY APPLICANTS

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

SRI A. PALANIAPPA MUDALIAR, M.A.,

Registrar.

R. C. 20748-55-J. Dated 16-5-1956.

SUB :—LAND MORTGAGE BANKS—Legal fees payable by applicants for loans from Land Mortgage Banks—Amendment to model bylaw 45—suggested.

REF :—1. Letter No, 1397/55 B dated 2nd May 1955 of the Deputy Registrar, Land Mortgage Banks, Coimbatore.
2. Letter No. 14441/54-55 dated 22nd August 1955 from the Central Land Mortgage Bank Madras.

Model bylaw 45 of land mortgage banks lays down that every applicant for a loan shall pay a fee of one rupee for every Rs. 1,000 or part thereof of the loan applied for subject to a minimum of Rs. 3 and a maximum of Rs. 15 to meet the cost of obtaining legal opinion on the loan application. It is stated that the applicants for higher loans are well to do persons who can afford to pay higher fees to legal advisers and that fixation of the maximum limit viz. Rs. 15 is needless. It has also been represented that the enhancement of the minimum from Re. 1 to Rs. 5 and removal of the maximum or raising the maximum limit to Rs. 25 or 50 will go a long way in enabling land mortgage banks to obtain quickly the opinion of their legal advisers who are generally reported to have less incentive to scrutinise the title of the hypotheca cited in the loan application on account of the low rate of fees payable under the existing bylaw 45. The Madras Co-operative Central Land Mortgage Bank Ltd., Madras which was consulted in the matter has agreed to the suggestion. The Registrar therefore suggests that the sixth sentence of model bylaw 45 may be recast as follows :—

> "Every applicant for a loan shall also pay a fee of Rs. 5 for every Rs. 1,000 or part thereof of the loan applied for subject to a minimum of Rs. 5 and a maximum of Rs. 50 to meet the cost of obtaining legal opinion on the loan application."

The Deputy Registrars, Land Mortgage Banks, Madras and Coimbatore are therefore requested to advise the Land Mortgage Banks to amend the bylaw accordingly.

A. PALANIAPPAN,
Registrar.

RURAL BANKS—JEWEL LOANS

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

SRI A. PALANIAPPA MUDALIAR, M.A.,

Registrar.

Rc. 127022/55 A. Dated 17-2-1956.

SUB :—Rural Co-operative Bank—issue of jewel loans—instructions issued.

REF :—Registrar's Circular D. 131359/55-A. dated 27-8-1955.

In the circular cited, it was stated that the amount of loans that might be granted by rural co-operative banks to their members on the pledge of jewels on the mortgage of immovable properties, on the pledg of Government promissary notes or Central Land Mortgage Bank debentures, on the pledge of non-agricultural manufactured products and on the pledge of insurance policies should not, in the aggregate exceed the Individual Maximum Borrowing Power fixed in by-law 42. It has since been decided that the amount of loans which may be granted by rural co-operative banks to a member on the pledge of his jewels, need not be subject to the individual maximum credit limit prescribed in their by-law 42. For this purpose, the rural co-operative banks may, amend the existing "note" under their by-law 44 (4) (h) as follows :

Note as existing	'Note' to be *amended as*
The borrowing limit per share prescribed in by-law 42 shall not apply to these loans.	"The borrowing limit per share prescribed in by-law 42 shall not apply to these loans and these loans shall not also be subject to the individual maximum credit limit prescribed in by-law 42."

2. The Deputy Registrar's are requested to bring the above amendment to the notice of the rural co-operative banks working in their circle.

S. NITHIYANANDAM,
For Registrar.

RURAL BANKS—'B' CLASS MEMBERS

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

SRI A. PALANIAPPA MUDALIAR. M.A.,

Registrar

R. C. No. 188937/55-A. Dated 10-12-1955

SUB :—Rural Co-operative Banks—Provision for 'B' class membership in by-laws—Further instructions—Issued.

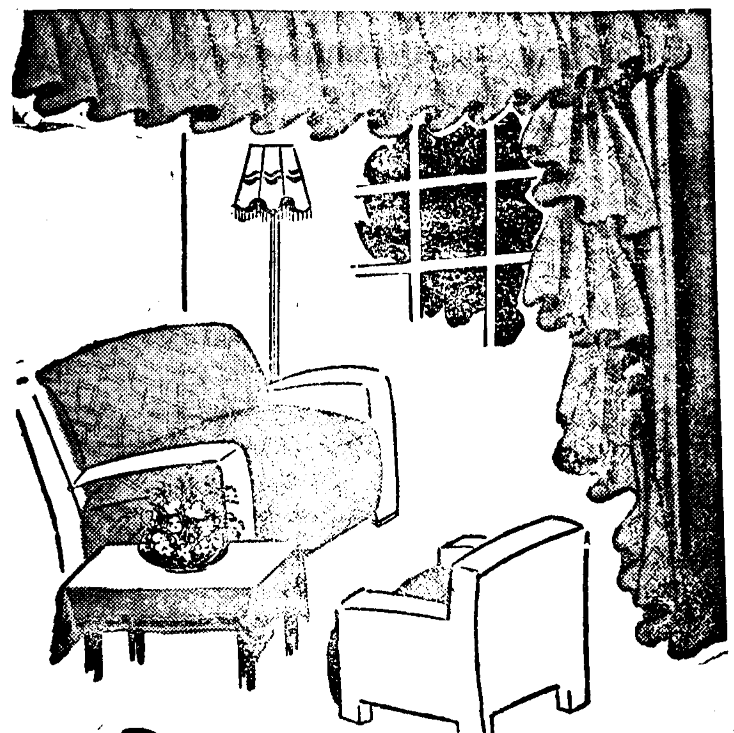
REF :—Registrar's Circular R.C. 142549/55-A, dated 22-10-55.

In the Registrar's Circular cited, instructions were issued regarding the provision to be adopted by rural co-operative banks for admission of B class members. In order to enable the rural banks to collect entrance fees from B class members, it is necessary to adopt a specific provision therefor in their by-laws. The entrance fee to be paid by "B" class members may be fixed at a rate not exceeding *two annas*. The following amendment to the model by-law No. 7 of the Rural Co-operative Banks is suggested for adoption by such Rural Co-operative Banks as adopt provision for B class membership.

"Recast the existing by-law No. 7 as follows":—

"Every A class member shall take atleast one share; but no member shall take more than 100 shares. Every A class member shall pay an entrance fee of annas and every "B" class member shall pay an entrance fee of annas for each share taken by him, at the time of taking the share ; provided that the total payment of entrance fee by any A class member for all the shares held by him shall not exceed Rs. ... . but, entrance fee shall not be payable by nominees or heirs of deceased members for shares claimed by them either by nomination or by succession".

2. In paragraph (2) of the Registrar's Circular D. Dis. 131360/55-A, dated 27-8-55, it was stated that in cases, where the borrowers owned the properties proposed to be mortgaged, jointly with others, the rural co operative banks should necessarily insist that co owners should join in the execution of the mortgage bonds in favour of the bank. If the co-executants of mortgage deeds are non-members, they have to be admitted as members in order to enforce the provisions of section 51 of the Madras Co-operative Societies Act XIII against them. For this purpose, a provision is necessary in the



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NEW DELHI-5.

by-laws of Rural Co-operative Banks. The following clauses should be added at the end of the existing by-law No. 44(2) of the Model by-laws of Rural Co-operative Banks :—

> " When a mortgage deed is executed by a member, the Board of Management shall insist on all persons interested in the property joining in the execution whether such persons are themselves members or not. If such persons are not members of the bank, they shall be admitted, either A class members or as B class members after taking from them, share capital and entrance fees at the rates prescribed for such membership in these by-laws".

The Deputy Registrars are requested to communicate the above instructions to the Rural Co-operative Banks working in their circles and register the amendments after they are adopted by the General Body of the Rural Co-operative Bank concerned.

A. PALANIAPPAN,
Registrar.

News and Notes

We are glad to receive the news from the Secretary, The Tirunelveli District Co-operative Central Bank that consequtively for the 13th year, the entire demand under Principal has been collected by the Bank on 30—6—1956.
