The Madras Journal of Co-operation

THE MADRAS STATE CO-OPERATIVE UNION

EACH FOR ALL & ALL FOR EACH

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CONTENTS

263
179
84

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Thought for the Month

THE VALUES OF CO-OPERATIVE INVESTMENT.

Earlier, we suggested that the purchase of Co-operative Shares was a double edged investment. Someone once said that by purchasing Co-op. shares, we give tangible evidence of our beliefs in the principles of Co-operative endeavour. Others have claimed that investment in Co-op. shares, is the casting of an economic vote for this system of free enterprise, which we believe is the effective bulwark against the insidious propaganda of Communism on the one hand and the Christian alternative to unrestricted monopolistic practice on the other. Whichever way you view it, Co-operators through their investments in Co-op. shares have progressively built equitable business enterprises, of which they and their neighbours may be justly proud. It has been aptly claimed that such Co-operatives are more than bricks and mortar, goods and machinery. They are tangible translations of the basic and best ideals of man as he reaches out to build a better to-morrow for his children. His investment in Co-operative shares, therefore, brings him both immediate and accrued returns in which all may benefit.

WILLIAN KIDSTON—
"The Queensland Co-operator."

the housing standards in the country, there is a real need for an organisation, which will provide the credit needed for this purpose on easy terms." Thus observed Sri A. B. Shetty in his address. This plea was also endorsed by Sri M. Bhakthavatsalam, Minister for Industries. We are sure that ere long, an institution of the type will be organised and set in motion.

On the whole, the Conference was a splendid success and it put forth several valuable suggestions, which, if implemented, would give a fresh momentum to the Co-operative housing movement.

ALL INDIA CO-OPERATIVE WEEK

The All India Co-operative Union has sent out a circular regarding the organisation of the All India Co-operative Week beginning with 3rd November 1956, which shall be celebrated as the All India Co operative Day.

This time, the All India Co operative Week should be celebrated with great eclat. Happily, the Mussorie Conference of State Ministers for Co-operation decided that "the annual celebration of the Co-operative Week should be considered a programme for the Government of India, the State Governments and for all official and non-official Co-operators." In order to give a fresh impetus to the Co-operative Development programmes under the Second Five Year Plan, the All India Co.operative Week will be celebrated on a grand scale.

We appeal to the District Co-operative Banks and other Institutions in the districts to organise the All India Co-operative Week Celebrations Committee and plan the celebrations well in advance and make it a resounding success.

OBITUARY

SRI C. S. RATNASABAPATHI MUDALIAR

We regret to report the death of Sri C. S. Ratnasabapathi Mudaliar, C.B.E., of Coimbatore. He was a prominent Co operator, a successful industrialist and an eminent public worker. For over a quarter of a century, he had occupied several important positions of responsibility like the Chairman, the Coimbatore Municipal Council, the President, the Coimbatore District Board, Member, The Madras Legislative Council, the Chairman, Municipal Administration Reorganisation Committee, the President, Federation

172

Sri C. S. Rathnasabapathy Mudaliar, C.B.E., the Veteran Co-operator, who died on 15th September, 1956.

of Indian Chambers of Commerce and Industry, the Chairman, South Indian Mill Owners' Association and the like.

Sri C. S. Ratnasabapathi Mudaliar was a distinguished Co operator. He was the President, the Coimbatore District Co-operative Central Bank, the President, the Coimbatore Co-operative Milk Supply Union, the President, the Central Co-operative Land Mortgage Bank etc. He presided over the First Madras State Co-operative Housing Conference in July 1952 and several other Co-operative Conferences. He also served on several Committees, especially the Vijayaraghavachari Committee on Co-operation. He was also a member of the Central Board of the Reserve Bank of India.

Sri C. S. Ratnasabapathi Mudaliar, was a Patron of Tamil arts and letters. He was the President of the Tamil Isai Sangam and a member of the Pachaiyappa's Trust Board.

He lived a full and harmonious life. He was of a kind and lovable disposition. His courteous and affable manners won him the affection and love of all.

In his death, the Co-operative World has lost a sincere and devoted leader. May his soul rest in peace!

SRI S. NITHYANANDAM

Sri S. Nithyanandam, Joint Registrar of Co-operative Societies, Madras passed away on the 22nd September 1956 night. He went to Courtallam to attend the Madras State Co-operative Bank meeting and there he died of heart attack. Our sorrow is made more poignant, when we think that he died at an age of 48 The death was sudden and Sri Nithyanandam died in harness, when he was still at work in the cause of Co-operation. He was a courteous, efficient and popular officer. He was for some time a Lecturer in Co-operation in the University of Madras. His services were of inestimable value and assistance to the Committee on Co-operation, constituted by the Government of Madras nnder the Chairmanship of Sri T. M. Narayanaswami Pillai.

In his death, the Co-operative Movement has lost a scholar, a capable Officer and above all a kind and godly person.

May his soul rest in peace!

India's Second Five Year Plan

SRI V. T. KRISHNAMACHARI,

Deputy Chairman, Planning Commission.

The First Five Year Plan was intended to be the beginning of a series of Plans, the objective being the doubling of per capita income within as short a time as possible through increased employment, higher productivity and the achievement of the largest possible measure of social justice.

2. In framing the First Year Plan, the Planning Commission had, broadly speaking, two aims in view:—

Firstly, to take the initial steps towards the pattern of society envisaged in the Constitution of India—in which justice—social, economic and political—shall inform all the institutions of national life ;

Secondly, to formulate and execute programmes of development, which would be substantial in themselves, while laying the foundations for larger efforts in the coming years and build up administrative and other organisations, which would be equal to the large programme of reconstruction to which the nation is committed.

In both respects, the First Five Year Plan has significant achievements to its credit. A National Extension Service—which covers one-fourth of the country and is expected to cover the entire country in the next five years—and a broad-based policy of land reforms are transforming rural society and have released almost revolutionary forces in the countryside. Laws have been passed for regulating the private sector of industry, so that it might subserve the larger social purposes laid down in the Constitution and also for improving labour relations.

The total expenditure contemplated under the First Plan was about Rs. 36,000 millions of which Rs. 23,500 millions was in the public sector and the rest in the private sector. It is estimated that there is a shortfall of about 10 per cent in the expenditure actually incurred in the public sector and that in the organised private sector

*Source: Contributed to "Eastern World", London on 25-6-56.

the anticipated expenditure has been incurred. Over two-thirds of the expenditure in the public sector was on agriculture and community development (16 per cent) irrigation and power—multipurpose and large and medium projects (28 per cent) and rehabilitation of the transport system (24 per cent). The rest was on industry (7 per cent) and social services and rehabilitation of displaced persons (25 per cent). Through the implementation of these programmes, the economy has gained in stability, the food and raw materials position has been eased, inflationary pressures have been overcome and the railway system, which had run down as a result of the war, has been restored to its normal condition.

The investment in the five-year period rose from 5 per cent of the national income in 1950-51 to about 8 per cent in 1955-56. The national income rose by 18 per cent in the five years at 3 per cent every year, and full employment was provided to 4½ million persons. The administration is steadily increasing in efficiency and large training programmes are in operation to meet the demands for technical and other personnel in the Second Five Year Plan.

3. It is against this background that the Second Five Year Plan has been prepared. It is felt that the time has now come for a programme of rapid industrialisation with particular emphasis on the development of basic and heavy industries and that the Second Five Year Plan should initiate a process of "Industrial Revolution". For this purpose, investment representing 10 to 12 per cent of the national income in the five year period is envisaged, and the aims of the Plan are :—

(i) an increase of 5 per cent every year in the national income;

(ii) provision of employment to about 10 million people, the annual additions to the labour force being of the order of 1.8 millions; and

(iii) reduction in inequalities in income and wealth, and a more even distribution of economic power, thus helping in the creation of a socialistic pattern of society.

An increase of 25 per cent in the national income in the Second Plan period will mean that, as the result of the two Plans, there would be an aggregate increase in the national income of 47 per cent. It is now thought that it might be possible to double the national income in 17 years from 1950-51 instead of 21 years as the First Plan contemplated.

The expenditure in the public sector is expected to be Rs. 48,000 millions and in the private sector Rs. 23,000 millions. Thus the aggregate expenditure on the Second Five Year Plan will be of the order of Rs. 71,000 millions.

The allocations of the total expenditure in the public sector are as follows :—

	(In million Rs.) Total provision		Percentage	
	First Plan	Second Plan	First Plan	Second Plan
1 Agriculture and Community Development ...	3,570	5,680	16	12
2 Irrigation and flood control.	3,950	4,820	7	10
3 Power (including small town and rural electrification programmes ...	2,660	4,300	11	9
4 Industries and minerals ...	1,790	8,900	7	18
5 Transport and Communications ...	5,560	13,850	24	29
6 Social services, housing and rehabilitation ...	5,330	9,450	20	20
7 Miscellaneous ...	690	990	2	2
Total ...	23,560	48,000	100	100

Of the total expenditure in the Second Plan, Industry and mineral development together with transport and communications claim nearly one half as compared to about a third of the total in the First Plan. Irrigation and other schemes directly related to agricultural development account for about one fifth of the total; in the First Plan they accounted for about a third. The outlay on social services is about the same percentage, nearly one-fifth, in both Plans. The expenditure under large scale industries, scientific research and minerals is expected to be one-fith of the total outlay—about four or five times the amount allotted under the First Plan. The emphasis on heavy industry in justified by the further development that this will make possible. The output of finished steel is planned to increase from 1.3 million tons in 1955-56 to 4.3 million tons in 1960-61; of coal from 37 to 60 million tons; of cement from 4.8 to 10 million tons; of heavy chemicals from 275 to 820 thousand tons. This emphasis on heavy industry is not a break with the past five years. It is, in fact, in direct continuity with the development under the First Plan. India is among the first 10 leading indutrial countries of the world, but due to past policies, consumer goods industries were developed at the expense of Basic Industries. This imbalance will be rectified at the end of the Second Plan.

The total expenditure in the private sector is tentatively to be as follows :—

		(Rs. millions) Total provision.
(1) Organised industries and mining	...	5,000
(2) Plantations, private transport and electricity undertakings	...	1,000
(3) Agriculture and village and small industries	...	3,000*
(4) Construction (houses, shops, schools, hospitals, etc.)	...	10,000
(5) Additional investment in stocks	...	4,000
Total	...	23,000

(This refers to monetised investment only. The non-monetised investment cannot be estimated.)

The total investment under the Second Plan is over 75 per cent larger than the First Plan and the ratio of public and private investment roughly works out at 62:38.

4. A Plan of this magnitude calls for a great effort from the nation. The tentative estimate of financial resources against the outlay of Rs. 48,000 millions is as follows :—

		(Rs. millions)
(1) Surplus from current revenues	...	8,000
(a) at existing rates of taxation	...	3,500
(b) additional taxation	...	4,500
(2) Borrowings from the public	...	12,000
(a) Market loans	...	7,000
(b) Small savings	...	5,000
(3) Other budgetary sources	...	4,000
(a) Railway's contribution to the development programme	...	1,500
(b) Provident funds and other deposit heads	...	2,500
(4) External assistance	...	8,000
(5) Deficit financing	...	12,000
(6) Uncovered gap to be filled by additional taxation and loans and savings	...	4,000
Total	...	48,000

Two points are worth mentioning. The first is, the raising of the taxation resources. The additional taxation of Rs. 4,500 millions over the five year period will raise the taxation national income ratio which is 7 per cent, only slightly. The second is the need to exploit every possible new source of savings that arises as developmental expenditures are incurred under the plan. Every effort is being made to see that every family makes its contribution to the resources for the Plan. The small savings movement has shown much vitality in the first five year plan and efforts are being made to spread the movement in the rural areas through the national extension movement and other agencies. There is, no doubt, that the country has the resources—potentially at least, but they must be drawn into the productive system. The second plan must rely for its success on an intensified savings drive in which all sections of the community must participate.

To provide the resources needed for the Second Five Year Plan for public and private sectors the rate of investment should rise from the present rate of 8 per cent of the national income to about 12 per cent at the end of the five year period (1960-61).

5. It is recognised that the implementation of the Plan will generate inflationary pressures and that active steps should be taken to counter them. The report on the Second Five Year Plan mentions what these steps should be. In particular, special efforts are being made to step up agricultural production beyond the targets in the Plan by making increased provision for short-term credits and by the N.E.S. agency concentrating its efforts on increased production and the spread of the Co-operative movement. Careful watch will also be kept on the economy to keep deficit financing within safe limits.

6. The intension is to work the Plan in a flexible manner through annual plans. Adjustments will be made every year

through these annual plans in the light of economic and financial trends, the increased production achieved in agriculture and in industries, and the progress made in the different sectors of the economy. The large expenditure proposed on industries and mining also calls for the closest co-ordination of the projects in these fields with the programmes under transport and power so that the expenditure incurred on each group of connected projects may yield the maximum returns.

7. The successful implementation of the Second Five Year Plan will be of cardinal importance for the future of economic development in the country. This is universally recognised and there is every confidence, judging from the experience during the last five years, that the great national effort needed for carrying out the Plan will be forthcoming.

Development of Rural Credit through Co-ops.*

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

The problem of rural credit is a vast one. Though it is an old problem, it is none the less urgent and has assumed a great importance in the present context of increased agricultural production and improvement in the standard of living of the rural population. Nearly half the National Income in this country is derived from agriculture, animal husbandry and allied industries. More than 80 per cent of the rural population is dependent on agriculture and possibly the remaining 20 per cent on rural industries. With the growing population in the country, there is an urgent need to step up agricultural production and in the Second Five Year Plan, it is expected that the production would be increased by about 25 per cent. For this purpose, a dynamic programme of expansion of agricultural credit is necessary, particularly as more than 70 per cent of the agriculturists are medium and small scale cultivators. Loans are required for cultivation, for purchase of bulls and agricultural implements, for improvement of land, for buying fertilisers and also for sustenance until the harvest. In other words, every agriculturist requires loans for production and consumption. Without these loans, the small and medium cultivators and the tenant-farmers will not be able to attend to cultivation.

2. The problem of providing adequate and timely credit to the agriculturists has been the subject matter of enquiry by various committees and commissions and several measures have been taken in the past to tackle it. Yet, the problem has not been solved so far effectively. Recently the Reserve Bank of India constituted a committee to conduct a survey of rural credit and to suggest effective measures for providing credit facilities to the agriculturists for various purposes at economic rates of interest. According to this Committee, the loans provided by Government and the co-operatives work out to about 6 per cent of the total credit requirements of the agriculturists, while the Commercial banks provide a little less than one per cent. Village money-lenders and mundy merchants, still hold the field to the disadvantage of the agricultural producers. While the village money-lenders render a useful service by providing credit to the agricultural producers to the extent required by them, they do so at the expense of the agriculturists and exploit them in

*With the kind permission of A.I.R., Madras.

various ways. The problem of rural credit should therefore be solved by developing institutional credit in the countryside. The problem is not merely one of giving credit at a low rate of interest or to the extent needed, and at proper time, but is one where the farmer should be enabled to use the credit properly and to derive the benefit of increased production and to take advantage of other economic activities accompanying the supply of credit, which will give him more return for the produce he raises and make him a better farmer than what he is to-day. And the most proper and effective institutional agency for the supply of credit on these lines is the co-operative credit society.

3. It is estimated that the total annual credit needs of the agriculturists in Madras State is about Rs. 70 crores. The Co operative societies advanced loans to the extent of nearly Rs. 6 crores during the co-operative year 1954–55. This works out to about 9 per cent of the credit needs of the agriculturists. The All India Rural Credit Survey Committee which examined the reasons for the inadequate supply of agricultural credit by the co-operatives, was of the view that they were largely socio-economic in character and arose as a result of certain fundamental weaknesses in the rural credit structure. The Committee, therefore, recommended the reorganisation of co-operative credit based on the following fundamental principles. (i) State partnership in the credit structure at different levels, (ii) full co-ordination between credit and other economic activities especially marketing and processing and (iii) administration through adequately trained and efficient personnel responsive to the needs of the rural population. The recommendations of the All India Rural Credit Survey Committee were considered at a Conference held at New Delhi of State Ministers in charge of Co-operation, Secretaries to Government and the Registrars of Co-operative Societies in April 1955. This conference, while generally endorsing the basic principles enunciated by that Committee resolved that 50 per cent of the credit needs of the cultivators should be supplied by the co-operative agency within the next fifteen years and that during the period of the Second Five Year Plan, the target of co-operative credit to the agriculturists should be atleast 15 per cent. With this end in view, a comprehensive scheme for the expansion of the co-operative credit movement in this State has been drawn up for implementation during the Second Five Year Plan period. This scheme envisages the formation of large-sized credit societies on a phased programme, development of the

business of the small-sized credit societies and the primary land mortgage banks and integration of the credit societies with the marketing organisations so as to provide for effective arrangements for marketing of agricultural produce and the recovery of the funds advanced to the members out of the sale proceeds of the produce. The issue of loans to the agriculturists for short-term, medium-term, and long-term purposes will be increased during the plan period according to a phased programme so as to treble the amount of agricultural loans now issued by the co-operatives, i e., during the last year of the plan period, the co-operatives are expected to issue about Rs. 15 crores of loans which will work out to more than 21 per cent of the credit needs of the agriculturists in the State.

4. To achieve the above result, it is proposed to establish 375 large-sized primary credit societies at the rate of 75 societies per year and 25 rural co-operative banks at the rate of five banks each year. The rural credit societies that will continue to function, in their present set up will be developed by expanding their area of operations and enlarging their membership. The large-sized societies which will be called 'Agricultural Banks' will be generally formed in select centres with jurisdiction over a group of villages within a *compact area* and the existing small village credit societies in that area will be merged with these large-sized societies either by statutory or by voluntary amalgamation. These banks will be based on guarantee liability, the liability of the members being limited usually to 10 times the share capital subscribed by them. They will have a minimum share capital of atleast Rs. 25,000 of which Rs. 10,000 will be subscribed by the State Government through the State and District Co-operative Central Banks. This State contribution is intended to help the new societies to have substantial owned capital. Societies will have a transaction ranging from Rs. 2 to Rs. 3 lakhs and employ qualified paid staff. They will provide credit to their members for cultivation expenses and for sustenance. They are expected to serve a large proportion of the medium and small-scale cultivators and emphasis will be laid on the issue of loans on the basis of anticipated crops, as well as on the security of standing crops. As the main security for the loans in future will be the anticipated crops, it will be possible to serve the credit requirements of the sub-marginal and tenant cultivators to a greater extent. The societies will also issue loans on the security of immovable properties, gold and jewellery, agricultural produce etc. Each society will have a paid secretary and the

necessary clerical staff. As far as possible, the societies will try to admit all the agriculturists in their area of operations and provide full finance to them. They will also make arrangements for the sale of the produce and recover the loans out of the sale proceeds.

The establishment of the Agricultural Banks with jurisdiction over a group of villages and based on guarantee liability is a new experiment. Though ultimately the large-sized societies may come to stay, if the experiment proves successful, the smaller village credit societies in the areas not served by the larger societies will continue to function as at present. A plan of work is being drawn up to expand the business of these societies by admitting more members, issuing loans on the security of anticipated crops, standing crops, etc., on the same lines as the agricultural banks do on a larger scale. The societies will be linked to the nearest marketing societies and an integrated scheme of credit and marketing will be worked effectively through these small village societies also. In the scheme of reorganisation, such of the uneconomic and dormant societies will be weeded out and the villages covered by them included in the neighbouring credit societies, which will ultimately become Agricultural Banks.

For providing long term loans to the agriculturists for discharge of prior debts, for land improvement, etc., there are 73 primary land mortgage banks functioning at present all over the State. In the scheme of expansion, it is proposed to organise 25 new primary land mortgage banks in the course of five years. They will encourage the issue of loans for direct land improvement on the presumptive value of land. It is expected that during the last year of the plan period, the land mortgage banks will be issuing at least one crore of rupees as loans.

5. The provision of credit facilities to the extent needed will not by itself solve the problem of the cultivators, if the supply of credit is not accompanied by arrangements for other activities such as processing, marketing etc., of the agricultural produce. In fact, in a scheme of expansion of credit facilities on the lines indicated above, the provision of adequate marketing facilities is an essential requirement for the effective and proper recovery of the loans. The marketing arrangements should be such as to ensure that the producers, whose produce is delivered for marketing, get a better price than what they will be getting in their own villages. For this purpose, facilities should be provided to them for storing the produce for some time and wherever possible, processing facilities should also

be arranged. Provision has therefore been made in the plan for the development of marketing societies throughout the State. To provide storage facilities, nearly 400 godowns are proposed to be constructed at a cost of Rs. 72 lakhs, by credit and marketing societies. Marketing societies will put up cotton gins, groundnut decorticators and handpounding units costing more than Rs. 11 lakhs. Three or more co-operative Sugar factories, a cotton spinning mill and a few sago manufacturing societies will also be established. Government will provide funds by way of loans and subsidies to the credit and marketing societies for these purposes. While the small and medium sized godowns will be constructed by the co-operatives, a number of bigger godowns at important business centres and ports will be constructed by the All India Warehousing Corporation and the State Warehousing Corporation. There will be co-ordination between these organisations and the co-operatives. These measures are bound to bring about a decided improvement in the economic conditions of the agricultural population of the country.

For working this important scheme of integrated credit and marketing effectively, there should be substantial State aid on one hand and a positive response from the villagers on the other hand. So far as the Government are concerned, they have come forward with a very liberal assistance to the co-operatives to work the scheme. They will be participating in its share sapital of both credit and marketing organisations at different levels, provide subsidies to the Central Banks for appointing additional supervisors to intensify supervision over credit societies, help the agricultural banks, rural banks and land mortgage banks with subsidies to meet the cost of managerial staff in the initial years, appoint departmental staff in the marketing organisations and meet their cost in full or in part, finance the construction of godowns and establishment of processing plants. The Reserve Bank of India which is already providing a good deal of funds to the agricultural credit and marketing organisations at concessional rate of interest has liberalised its policy and has now come forward to provide medium term loans as well. The Reserve Bank is also providing funds to the State Government to enable them to subscribe to the share capital of credit organisations at different levels. With all these facilities and help provided by the State and Central Government, it is hoped that the targets fixed for the expansion of the co-operative credit movement in this State will be reached much earlier than the period of five years, provided there is whole-hearted response from the villagers and co-operators.

Prior to the publication of the Rural Credit Survey Committee Report, a proposal for the organisation of what are known as 'Rural Co-operative Banks' operating over a group of villages and functioning on the basis of guarantee liability was under consideration in this State. These banks were considered necessary for the purpose of providing medium term loans and a variety of ordinary banking facilities to the rural population. With the special sanction of Government, 26 such banks have been organised throughout the State. In Malabar District, the Producers-cum-Consumers Co-operatives, which undertook procurement and distribution of foodgrains during the control period, were mostly converted into rural co-operative banks after decontrol. Forty-five such societies have been converted into rural banks and many of them with their large surplus funds, are embarking upon the dispensation of rural credit promptly and effectively. The formation of these rural banks has to some extent popularised the idea of large-sized societies. Pending the implementation of the main scheme of the integrated credit and marketing, a pilot project has been sanctioned by Government and put into operation from 1st January, 1956 in two select taluks in each of the districts of Malabar, South Kanara, Chingleput, Coimbatore, Ramanathapuram and Tirunelveli. As per the scheme, eight large-sized societies have been registered and steps are being taken to organise more such societies. In order to link credit with marketing, the activities of the marketing societies are being developed. Government have so far taken shares to the extent of Rs. 55,000 in seven marketing societies.

6. It is, perhaps, too soon to assess quantitatively the progress made or the results achieved in the implementation of the pilot scheme, though, undoubtedly fair progress has been made in the formation of the large-sized societies, in the expansion of the activities of the marketing societies and the development of the business of the land mortgage banks in the area. One important result of the working of the scheme is that the tempo of the co-operative credit movement in the pilot area has increased and there is now a recognition, more than ever before, of the need for sustained efforts for the provision of credit by the co-operatives for agricultural production on a more extensive scale than at present.

If the response from the financing banks, the State Co-operative Bank and the local co-operators to the pilot scheme is an indication of the measure of co-operation and assistance that will be

forthcoming for the working of the main scheme, the success of the main scheme is assured and the building up of a strong and stable co-operative machinery for the financing of agricultural production and marketing rendered easy.

A Report of the I.L.O. Study Tour

Sri B. S. Vijayagopal b.a., b. com.,

Secretary, The Madras District Co-operative Central Bank Ltd.

[Sri B. S. Vijayagopal was offered an I.L.O. Fellowship and was on a study tour for four months, from 13th September, 55. He visited United Kingdom, Ireland and Germany and studied the working of credit and other institutions in those countries. We are publishing his Report in instalments. The present article is a report on the Co-operatives in Ireland.—*Editor.*]

Ireland

The Republic of Ireland (Eire) is a small country with a population of about three million people and the size of the co-operative movement is correspondingly small. The movement had its begining immediately after the passing of the land acts of 1881 and 1885 by which the ownership of lands were transferred from the landlords to the Irish peasants, who were only tenants formerly.

It was Sir Horace Plunkett, who initiated the Irish Co-operative movement. He had, of course, to overcome a lot of difficulties to plant the movement on the Irish soil because his *bona fide* intentions were at first suspected by the poor farmers. He was the son of a big landlord and had seen himself the sufferings of the farmers, who worked on his father's lands. The farmers of his days were being exploited by private merchants known as "Gombin men". A gombin man was a merchant, who used to supply the farmer's requirements on credit by charging high prices (including interest) and would not claim repayment until the debt accumulated to a huge sum, when he would force the farmer to part with his piece of land. Sir Horace Plunkett had seen the success of the British Consumers' Co-operative movement. So, he wanted to form a store for the benefit of the farmers. But the store started by him in about 1878 failed. When he became more familiar with parts of Ireland about ten years later, he was convinced that "co-operation for production" was the gospel that he should preach. He saw, therefore, the possibility of applying the co-operative idea to the problem of saving the Irish butter trade. The first co operative creamery was thus started in 1889. He founded in 1894 the Irish Agricultural Organisation Society, which is the permanent organising and supervising institution in connection with the movement for agricultural co-operation. The objects and

functions of this organisation are described later. It is said that this organisation was unique in Ireland in the sense that its membership and governing committee contained persons of all religious and diverse political views. "Under Plunkett's benevolent leadership, and inspired by the magnetism of his personal character, the society maintained its non-political and non-sectarian character, and no internal discords disturbed its harmony." (Prof. Joseph Johnston). On account of the political separation of Northern Ireland in 1922, the creation of a separate Ulster Agricultural Organisation Society was necessary, but both the Irish societies continue to maintain friendly relations.

In 1892, Sir Horace Plunkett became a Member of Parliament and he used his position to establish contacts that might further his ideals for the reconstruction of Irish rural society. He was responsible for the establishment of the Department of Agricultural and Technical Instruction in 1899 of which he was the first Vice-President, while the Chief Secretary was a nominal president. He continued in this position until 1907, though he lost his seat in Parliament in 1900. In 1906, he was able to get a grant of £3700 p.a. for the I.A.O.S. for the promotion of agriculture. He believed that it was the special function of the Department to promote 'better farming' while it was the legitimate sphere of the I.A.O.S. to promote "better business" in order to achieve for the farmer the crowning objective of "better living".

Functions of the I.A.O.S.—The following are the objects of the Irish Agricultural Organisation Society:

(1) Organisation of Co-operatives for the development of agriculture and other rural industries, (2) instruction in co-operative methods, propaganda, inspection of co-operative societies and advice (3) to carry on the trade and business of accountancy, book-selling, publishing and otherwise assisting the development of co-operation in Ireland, (4) to purchase, take on leasehold, sell, exchange, mortgage, rent, lease, sublease and generally deal with lands of any tenure and to erect, pull down, repair, alter or otherwise deal with any building thereon, (5) to appear and represent or advocate before any court or other tribunal, council, commission, body corporate, or person in authority the views or interests of the society or its members in relation to or in connection with any other matter in anywise affecting or concerning agricultural and other rural industries.

The society derives its funds by way of contributions from its affiliated societies and an annual grant of £11,000 from the Department of Agriculture.

Its managing committee consists of a President, Vice-President and 12 members, all elected at the general meeting every year, which the individual members as well as representatives of societies attend. Among the members of the committee, two are from individual members and the other ten are representatives of affiliated societies.

The services of the I. A. O. S. to the societies include preparation of annual accounts and advice with regard to building a new premises or installing a new plant and machinery.

At present there are about 301 societies with a membership of about 98,500. Their turnover is nearly about £44 million. The classification of the societies and their particulars are as follows :

Type of Societies	No of Societies	Membership	Paid-up share capital	Loan	Turnover
			£	£	£
Creameries ...	193	55,144	456,528	1,091,840	31,122,199
Agricultural Societies ...	77	21,705	83,562	198,412	2,410,024
Miscellaneous ...	31	21,660	528,851	698,652	10,932,219
	301	98,509	1,068,941	1,988,904	44,464,442
Federation (Irish Agricultural Wholesale Society) ...	1	859	39,825	261,205	3,015,858

From the above figures, it could be seen that the co-operative creameries constitute the important part of the Irish Co-operative Movement measured both by numbers as well as the transaction. It would, therefore, be essential to state the general objects of these societies, which are comprehensive.

They are : (1) to develop and improve the industry of agriculture in Ireland by the introduction of the most approved methods, including the manufacture and sale of butter, cheese and other milk

and farm products, (2) to buy, sell and deal generally, wholesale and retail, in live and dead farming stock and produce including fish, and in all kinds of agricultural products, seeds, manures, implements, machinery and general requisites, (3) to hire or supply labour for the carrying out of agricultural or other work, (4) to provide for the housing of members and others, (5) to make arrangements with persons engaged in any trade, business or profession for the concession to members of the society of any special rights, privileges, and advantages, and in particular in regard to the supply of goods, (6) to advance money to its members, (7) to promote and encourage insurance by members and take necessary steps to secure indemnity to members against losses of property by fire or accident and (8) generally to engage in any business or transaction which may seem to the society directly or indirectly conducive to the interests of members.

Of the 193 creameries, 146 are central creameries, while the other 47 are only auxiliaries. The central creameries are the places where the butter is manufactured from the cream with the mechanical churn. The auxiliaries do not have the mechanical churn. They have only a mechanical separator to separate the cream from the milk. The cream is sent by them to the central creameries for conversion into butter. The above referred 47 auxiliaries are independent units. The central creameries themselves have 264 auxiliaries on the whole, which are their branches.

Two of the creameries visited by me are described below:

1. *Killeshandra Co-operative Agricultural and Dairy Society, Ltd.,* *(County of Cavan.)*

This was established in 1896. At present, there are 1942 members with a share capital of £7,640. The average holding of each member is 20 acres and the average number of cows owned by each is five. About 2,500 farmers supply milk to this society directly as well as through its auxiliaries. It has 12 auxiliaries scattered over its area of operation to be within the easy reach of the farmers. Four independent auxiliaries also supply cream. While the main function of this creamery is to manufacture and sell butter, it undertakes all kinds of agricultural work. It has a milling section for milling grains like maize, barley, etc., and producing feeding stuffs for pigs, poultry and cattle. It has got an artificial insemination centre. It has a hatchery department with an 18,000 capacity incubator. Eggs are bought from special supply farms at $6\frac{1}{2}d.$ each while a hatched chick is sold at 1s. 3d. each. It was stated that about 70 to 80 per cent of the eggs would be successfully hatched. The society employs about 60 persons including about 30 in the branch auxiliaries. It has also a store department for supplying seeds, manures, implements, fertilizers and feeding stuffs to the members. This society sells only agricultural requirements and not domestic requirements. During the year 1954, the society had trade amounting to £888,300 and earned a profit of £2,666.

2. *Drinagh Co-operative Creamery (in the County of Cork).*

This was established in 1923. There are at present 1,700 members with a paid up share capital of £13,680. About 2,000 farmers supply milk to this creamery. The annual supply is about five million gallons. The average holding of a member is 30 to 35 acres and the average number of cows owned by a member is 15. It has got 17 auxiliaries. Butter is the only product manufactured by this creamery. It has also a milling section, hatchery department and a stores department It has got three incubators. It purchases eggs at 8s. 6d. a dozen and sells chicks at 17s. 6d. per dozen. It has also an artificial insemination centre. This society is the agent for G.V.B. milking machine of New Zealand. It was stated that the society had so far purchased for the farmers about 300 machines. Each machine costs £250. This creamery has stores attached to all its branches to supply all the requirements including domestic goods to the farmers. Its annual turnover amounts to about £800,000.

Some of the creameries manufacture other milk products, besides butter. Cheese, chocolate crumb, milk powder are some of the products manufactured, as they are said to be more profitable. The Ballyclough Co-operative Creamery manufactures the well known product "Cow and Gate" milk powder, which is exported to several parts of the world. It was producing till recently chocolate crumb, as it was the most profitable trade. Now the society has suspended the manufacture of chocolate crumb due to a slump in that trade in the British market.

The 77 agricultural societies referred to undertake all kinds of agricultural activity, such as supply of agricultural requirements to the farmers. Some of the societies supply domestic requirements also. But they do not engage themselves in dairy activities.

The miscellaneous societies consists of bacon curing societies, agency society etc. The bacon curing societies are intended for slaughtering the pigs of the farmers and curing them. It was stated that one

particular co-operative bacon curing factory (at Cork) was the biggest among all the factories in the country. The agency societies are intended for joint purchase of goods like machinery, and they have no permanent offices. Generally they function at the residences of the secretaries of such societies. At present there is a proposal in Ireland to form societies for auctioning cattle and livestock on behalf of the farmers. The existing system for marketing them is to sell them at fairs in towns. It was stated that the farmers were getting comparatively low prices on account of the interference of brokers. To avoid this and to enable the farmers to get better and reasonable prices, new societies called "cattlemarts" are proposed to be started in the near future.

There is one wholesale society in Ireland for supplying the requirements of the primary societies and that is the Irish Agricultural Wholesale Society established in 1897. Though it was originally established to confine its supplies to the co-operative societies, it has now lost its co-operative character. It supplies to private merchants also. It has got eight branches. Its annual turnover is about £3½ millions. During the year 1954, it earned a profit of £96,725. On account of political unrest between the years 1916 and 1921, many co-operative societies went out of existence, as a result of which the business of this society was affected. To prevent the society from going into liquidation, some private individuals contributed capita and restored it to normal working. It is since that time, the society has been doing business with private traders also. Of the ten directors on the management, two are representatives of individuals.

There are no co-operative credit institutions in Ireland. In every town, there are a number of branches of the commercial banks. The farmers get credit from these institutions very easily. The banks also, it was stated, treat them sympathetically. Similarly, the co-operative societies requiring funds for their business obtain advances from the commercial banks. The Irish Agricultural Wholesale Society also had borrowed from the National City Bank, about £300,000. The officials of the I.A.O.S. (who are the organisers of the co-operatives in Ireland) expressed the doubt whether, by organising co-operative credit institutions, anything better could be done to the farmers than what the commercial banks are doing at present.

In addition to the commercial banks, there is the Government institution for giving credit to the agricultural community, i.e., the Agricultural Credit Corporation established in 1927 with a capital of

£300,000. This corporation gives loans to farmers, co operative societies, agricultural contractors and others, who are engaged in processing agricultural produce or in the provision of works or services primarily designed for farmers. The corporation also discounts promissory-notes and bills of exchange made in connection with agricultural transactions. Generally, loans are given to co-operative societies to establish new creameries or expanding the existing creameries, grinding plants and similar enterprises or to provide working capital for the business. Loans granted to farmers are usually for the following purposes: (1) purchase of livestock manures, seeds, machinery, (2) erection or repair of dwelling houses, hay-barns, other farm buildings, (3) land improvements, drainage, fencing, water supply, (4) repayment of prior debts and (5) providing working capital and arranging family settlements.

The rate of interest charged is 6 per cent. Repayments are to be made half-yearly. Repayment on the Annuity System (equated repayments) is also allowed. The period of loan ranges from 5 to 35 years. At present the corporation has advanced about 44,840 loans amounting to £2,617,915 (short term £1,085,675, long term £1,532,240). Though the corporation is registered as a joint stock company, the Government is the only shareholder. The five directors who form the board of management are nominated by the Government.

A few years ago there were as many as 500 or 600 societies in Ireland, while today they have been reduced to about 300. It was said that when it was found that one society could more efficiently perform the functions of two or three societies in the neighbourhood, the number of societies were reduced. The reduction of number should, therefore, not be regarded as a decline in progress, but as a process of strengthening the movement. Since the beginning of the change in dairying from a farm to a factory industry, the growth of creameries had developed to a great extent. Most of the creameries built by the English Co-operative Wholesale Society were taken over by the co-operatives in the first decade of this century. They were not, however, the only proprietors in the field, the result being many superfluous plants and much consequent waste. In one village in County, Limerick, there were three creameries. The proprietory creameries as well as many co-operatives had emerged from the post war period (First World War) in a shaky condition. One large group went into liquidation and was purchased in 1924 and amalgamated with another relatively prosperous concern. It was ascertained in 1926 that the amalgamated group was not being properly operated

and were prepared to sell. As a result of the representations made by the I.A.O.S., the Government purchased the properties of this concern, closed down the superfluous plants and transferred the remainder to local co-operative societies, retaining some of the units for reconstruction. This policy has been continued, so that no proprietory concerns exists to-day except a small proportion of the whole held by the government itself under the name of " Dairy Disposal Company". This action has had a most salutary effect on the whole position of the dairy industry and in particular on the co-operative societies, which have by degree strengthening their financial position. The co-operatives have further been enabled to develop subsidiary activities in the interest of the communities served by them. The subsidiary activities include the distribution of feeding stuffs, fertilisers and seeds, and in many cases domestic requirements, the milling of maize and home grown grains, the packing of eggs, in a number of societies fattening and packing of chickens, and the distribution of day-old chickens. A few societies ship-pork. Two societies manufacture milk powder, while another is engaged in the production of casein and artificial horn made therefrom.

Except for the fact that the consumer goods are supplied by some of the co-operative creameries, there are no consumer co-operatives in Ireland. In fact, the co-operative movement in Ireland does not attempt to serve any one outside the agricultural community. The explanation for this is perhaps partly to be found in the fact that the Irish Agricultural Organisation Society, which is the promoting agency of co-operative movement confines itself to agri. cultural co-operation. As its very name indicates, it was established by Sir Horace Plunkett with a view to teaching the farmers the principles and methods of co-operative organisation. Sir Plunkett's main ambition was to find salvation for the Irish farmer, who has no good farming tradition. In deference to the desires of its founder, the I A.O S. still pursues the policy of promoting agricultural co-operation and agricultural co-operation alone. As already mentioned, the I.A.O.S. is taking steps to organise Livestock Marketing Societies to secure resonable prices for the farmers desiring to sell livestock.

The Irish Co-operative Movement does not present such a mighty and attractive picture like the British Movement so far as the business achievements or material side of the movement is concerned; but nevertheless, it affords a recognition of the social and moral value of the work, which is being accomplished. The association of men, who never before in the history of the country combined for any business purpose, has brought into prominence their best qualities, besides sharpening their business instincts. In almost every society there are persons who, without fee or reward, work unostentiously and persistently for the good of the movement. Their influence has permeated their societies and throughout the movement there has arisen a strong and healthy public opinion which finds reasonable expression on every question, which concerns the well-being of the country.

The success of the Irish Co-operative Movement makes it clear that the methods of co-operation must necessarily exercise a healthy moral effect upon the poor man, who adopts them. They will further distinctly tend to improve his material condition as no other method can do. Isolated, he is outside the sphere of the great forces of industry and commerce, and very often their victim. The appliances of scientific industry are beyond his reach and the avenues to the world's markets are closed to him. But in combination with his neighbours, backed by the resources of community, he becomes a new power. He can command the services of science and can dispose off his produce in the most favourable markets.

As in England, the Registrar of Friendly Societies exercises limited control over the co-operatives in Ireland such as registration scrutiny of annual returns, etc. But still the co-operative movement has closer relationship with the Government through the Department of Agriculture. The Department makes an annual grant of £11,000 to the I. A. O. S., which is the promoting agency of the movement and consults the I. A. O. S. on all matters affecting agriculture. Though the Department gives the grant, it does not interfere with the activities or decisions of the I. A. O. S. In this connection it would be worth while to quote the following words of Professor Joseph Johnston: "The movement as a whole may be recorded as a semi-official agency of Government agricultural policy in close association with the Department of Agriculture, which is the regular official agency. At the same time it cannot be regarded as entirely dominated by the State. It operates as a very effective pressure group, and its democratic organisation gives it a vote organising potential, which causes both the great political parties to treat it with respect. Actually, there are prominent co-operative leaders in both parties and neither party would willingly make a present to the other of all the goodwill and political influence which such a large movement could command, if it entered the political area as a self-conscious political organisation."

An Economic Analysis of the Price Policy of Co-operative Societies

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[We have great pleasure in publishing the article on the "Price Policy of Co-operative Societies' by Prof. Velayutham, who is the Reader of Commerce in the University of Madras. The article is a searching analysis of the price policy adopted by Co-operative Societies by an eminent economist. He examines the market price policy followed by Consumer Co-operatives and makes an earnest plea for the adoption of a vigorous active price policy. According to him, the objective of a price policy followed by co-operatives should be such as to reduce the costs of distribution and reduce the net price paid by the consumer. This can only be achieved by following the average cost curve vigilantly and not by merely adhering to the Passive Price or Market Price line under imperfect competition. This, in essence, is the central idea of the study. It is, indeed, an outstanding contribution to Consumer Economic Theory and, if followed, is bound to increase the social welfare potential of the consumer co-operatives. We appeal to the Co-operators interested in Consumer Co-operation to give their earnest consideration to this thought provoking article.

—Editor.]

Co-operative trading has become so popular, that it is no longer confined to the provision of a few necessaries of working class people. It has claimed in the west to have brought down the price level of groceries and food stuffs, where it has been strongest from the early days of consumer's co-operation. It is extending, with perhaps beneficial effects, to millinery, drapery and even some services. Though there are certain types of activities to which it seems least adopted e.g., sale of goods which require servicing with special equipment, it has gained sufficient foot-hold in the retail market as to require an economic assessment. The theoretical claim for Consumers Co-operation is that it eliminates the middleman and hence reduces prices payable by the consumer. The questions then are: What is the price policy followed by co-operative societies? Has the policy been such as to reduce the costs of distribution and to reduce the prices paid to the consumer.

The usual criterion of success in business is the financial return (profit). Hence, a seller adopts the objective of maximising the surplus over cost. But should a co-operative society, aiming at the welfare of its members adopt the same objective as a private retailer does? Obviously there are many other attractive objectives the co operative societies can adopt, such as maximising the volume of sales, selling cheaply, selling at lowest possible cost of co-operative, etc. We shall analyse the consequences of some of the objectives in this paper.

As a preliminary, we shall have a look into the costs incurred by the society and the nature of the demand for its services. Ignoring the fact, that a few societies may manufacture some of the merchandise that they sell, we shall assume that societies are mere selling units. The market in which they operate is the retail market and their functions are retail functions.

What are the retail functions? The chief functions is to bridge the gap between the product and the consumer. But this job can be split up into (a) bringing to the consumer the goods he wants at the right place and time and in the quantities he desires and (b) informing the producer or wholesaler what the consumer wants. We can perhaps add a minor function, viz., informing the consumer in ignorance or in doubt about the alternatives open to him. In the discharge of these functions, a society has like any other retailer, the problems of location, diversification, forecasting, stock holding, salesmanship etc, It has to solve these problems as efficitively as possible and compete successfully with the private stores. A co operative society, however, through its peculiar idealistic hold over the consumers makes its obligations and hence these problems less exacting than they are for a private retailer.

The function of bridging the gap (distribution in space) involves among other things, a location for the shop, the provision of amenities to the buyer, and the holding of stocks. The location is partly determined by the location of the whole-saler, partly by the efficiency of the transport system and partly by the buying habits of the consumer. The variety of wares required to be supplied or displayed (depending on whether it is a 'shopping' good which would be brought only after visiting a number of shops or 'convenience' good which would be brought at the nearest shop as and when required), the smallness of individual consumer 'off-take' the eternal flux in the clientele and the resulting difficulty of

estimating demand make stock holding a big problem. In the ultimate analysis, the chief items of cost incurred by the societies are rent for the premises, office expenses, interest and depreciation on equipment used, wages and salaries for the employees, amenities for the customers, interest cost of holding stock, interest cost on credit sales if any, delivery charges if any, and advertisement, if any. The last three items of cost are not normally incurred by co-operative societies, because the principle usually followed is 'cash and carry.'

Economists divide costs into two categories. Those items of cost which are kept fixed during a period, whatever the variations in output are called fixed costs. Being fixed, the average fixed cost per unit of sale falls, as sales expand. Rent, office expenses, interest on equipment, cost of amenities for customers etc. may be taken as fixed, because in a given period premises, equipment, amenities etc. will not be changed as sales increase but the existing facilities will be more fully used. On the other hand, there are some items of cost, which increase as sales increase. Such are called variable costs. Examples are wages, cost of stock, interest cost on credit sales etc., because the number of employees, the amount of stock, the amount of credit sales etc., are likely to increase with sales.

The period during which, certain items are fixed is called by the economists 'short period.' In this short period the average fixed costs (Total cost/number of items sold) falls; but the average variable cost (Total of variable costs/number of items sold) will be high in the beginning but will fall with increase in sales for some range of sales and rise later on. The reason for the high level and subsequent fall for some range of sales is simple. In the beginning even variable items, like labour, are employed in a lump (a man rather than man hour is taken up) so that the average variable cost is high per unit of initial sales. It falls for some range because the lumpy cost gets spread over increasing number of units. The subsequent rise in average variable cost is due to the fact that while variable items like labour are increased as more sales are effected, the fixed items, like floor space and customer amenities are insufficient and so more of variable factors are to be employed per unit of sale than in the beginning. Now, with average fixed cost falling and the average variable cost falling first and rising later, the total average cost (the two average costs together) shows the pattern of a fall and a later rise.

The period during which even the fixed items like premises, consumer amenities, etc., are changed to meet the growing sales, is called the 'long period' by the economists. In the long run, all costs are variable. However, even the long run average cost (Total Cost/number of items sold) falls for some range of sales and rises later on. The falling part is explained by economies arising from large scale operation and the rising part is explained by the diseconomies of large scale operations. The co-operative societies expanding in the same premises or creating new branches may become too unweikldy for the management, so that effective co-ordination of different departments or branches, and supervision of operations become difficult and this raises the average operating costs.

We can represent the course of the short-run and long-run average cost curves as having the shape of the alphabet 'U' (see diagram I-AC.)†

After the examination of cost let us consider the demand side. If the retailer can sell any amount of his ware at the going price in the market, he is said to have a perfectly elastic demand for his commodity. What he gets by selling every successive unit (marginal receipt) is equal to the price the consumer pays. He has no need to reduce price even a little to sell further. This is the position in a perfect market. But the retail market is inherently imperfect. It lacks the essential features of a perfectly competitive market. A perfect market assumes that the commodity sold by different sellers are perfectly identical and that competition between them ensures a single price for the commodity. If the products are not homogeneous or if the number of sellers is not large enough to maintain effective rivalry, the market will not be perfectly competitive. The differences in the commodity divide the market. We have in retailing a market in which each seller has a section of the market assured for himself, due to some alleged special quality of his product or to the unique appeal which his location, his personality, his reputation, his amenities or his propaganda make. What is in essence a single commodity is traded as different commodities or is bought by consumers as different commodities, because of the appeal made by

†There is one more useful concept: the marginal cost. It is the increase in total cost due to selling one more unit. If we calculate a series of marginal costs, as addition to total cost due to continuous increase in total sales unit by unit, we will find that the marginal costs also shows the pattern of falling first and rising later. The reason is that marginal cost is governed by the same forces which govern the behaviour of average costs.

any one or more of these factors. Thus there will be practically as many markets as there are retailers. The soap in the shop in the street corner is not the same commodity in consumer's point of view as the soap in the main bazaar; hence the cônsumer is willing to pay more for the former. The preference may be rational or irrational. Hence the retailer has some control over price. He can raise the price a little by which he may lose some but not all his customers. He could lower the price a little and attract some but not all the customers of his rivals. This fact is stated in economic terminology as follows: the demand curve (sales curve) for the product of a retailer is imperfectly elastic and in diagrams this fact is shown by a sloping demand curve (see diagram I—line DD).

As a retailer, the co-operative society also has its own market and, has some degree of control over price. It has some special hold over at least some of its members, who may not forsake it even if it raises the price a little. On the other hand, there will be some apathetic or antoganistic persons who would not at any possible price change their custom from their private retailers. Hence the sales curve for the product of the society is imperfectly elastic. (see diagram I—line DD). The loyalty of members to the co-operative ideal is a more permanent asset to a society than any loyalty created by a private retailer by any conceivable methods he can adopt, because the latter's methods can be imitated by others. The payment of dividend also creates a loyalty or preference for the society. Thus two factors, the loyalty to co-operative ideal and the prospects of dividend ensure for the society an assured market. It it because of these factors, it is said that a co-operative society need not spend on advertisement for goods though it might advertise for membership. The dividends advertise the society. Of course some private traders may distribute gift coupons, trading stamps, etc., which are similar to dividend warrants.

Yet they cannot create that amount of confidence, which a society can, in their bonafides or their ability to pay a high dividend for ever. Thus the co operative society has a good control on its market.

Having understood the nature of costs and of demand in respect of a co-operative society, we are now in a position to apply the technique of economic analysis to make an appraisal of co-operative price policies. Co-operative societies can adopt the policy of selling at market price prevailing in the inherently imperfect retail market or if powerful enough, set their own price. The effect of either policy on sales will depend in practice on the attitude of the consumer towards the dividend. Hence the whole analysis has to be in fact an analysis of the effect of different consumer attitudes towards the dividend.

A Passive Price Policy:

Let us first take the case of a society adopting passively the market price, since this is the common practice of societies and examine the consequences of the policy under the two assumptions, *viz.* (1) that the consumer deflates the gross price paid by him by the amount of the expected rebate so that what he is concerned with is the net price: and (2) that the consumer is quite particular about the dividend and that his purchase depends on it.

Under the first assumption, the buyer may compare the net price of the society with the price in a private shop but the society has nothing to fear, because its price is the same as the market price.

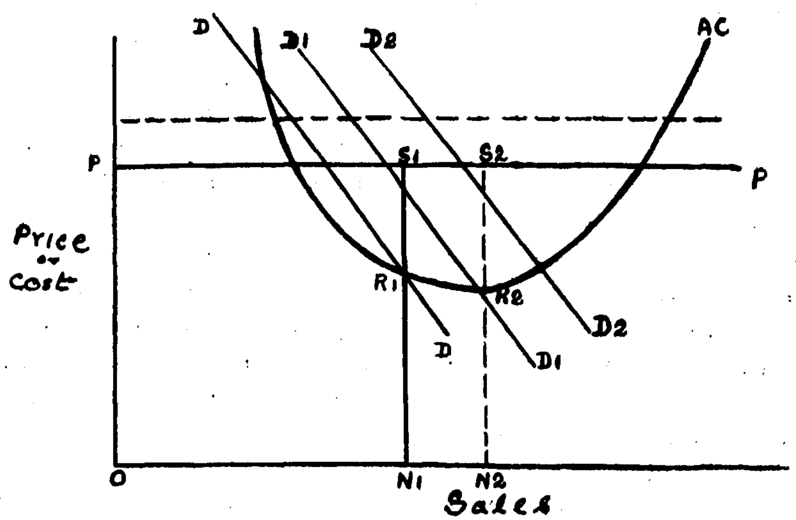


Fig I

PP = market price (gross price).
DD = demand curve or sales curve.
OP = the height of market price adopted by the society passively.
S_1N_1 = gross price, given the market price.
R_1N_1 = net price, given by the shape and position of demand curve.
AC = average cost curve.
R_2 = minimum point of the average cost curve.
R_2—N_2 = lowest possible net price.
S_2—R_2 = the highest possible dividend.

The diagram shows that the best gross price for the society will be that which is warranted by the demand curve, at output N_2 because that net price will be the lowest possible only at this output. The position of the demand curve DD enables a sale of N_1 and the society should try to shift the demand curve to D_1D_1 so as to sell N2. Since the co-operative societies, keep an open door to new entrants, open membership may enable the required expansion of sales to be achieved and all members old and new, will benefit. But if for any reason, say, e.g., over zealous propaganda for membership, shifts the demand further to the right (D_2D_2) the net price rises (because average cost rises) and all will suffer. Open membership has this potential danger of facilitating over expansion of a society. The theoretical solution is to set up a new society in the locality to wean away excess membership but in practice this solution is not available because of the tradition among co-operators not to encourage a rival society in the same locality.

Even the attainment of the optimum sales may depend on the capacity of the society to undertake expensive sales promotional activities and on the responsiveness of the public to its propaganda. The former depends on the availability of accumulated reserves (otherwise average cost will rise in proportion to sales expansion) which a young society may not have. The latter is unpredictable. Hence our conclusion that the policy of following the market price may result in the society's price being higher than the optimum competitive price. The societies adopt the market price because it will maximise the surplus or dividends, will enable accumulation of reserve to plough in or to pay back debts, or will avoid retaliation by private retailers. The 'market price' policy may also be a cloak for inefficiency.

Is this policy of charging at market rate obligatory? Not unless there is collusion among retailers including the society. There may be lines in which the retailer does not enter and atleast the big societies may have the freedom of action in these lines and may act as price setters in these spheres. Further, when the societies say that they follow the market, are they sure that there is only one price ruling in the market? There may be no one market price for many items at the retail stage. Prices differ as between different selling points. Hence when the society says it has adopted the market price, it means only that it has adopted the price most convenient to itself.

Further the term 'passive pricing' may suggest that the society has no decisions to make. In fact, it has to select sectors of the market it wishes to follow, when competition grows between it and one or more retailers. This choice whether to follow the rival or withdraw from the line involves an active policy. One more point. Could it not happen that what the society calls the market price is its own price followed by others? Unless the society makes experiments in price changes and notes the reaction of others, how could it say in a common market, who leads whom? Hence we can conclude in the words of a writer "Partly owing to the wide range of retail prices existing everywhere, partly to the effects of co-operative prices themselves upon local price levels, it is never difficult to find local prices similar to those charged by co-operative societies and thus to pay lip service to the market price".(1)

Let us turn next to examine the consequences of passive price policy under the other assumption, *viz.*, that consumers mind the size of the rebate or dividend they would get on their purchases. Dividend is a peculiar economic phenomenon defying easy pigeon-holing in economic analysis. It has become, far from being the result of mutual trading, a selling technique with the unique feature that it costs the seller (the society) nothing but is far more effective than any other method so far adopted by sellers. It improves sales and thereby secures the economies of large scale operation. Its origin is easily understood. Consumers wanted to save middle-men's cost. Not knowing how to make allowance for this cost in fixing price, they adopted the convenient method charging at market price and taking the surplus after meeting incidental expenses. The faith in the co-operative movement, that it will provide merchandise cheaper than private retailer led to a conviction and expectation that dividend will certainly accrue on every purchase. Possibly in the initial stages of membership, the time gap between purchase and receipt of dividend was so long, that when the dividend was actually received, it appeared as a treasure to the family and hence purchase in a co operative society became a means to provide for the future. "The effect of painless saving thus obtained appears to have taken root in local co-operators, who continue to follow a policy which in effect means making savings through paying fairly high prices; lending the resulting margin on the average for six months to the society without interest and then receiving them in the form

1 Smith : Retail Distribution.

of dividends".(2) The co-operators' attitude to the dividend as a means to saving is so strong that a writer says "To some members a price of 9*d*. without a dividend may be less attractive than a price of 10*d*. with a refund of one pence repaid half yearly"*(3).

Now what is the effect on sales of this dividend hunting under a policy of 'market price'. The conclusions are similar to those drawn under the assumption of buyers considering only the net price. The dividend will be largest only at the output N2 and if the demand curve is short of this, the sales and rebates are below the optium. Sales must be increased by the methods mentioned earlier so that the optimum sale is achieved.

In a society we have members of both types; some are particular about net price and others particular about dividends. The chief problem for the management is to reconcile the two view points or if the general body has control over price policy to leave it to decide by majority note. We shall have more to say about this later.

An Active Price Policy :

Let us next take the case in which the society is adopting an active price policy, i.e., of selling its own price, and consider the consequences under the two assumptions *viz.*, (1) that the consumer considers only net price and (2) that the consumer is particular about the dividend. The price set is obviously the gross price and the consumers who mind net price only will ignore the level of gross price, for whatever the level of gross price, they consider only the net price. A higher or lower gross price may mean a higher or lower dividend but the net price is unchanged so long as the demand curve is given. Hence the amount of sales is constant whatever the gross price. (Draw a line parallel to PP above it in diagram I and project S_1R_1 upwards. The net price is the same, the gross price is higher). But the control over gross price can be used to achieve optimum sales (lowest cost) if sales are permitted to non-members and if the surplus is payable to members as dividend. The sales will expand, because this extraneous sale will enable members to

2 Smith : Retail Distribution.

3 Ibid.

*In view of this hold of dividends on co-operators one may feel that the earlier analysis on the assumption of buyer ignoring dividend and buying on the basis of price is futile. Not at all. There are spheres of co operative selling where such analysis holds good. e.g., co-operative marketing of agricultural products, co-operative wholesale, co-operative advertising, co-operative research etc., where no dividends are sought or given.

make larger deflation of gross price. The price charged to non-members will be that obtained by equating marginal cost with marginal receipt (addition to total revenue due to selling one more unit). Price will be OP (=NM).

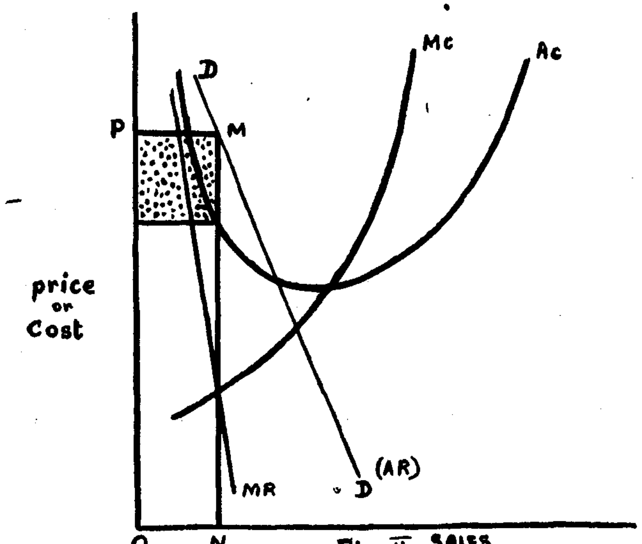


Fig. II

DD=the demand curve of non-members.
MR=the Marginal Receipt of sales to them.†

ON sales to non-members (fig 2) and ON_1 sales to members (see fig. I) may make the total sales equal N2, the optimum. Note the word 'may'. The dotted area is the surplus from sales to non-members, available for distribution to members. Such a price policy, of course, savours of price discrimination between members and non-members and this may have the effect of increasing membership and sales up to optimum.(4)

In any case the output will not be the optimum and the prices will not be equal to the lowest average cost.

† *Marginal revenue*:—Marginal revenue is less than Average Revenue. Average revenue shows the price charged for difference quantities while marginal revenue shows the net receipt.

Illustration ;

Price as which sold (A R).	Quantity sold.	Total units.	Maginal receipt
5 As.	7 units	35	—
4¾	8	38	3
4½	9	40½	2½
4¼	10	42½	2

[4] If the surplus is not payable to members but yet is wanted for reserve the nearest approach to optimum sales is to sum up horizontally the demand curves of both members and non-members and charge the price which equals marginal receipt and marginal cost.

If the non distributable surplus is to be maximised with sales to non-members also, price discrimination may be adopted.

If we assume next that members are particular about dividends, the price will have to be high and it is possible under the assumption of being able to pursue an active price policy to put up the price at any height. The price will be as high as if they were non-members (i. e., the price at MRL=AR in the above diagram) and the only difference is that member will get the surplus back as dividends. The output will be less than the optimum required for selling at lowest average cost.

We can at this point discuss the dividend problem in a general way ignoring the circumstances of its origin (passive price policy or active price policy). Our analysis shows dividends may be harmless, if buyer ignores it and looks at net price. Otherwise the dividend will influence the price policy towards being higher than need be and shut out poor purchasers. The consumers do not understand the implications of their insistence on a particular dividend rate. The mere expectation of a dividend will lead to a policy of high prices and restrictive output and the result is worse, if the particular rate of dividend is expected at all costs. Under the pressure of a fixed dividend, the society has either to collude with retailers to keep prices high enough to earn the rate or to exploit its monopolistic power or to draw on its reserve, which is not an inxehaustible source. Secondly, the initiative of the society is undermined because it is afraid of experimenting in new lines, lest their failure should curtail the dividend rate. Any idle funds are not put into new lines lest the new members may be a drain rather than a a source of strength to the dividend pool. The funds are lent to banks, so that they will yield a fixed income augmenting the pool. On the other hand, when times are good and the surplus expands, the society prefers to declare bonus rather than a higher dividend—lest the higher dividend should be expected in future years also.

Could we abolish the dividends then? Impossible, we are told. It is said the Consumers associate dividends with purchase and the success of the societies depends on their paying at least the usual rate, and that historically the dividend has been a great factor in giving stability to the movement through facilitating accumlation of capital, which was badly needed by the societies in the early years of expansion. Further the deferred rebate system leaves the rebate with the society for some months and it means so much revolving fund and saving of interest for the society. What is the meaning of all this? That the society has no chance to exist without the dividend bait?! One may not mind the consumer movement living and growing on the basis of dividends left behind as a surplus over cost of operating the society with the same kind of facilities as afforded by private traders. But in fact the dividend may be earned by monopolistic pricing or by poor service and staff. "The low level of costs often achieved has too frequently been the result of the tax exemption, services donated by members, inconvenient location and hours, absence of delivery and credit facilities, concentration on certain main lines of goods and the like. In most of these circumstances, the only advantage of a co-operative over a regular business is the greater willingness of the patrons to accept poor service. In terms of real economic cost, there appears to be no general reasons for supposing that a co-operative is more efficient than a private distributor. If a consumer co-operative does charge lower prices than its approximate rivals, the cause is less likely to be differences in costs than a rare willingness to pass on potential monopoly profits."[4] Of course we should not deny that consumer societies have no merits at all.

The earlier the dividend system goes, the better. Already in the west, the trend is towards lower dividends. Proper education of new members will gradually transform the movement. The need for testing the movement, not by this artificial dividend but by the yardstick of contribution to welfare through low prices must be emphasised. We have reasons to expect that the average cost will be lower for a society than for the private trader even after providing for all the facilities the latter provides. Only when the promised fruits of dispensing with middlemen becomes available to the consumers, will Consumers' Co-operation have justified itself.

But taking things as they are, what can be done? The society should recognise the fact, that there are likely to be some members, who would want to buy at the lowest possible net price and some, who want the lowest possible gross price leaving the dividend to find its own level. Unless the general body of members go to the extent of deciding by a vote the policy to be followed, the management will have to hit upon a compromise most likely to be acceptable to all. It may be really impossible to please all. The management does not know what is to be maximised; volume of sales, volume of surplus or volume of dividends. In this respect, the co-operative manager is at a great handicap compared to the private

[4] Enke: American Economic review, March 1945.

trader, who knows what is to be maximised. Another handicap is the management may be unable to change the policy already in force; for one thing it has developed expectations and vested interests; for another, the continuous flux in membership makes it impossible to say, which objective has the largest support on balance among members. It is in the midst of such dilemma that the tendency arises to adopt the private traders' objective of maximising surplus. The ideal solution in the situation will be to sell to different members at different prices and on different dividend terms according to the objectives they have. Or different branches may be set up to sell according to different objectives. For instance a society catering to consumers who want to buy at the lowest possible price will keep its costs down by cutting down expenses like free delivery, modern amenities, etc. Another useful line for experiment is to charge different prices and offer different dividend rates in different departments of the society. All these suggestions are yet to be tried and improved.†

† 1. One American writer has suggested that the Co-operative Societies should aim at maximising net consumers' surpuls and for this should fix a price, which equates marginal cost with average revenue. His entire argument is based on the assumption that buyers have no anticipation regarding eventual rebates, which is unrealistic We have discussed on the assumption that the consumers know of the existence of dividend but some deplete the gross price by the amount expected and some look at the dividend rather than at price, gross or net.

The Second Madras State Co-operative Housing Societies Conference, Madras.

15th September 1956.

Sri M. Bhakthavathsalam, Minister for Agriculture and Industries addressing the gathering.

Sri Medai Dalavoi Kumaraswami Mudaliar and Sri A. Palaniappa Mudaliar are seen discussing some important issues, when the Conference was considering the resolutions.

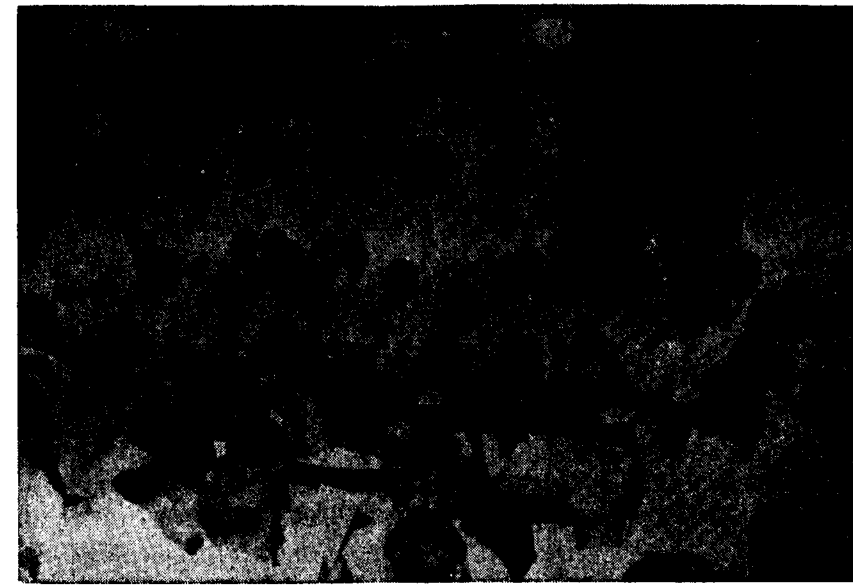
Golden Jubilee Celebrations of the Salem Co-operative Urban Bank, Limited. 12th August, 1956.

Sri A. B. Shetty, Minister for Health is seen delivering the Inaugural Address during the Golden Jubilee Celebrations of the Salem Co-operative Urban Bank Ltd., on the 12th August 1956.

Sri A. B. Shetty, laid the foundation stone for a Maternity Ward donated by the Salem Co-operative Urban Bank Ltd., on the 12th August 1956.

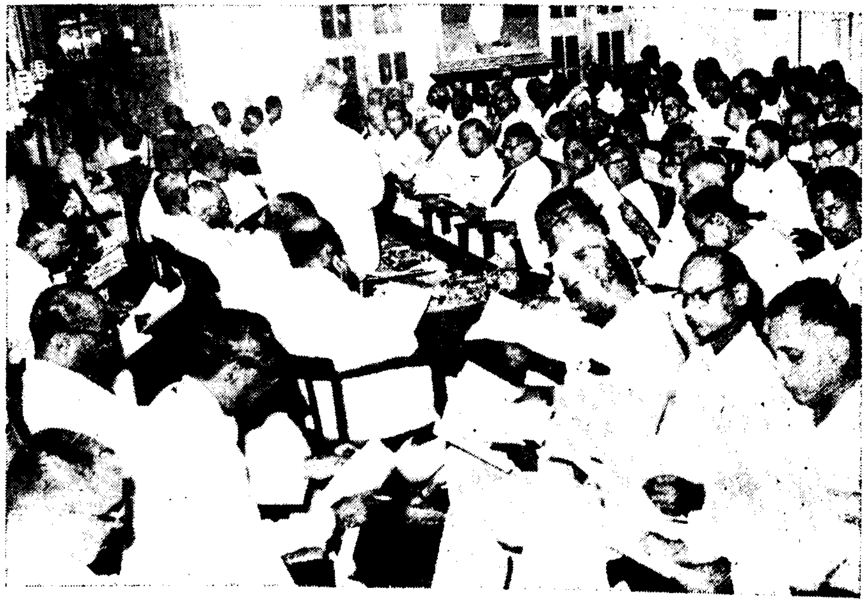
The Second Madras State Co-operative Housing Societies Conference, Madras.

15th September 1956

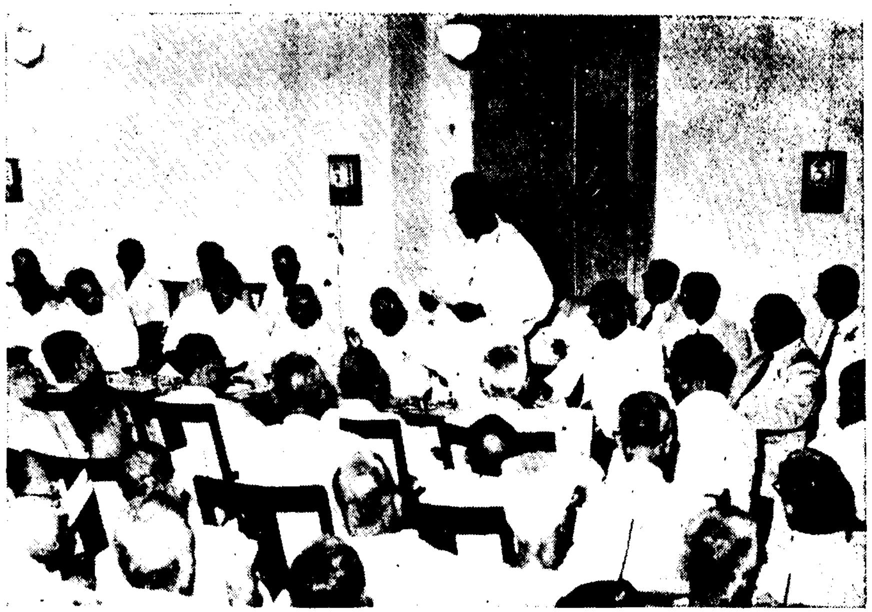


Sri V. S. Rathnasabapathy, President, the Madras Co-operative House Construction Society, Ltd., is seen delivering the Flag Hoisting Address.

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



Sri Medai Dalavoi Kumaraswami Mudaliar is seen welcoming the President, the Ministers and other invitees.



Sri R. Kanakasabai is seen delivering the Presidential Address.

The Second Madras State Co-operative Housing Conference, held on Saturday, 15-9-1956

FLAG HOISTING ADDRESS

SRI V. S. RATNASABHAPATHY,

President, The Madras Co-op. House Construction Society, Ltd., Madras.

Mr. V. S. Ratnasabhapathy, President, The Madras Co-operative House Construction Society, in hoisting the Co-operative Flag said:

Mr. President and friends,

I am extremely thankful to the organisers of this Conference for having given me this opportunity to hoist this great flag of the Co-operators. As I do so, I am inspired with the feeling which is uppermost in my mind, namely, that if only all the human hands were to join truly in co-operation, what cannot be achieved? This world of ours ever resounding with battle cries and talks of cold war and tension engendered by economic and commercial conflicts can be changed into a paradise of our dreams, the whole human race having learnt to live and let live in peace and tranquillity and in universal brotherhood. Perhaps the co-operators had laid the foundation truly and well for such a socialistic pattern of society. But we are yet far from the goal and our consolation can only be that we are on the right track.

To my fellow co-operators who have gathered here, I need hardly dilate on the merits of our unique flag, which I have just now unfurled. Our Rainbow flag is as beautiful as our goal, for handsome is that handsome does. The flag has been nobly conceived with all laudable ideals in view. The seven colours of the spectrum constitute the white light of the Sun and these correctly denote the Unity in Diversity. And for what else do we, co-operators stand for, if not for unity, unity at all costs, by always contributing our share of effort.

Brothers in co-operation, you and I and all of us deem it as a great honour to stand united under this flag and take the solemn vow to further the cause of co-operation under all circumstances. Led the flag give us the needed inspiration to go forward in our great undertaking and make life worth living for man in this planet of ours.

As the President of the Premier Co-operative House Construction Society in the Madras State, my interests are immediately connected with the intricate problems concerning "Co-operation in House Construction", which is a comparatively recent venture to the co-operative movement. Unlike other countries where democratic institutions have had a training period and career, our country is yet to fulfil the high principles of socialism and adjustment to environments. We have to re-emphasise the spirit of co-operation and put into practice the ideal "All for each and each for all".

Constructing houses, I have learnt, is difficult enough in these times of scarcity. But to construct to suit the taste of others is much more difficult. When the members of the family for whom the construction is meant do not agree on certain matters, it requires a strong imagination to conceive the difficulties of the authorities in charge of construction. In a few cases designs have been so prepared as to suit the taste of the husband in the front part of the construction, leaving the mistress to have her say in the rear part of the house. I have been tempted to cite the above example to show that we, co-operators, have to give in and yield much ground, if we are to be sure of our ground.

I may confess that I am proud to be connected with a Premier House Construction Society to whose credit stands more than 950 houses built in the City. We will very soon be laying the foundation for the 1,000th house in Rajah Annamalaipuram, our fourth colony which is nearing completion, the three others being Gandhinagar, Kasturbanagar and Venkatesapuram.

We have on hand, schemes to provide house to the low income groups, comparatively cheap houses, on one ground plots, costing not more than Rs. 10,000 per house including the cost of the site. Sites have been chosen at Perambur, Kilpauk, Kodambakkam and Adyar.

Our problems are many and perhaps this is not the time and place to go into them in detail. We may discuss them at the Conference.

I will only say that in the matter of the health of the people, among other things, proper housing amidst clean surroundings, plays a great part. Hence its importance.

Let me conclude by once again thanking you for the high honour you have done me.

WELCOME ADDRESS

Sri Medai Dalavoi Kumaraswami Mudaliar,

President, The Madras State Co-operative Union.

Hon'ble Ministers, Mr. President, and brother Co-operators,

I have great pleasure in welcoming the delegates to this Second Madras State Conference of Co-operative Housing Societies. It might be recalled that in June, 1952, the Union organised the First Madras State Co-operative Housing Conference under the distinguished presidentship of Sri C. S. Ratnasabhapathy Mudaliar, the veteran co-operator. The Conference was of great value and had been responsible for giving a fresh momentum to the Co-operative Housing Movement in this State. We are now on the eve of working out the Second Five Year Plan and it is, indeed, quite an opportune moment to pool our experience, to exchange thoughts and frame workable plans for the development of Co-operative Housing in our State. I am very happy to welcome Sri R. Kanakasabai amidst us and to request him to preside over this Conference. I am sure that he, with his rich experience and youthful enthusiasm, will guide the deliberations of the Conference to fruitful conclusion. I have great pleasure in welcoming Sri A. B. Shetty, Minister for Health and Co-operation. In him, we have a friend, philosopher and guide to the Movement. His wisdom and learned advice have been an inspiration to co-operators. I am particularly thankful to Sri M. Bhakthavatsalam, Minister for Industries, who has recently returned after attending the I.L.O. Conference in Europe for accepting our invitation to address the Conference and I have great pleasure in welcoming him. I am sure he will enlighten us with his experience in foreign countries and his advice will give us much food for thought and discussion. I have great pleasure in extending a hearty welcome to our able and popular Registrar Sri A. Palaniappa Mudaliar, who by his indefatigable efforts in strengthening and intensifying the Co-operative Movement in the various fields has already earned the gratitude and confidence of the co-operators in this State. We look forward to his wise and mature counsel. To Sri V. Ratnasabhapathy, I extend a hearty welcome. He is the President of the premier House Construction Society in the Madras City and to this important Co-operative responsibiliy, he has brought to bear his rich experience of the Scout Movement and I thank him for consenting to unfurl the Co-operative Flag on this unique occasion. Once again, I welcome all the delegates, the officials, the Hon'ble Ministers and the general public to this Conference and I am sure that the conference will give a fresh momentum to the Co-operative Housing Movement in this State.

Co-operative Housing

Co-operation is essentially a Movement of the people intended to solve their economic problems by bringing about unity and combined effort. Just as Co-operative Credit Societies have been of immense assistance in providing credit to the rural folk, so do the Housing Societies and they have been doing signal service in providing shelter to the houseless both in the urban and in the rural areas. In this field, more than in any other, Co-operation has justified its social welfare goal. Co-operative housing organisations, probably constitute the soundest basis yet devised for financing the construction of new buildings, by the middle and low income groups.

Progress in Madras

In Madras, Co-operative Housing has made a march. There were 175 housing societies of all types, with 16,421 members and a paid-up share capital of Rs. 110.20 lakhs as on 30-6-1955. So far, these housing societies had been responsible for constructing 6,152 houses, which is no mean achievement. The Government have been the major provider of finance and Rs. 289.54 lakhs were outstanding against societies as Government loans as on 30-6-1955.

Besides the housing societies mentioned above, there were 4 Co-operative House Mortgage Banks. These Banks had a membership of 6,684 and a share capital of Rs. 9.40 lakshs. During the year 1954-55, they issued loans to the members to the extent of about Rs. 5.11 lakhs for construction of houses and Rs. 4.69 lakhs for other purposes, such as purchase and construction of houses, redemption of mortgage on houses, liquidation of old debts etc.

The Second Five Year Plan and Co-op. Housing Schemes

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

Registrar of Co-operative Societies, has outlined several schemes to be included in the Second Five Year Plan; for example, the Madras plan has provided for the establishment of 25 Industrial Housing Societies for the construction of 5,000 houses for industrial workers, 240 rural housing societies for the construction of 6,000 rural houses and for the formation of 25 urban housing societies for the construction of 2,660 houses in the urban areas; besides financial assistance, adequate technical and administrative assistance would be given to the Societies.

Problems and Solutions

It is in such a context, that this Conference is meeting and therefore, its deliberations are bound to be of great value. With the implementation of a vigorous social housing policy, the need for a review of the systems of housing finance, the methods of working housing co-operatives, the problems and the bottlenecks experienced by them has become imperative. The Government, no doubt, have been giving copious financial assistance to the Housing Movement. There is, still, a need for liberalising the conditions of Government finance with respect to the maximum limit, interest, instalments etc; equally important is the liberalisation of concessions in the matter of registration charges, payment of property taxes, supply of house building materials etc. Rural Housing has not made much headway: the Industrial Housing Schemes should be modified suitably and made more attractive; the formation of a Central House Mortgage Institution must be discussed and finalised. In short, a suitable system of housing finance must be evolved and the procedural frame work should be modified in order to render the housing schemes more useful, popular and effective. These and similar problems have to be discussed and solutions found. I hope the Second Madras State Co-operative Housing Conference will discuss these issues and arrive at fruitful decisions.

Gentlemen,

I have great pleasure in extending to you my hearty welcome.

PRESIDENTIAL ADDRESS

SRI R. KANAKASABAI,

President, The Chidambaram Co-op. House Building Society, Ltd.,

Hon'ble Ministers, Registrar of Co-operative Societies and brother Co-operators,

When I received an invitation from my esteemed friends, the President and Secretary of the State Co-operative Union, requesting me to preside over this conference, I was really taken by surprise and was at a loss to know why I was selected for this honour, when there are ever so many eminent Co-operators both in the muffasal and in the City to take up this onerous task. Perhaps, it was thought that because I am the President of the Chidambaram Co-operative House Building Society, I would efficiently discharge the duty cast upon me, with the practical knowledge I had so far gained in house building work. For whatever reason I am chosen, I thank them and other members of the committee for having given me this opportunity to preside over the conference.

Coming to the subject proper, you all know why the conference has been convened. Food, Clothing and Shelter are the three essential needs of an individual, whether rich or poor, educated or uneducated capitalist or labourer or of any other category. The Government have rightly done much in stepping up food production affording all facilities such as issue of loans to agriculturists for purchase of seeds, manure, cattle, agricultural implements etc., through multi-purpose Co-operative Societies and for marketing the agricultural produce through the Co-operative Marketing Societies. Similarly for clothing, the Government have organised several co-operative societies for weavers and have given large subsidies to those societies and have drawn up several schemes to increase the production in order to cope up with the requirements of one and all. But in the field of housing, it has so far received only a step motherly treatment. I think I would not be mistaken, if I say that in the case of housing, the Government have not done as much as in the case of food and clothing. Those who have connection with any of the building societies in the State, either as a borrower or a director would not hesitate to say that the present scheme of housing do help only the richer class of people or the upper middle class, who very often own houses already. As a matter of fact this scheme is not sufficiently helpful and attractive to the lower middle class and the poor, though this scheme must be intended to help one and all, be they rich or poor. It is clearly in evidence that even those, who in their initial enthusiasm have become members, find it extremely difficult to meet their future commitments to the societies.

The Second Five Year Plan has targetted for the construction of 22 lakhs of houses during the plan period by all agencies both in the public and private sector and a provisional allocation of Rs. 120 crores has been made for the several housing schemes. We are aware that the Government of India have already initiated several

housing schemes like the low income scheme, the subsidised Industrial Housing scheme, weavers' housing scheme, etc., but it is quite necessary that any scheme drawn up by the Government should be such as to be within the easy reach of the lower middle class and the poor. If it should really help the lower middle class and the poor, the cost of the site and the building should be as low as possible, of course without detriment to the durability of the building. As the cost of site is exhorbitant, the Government should somehow, find ways and means to see that sites are placed at the disposal of house building societies at a minimum cost. It may seek the agency of municipalities and major panchayats to acquire the lands, make them fit for house building and after surveying and parcelling them into plots, assign them to the societies which may then allot them to their members, so that the cost of a building site may not exceed Rs. 300 at the most per ground. All initial amenities such as laying of roads, drainage, water supply, street lighting etc., should be provided for by the municipality or major panchayat, free of cost. The cost of a house plus the value of site should, in no case, exceed Rs. 4,000.

Government loans should be provided at their borrowing rate and the period of repayment should be so fixed as to see that the monthly instalment never exceeds Rs. 5 per 1,000 per mensem.

The condition that the member should subscribe 1/5th of the value of the house, by way of share capital should be relaxed and fixed at 1/10th of the value of the house.

No collateral security need be insisted from the members by way of immovable properties or insurance policies, inasmuch as the value of the site and the building constructed thereon, will be sufficient security for the amount advanced to the member.

Complete exemption of fees under the law of registration should be granted in respect of all documents registered by or in favour of house building societies irrespective of the value of the documents.

The building materials like cement, timber and iron should be procured by Government and supplied to the society at cost price.

The Government should lend the services of a Junior Engineer or Supervisor of the P.W.D. to supervise the construction of houses and a Senior Inspector of Co operative Societies to work as Secretary free of cost, until all the houses are constructed and handed over to the members.

Besides, to relieve the housing problem, Government, the Local Bodies, established firms and companies can also construct cheap houses and let them to their employees on a nominal rent not exceeding 10 per cent of their pay. Co-operative Institutions like the State and Central Co-operative Banks, other Central Institutions, and big Co-operative Societies, whose invested reserve fund exceeds Rs. 50,000, can also similarly construct houses for their employees When I say this, the Registrar or others connected with such institutions would say that this is not feasible. I venture to say that nothing is impossible, if only we view things in a helping mood. You all know that the State and Central Co-operative Banks and other Co-operative Central Institutions, have huge reserves invested outside their business. The reserve fund of Central Banks is invested either in the State Co-operative Bank or Government securities or Central Land Mortgage Bank debentures. As it is, it cannot be drawn upon, without the permission of the Registrar on the ground that it is intended to meet unforeseen losses. The bank gets only the interest earned on such investments. This fund can well be drawn upon for construction of quarters for the employees of Central Banks and State Co-operative Bank and other co-operative institutions, and let out to the members of the staff, on a rent not exceeding 10 per cent of their pay. The loss of interest on the reserve fund investment, would be amply compensated by the income that is got by way of rent and house rent allowance which is otherwise granted. The employee would continue to occupy the house by paying 10 per cent of his salary as rent. If he wants to own the house, at any time during his service or on retirement. he can have it, on payment of the value of the building, including the cost of site plus the interest due on the capital cost, upto that date minus the amount paid by him towards rent. This scheme can be tried by the Central Banks provided the Government are pleased to permit the utilisation of the reserve fund for the purpose. It is enough if in the first instance, the Government permits the Central Banks for the utilisation of the reserve fund to an extent not exceeding 50 per cent, for the construction of quarters for their paid employees. This scheme can also be tried by the local bodies and other established firms and companies. If this is permitted, it would go a long way to relieve the shortage of houses in urban areas.

As regards rural housing societies, I think these have not progressed as much as urban housing societies. It is perhaps due to the fact that the same conditions as in the case of urban housing

societies are laid down for rural housing societies also. As conditions in the villages are not the same as in urban areas, the Government should suitably revise their schemes so as to fit in with rural life. It is not necessary that pucca houses with brick and cement mortar with terraced roof should be built in villages and it is enough if tiled houses are constructed, at a cost not exceeding Rs. 1,000. Village poramboke lands should be selected for the purpose, or lands should be acquired by Government and allotted to members at a nominat cost, not exceeding Rs. 100 per ground.

Government loan should be provided at nominal rate of interest. Services of the officers of the P.W.D. and the Co-operative Deparment should be given, free of cost.

Building materials should be procured by Government and supplied to the society at cost price. It is enough if the member owns a site and he need not subscribe any amount by way of share capital.

Coming to the working of the present housing Co-operatives, I regret to point out that there are several impediments and delays which largely hamper the progress of these co-operatives. There is abnormal delay in the acquisition of lands from private owners and still worse in the case of assignment of poramboke lands by the Revenue Department. In the Chidambaram Co operative House Building Society, there is a concrete case of land assignment by the Revenue Department, which is pending for several years, as a resull of which, the construction of houses on plots, lying in the poramboke land cannot be taken up and completed. In the matter of sanction and drawal of Government Loans there is abnormal delay with the result that it takes about 2 to 3 years to complete the construction of a house. In the actual construction of houses, several difficulties crop up, such as non-availability, as well as increase, in the cost of building materials, with the result that the construction in delayed and the member put to much loss. Ways and means should be found out to hasten the assignment or acquisition of lands, for house building purposes. Again when the Housing Committee constituted by the Government has selected a particular land as suitable for house building purpose and the same has been approved by Government, it passes my comprehension why any further delay should be entailed by the concerned departments in the matter of taking acquisition proceedings. When once Government approves of a plot as being suitable for house building purposes, it must be viewed as having reached a stage of finality, whereupon the concerned department should forthwith take out acquisition proceedings without taking into consideration any other irrelevant factor at that stage. Similarly in the matter of sanction and drawal of loans, delays should be avoided. The condition that the member should subscribe 1/5th of the value of the house by way of share capital should also be relaxed and fixed at 1/10th of the value of the house. To overcome and difficulty in the procurement of building materials, the Government may arrange for the supply of materials like Iron, Timber and Cement, at cost prices, to enable the society to construct houses within the estimated rates.

I am aware that this conference relates also to house mortgage banks, but I refrain from making any observation on this subject, as I have never been intimately connected with the working of such banks. But, as a Co-operator, I welcome the coming in of such banks in large numbers and I am sure that there is ample scope for their growth and that all the delegates that are assembled here will pass suitable resolutions after mature consideration for their well being.

I hope the Government would sympathetically examine the several suggestions put forth by me. I am sure that our Government whose present ideal is the creation of a welfare state with a socialistic pattern of society will consider these questions in all seriousness and promote general welfare in the matter of housing as in food and clothing.

I, once again, thank the Committee for the opportunity given to me to preside over this conference and thank you all for having given me a patient hearing.

Before concluding, I crave your permission to make special mention of the Hon'ble Mr. A. B. Shetty, who has unstintingly rendered meritorious service for us in the Co-operative and many other fields for the last 10 years, and I make a special humble request to him not to forget our State despite his activities and services which the new State will have of him.

No such request need, of course be made to my esteemed friend, the Hon'ble Sri M. Bhakthavathsalam, for he will continue to be in our midst at the helm of affairs for a very long time to come. But on that account, I should not fail to thank him for what all he has been doing for us, as a veteran Minister, holding very important portfolios from time to time, ever since we had our own Government.

I also thank Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies, who has been kind to be present here to offer his valuable guidance to us.

Jai Hind!

ADDRESS

SRI A. B. SHETTY, M.L.A.,

Minister for Health, Government of Madras.

Dear Co-operators,

I am glad to have this opportunity of participating in the Second Conference of the representatives of Co-operative Housing Societies. The housing condition in urban and rural areas have steadily grown worse in recent years. Post-war conditions have accelerated the growth of urban population and this is rapidly increasing housing shortage with overcrowding and all its bad sonsequences to health and happiness. Congestion of the worst cort prevails in slum areas and new slums are springing up in towns and cities. Rural houses do not have the minimum requirements of space,, light, ventilation and sanitation. The Planning Commission have recognised the need for a National Housing Programme. The housing schemes for industrial workers and low income groups, which were taken up under the First Five Year Plan will be expanded during the Second Plan period and three new programmes, namely, rural housing, slum clearance and sweepers' housing, and middle income group housing are now proposed to be added to the housing schemes in our national plan. A provision of Rs. 120 crores has been made in the Second Plan as against Rs. 38.5 crores in the First Plan. The Madras State Plan has housing schemes for industrial employees, low income groups, police subordinates, etc. Loans will be provided to urban and rural housing societies, local bodies and planters.

2. High land prices and a general scarcity of plots have impeded progress in house construction, especially in growing towns. State Governments and local authorities will, therefore, receive assistance to enable them to provide developed land on an adequate scale to low income groups and special attention will be given in this matter to towns, which are highly congested and which are likely to grow rapidly on account of development programmes. Problems are being studied at the centre with a view to evolve better and cheaper designs, lay-outs and methods of construction. Each State will have

to adapt such designs of houses and lay-outs to its local conditions and find out ways and means of using local materials and reducing housing costs. There is a great need for making adequate institutional arrangements for housing finance. It is hoped that the question of constituting State Housing Finance Corporation will receive early attention.

3. Let us review what has been done in regard to co-operative housing in our State. As early as 1923, Government recognised the need for providing State assistance to middle class people for the construction of houses and since then, a network of building societies has sprung up throughout the State providing long term loans to their members for construction of houses according to approved plans. The housing programme received an impetus in 1947, when Government, on the recommendation of the Provincial Housing Committee, constituted housing committees for all the municipal and major panchayat areas to select suitable sites for establishing decent housing colonies for the people. This measure led to the formation of house building societies and house construction societies in many municipal and major panchayat areas and these societies have put up a number of houses in neatly laid out colonies with modern amenities. Thus on 31st July, 1956, there were 195 housing societies of various types and they have so far put up 6616 houses. There are also 605 houses under construction.

4. A plan of work for the construction of 2,660 houses involving State aid to the extent of about Rs. 2 crores has been launched upon. An allotment of Rs. 41 lakhs has been made for the current year and I am sure that with your active co-operation, this entire allotment will be utilised and the target of 554 houses set out for the first year of the plan period will be achieved. Nearly one half of the amount will come from the Government of India under the Low Income Group Housing Scheme. You are aware that according to this scheme loans not exceeding Rs. 8,000 per house will be given to members of co-operative housing societies, whose income does not exceed Rs. 6,000 per annum.

5. Attention was paid to the needs of rural areas only in recent years. In 1950, a scheme for providing long-term loans to persons in rural areas through separate organizations known as rural housing societies was approved by Government and it is being worked since then. As this was a new venture in housing, more caution was called for and accordingly, the rules for the grant of loans to these rural housing societies were a little more rigid than

in the case of urban housing societies. As the response to the scheme was not quite encouraging, Government have, on the recommendation of the Registrar, relaxed some of the rules and made them more liberal. With a view to avoid inconvenience and expense to the villagers in the matter of securing legal opinion in respect of the sites on which they proposed to build houses and in respect of preparation of plans and estimates, Government have also under their consideration the question of subsidizing the payment of legal fees and employing the Engineering staff needed to assist the societies. I am aware that after the liberalisation of the rules, there is greater activity in regard to the rural housing scheme and that something more tangible than hitherto will be achieved in this matter also. It is rather unfortunate that the rural housing scheme has not yet been included in the Second Five Year Plan. I may, however, assure you that the State Government will continue to provide such allotments as are necessary to implement this scheme also to the extent possible.

6. The other scheme connected with co-operative housing is the provision of houses for industrial workers. This scheme of the Government of India contemplates the grant of loan and subsidy to State Governments, employers and co-operative housing societies composed of workers of Industrial concerns for the construction of houses at standard costs. When the scheme is implemented through co-operative societies, the Government of India provide 50 per cent of the cost by way of loan and 25 per cent by way of subsidy, the workers being required to contribute the balance of 25 per cent of the cost. Under this scheme, three societies have so far been organised in our State, one at Peelamedu in the Coimbatore district for the workers of the Sri Radhakrishna and the Pioneer Mills, the other at Koilpatti in the Tirunelveli District for the workers of the Koilpatti Loyal Textiles Mills and the third at Sivakasi in the Ramanathapuram district for the workers of the Coronation Litho Works. There are on hand proposals for the construction of 345 houses for the workers at a total cost of Rs. 10.85 lakhs involving loan assistance to the extent of Rs. 4.48 lakhs, subsidy to the extent of Rs. 2.24 lakhs, the balance to be met by the employees. The scheme in respect of the Peelamedu Society is awaiting sanction by the Government of India, while that in respect of Sivakasi is under the consideration of the State Government. With regard to the 3rd Society, I gather that the society is negotiating for the purchase of land and will put up the scheme soon after the negotiations are

completed. Under the scheme drawn under the Second Five Year Plan, provision has been made for the organisation of 25 societies for the construction of 4,250 houses involving a total amount of Rs. 87.90 lakhs. The Government are considering the question of undertaking the construction of some houses on their own account for the benefit of the industrial workers out of the provision made for this scheme and they will take a decision in this regard very soon. One disability in this scheme is that the workers are unable to find the 25 per cent contribution expected of them. With a view to remedying this difficulty, Government are examining whether a loan to cover a portion of this amount cannot be given out of the State funds so that more workers may take advantage of the benefits conferred under the scheme.

7. I wish to refer here to a complaint often made against the housing societies that they benefit only the monied class of people. The Adyar Colony is referred to as an instance in point. While it may be that houses were constructed in this colony by many people who are better placed in life, one factor cannot be overlooked. To the extent these houses have been built, the housing accommodation in the city has increased and there is less conjestion now than before. All the same, I may mention for your information that the Madras House Construction Society, which has been the target of attack from some quarters is now launching a proposal to form a colony for the Low Income Groups also. I would request every house construction society in this State to explore the possibilities of taking up similar schemes for providing houses for the less fortunately placed people. It should also be borne in mind that one, who wishes to put up a house cannot expect the whole amount to come to him by way of loan. A portion of the cost will have to be contributed by himself. Under the existing rules, he is required to contribute one fifth of the cost of the house, inclusive of the site. I may tell you for your information that the Committee on Co-operation which delved into the question has suggested that this proportion may be reduced from one-fifth to one-sixth of the cost. I can assure you that Government will give their consideration to this recommendation.

8. In this connection, I venture to make another suggestion for your consideration with a view to enable the Low Income Groups to own houses. I do not know if housing societies cannot undertake the building of houses on their own account and sell them under the hire purchase system without insisting on much initial payment. I am aware that this will be a departure from the existing

practice. There is, no doubt, that there will be some risk in this new venture. But if a careful selection of persons is made and if the society enforces the monthly payments regularly, I wonder if this scheme cannot be worked successfully. I would suggest that the representatives of the housing societies who have assembed here and the Registrar examine this suggestion and formulate suitable proposals.

9. The housing problem cannot be solved merely by following a programme of construction of new dwelling houses. Equally important is the question of financing the maintenance of existing houses in a State of good repair and of making additions and extensions to such houses. House owners may require funds not only for major repairs to or renewal and remodelling of their existing houses on modern lines but also for redeeming their houses. The housing co-operatives, which have been brought into being exclusively for the construction of new dwelling houses cannot render any assistance to house owners for these purposes. The persons have therefore, necessarily to look to other sources of credit, like the private money lenders, mutual benefit funds, etc. The Co operative Urban Banks in several places, no doubt, finance such purposes, but for obvious reasons they cannot lock up their funds in mortgages nor can they lend for long periods. Investments on the renewal or remodelling or redemption of houses involve substantial capital outlay and necessarily the loans obtained for such investments can be repaid over a much longer period than what the co-operative urban banks which raise their funds mostly from short term deposits can ordinarily allow. In the interest of improving the housing standards in the country, there is a real need for an organisation, which will provide the credit needed for this purpose on easy terms. These are what are known as co-operative house mortgage banks in some of the towns in our State, but there are only 4 of them in the State. While these institutions have, no doubt, helped the house owners in their respective localities, the large body of house owners outside these institutions are still out of the picture. It would be a good thing, if every big town and city in the State has a co-operative house mortgage bank. The organization of these banks all the State over necessarily brings with it the question of how they should be financed. As some of you may be aware, the representatives of the house mortgage banks met in a Conference some time ago and decided upon the organization of a Central House Mortgage Bank at

State level for the purpose of raising money by floating debentures backed up by Government guarantee and utilising the money for financing the primary house mortgage banks to be lent to their members. The Registrar has sent up proposals to Government in this regard, and they are under the consideration of Government. Prior to the nationalisation of insurance, the house mortgage banks were being financed by the South India Co-operative Insurance Society. It is to be hoped that the State Insurance Corporation, which has since come into being will invest a part of its surplus fund and assist this venture, when it materialises.

10. Gentlemen, I do not wish to take more of your time. You have a number of subjects on your agenda. Sri R. Kanakasabai, the President of this Conference is himself the President of a flourishing house building society at Chidambaram, with years of experience in the line apart from his being a co-operator. He is the President of the South Arcot Co-operative Central Bank Ltd., and he is connected with a number of co-operative institutions. I have, no doubt, that with his able direction and under the guidance of the Registrar, you will shape your decision in such a manner that they will conduce to the elimination of the bottlenecks, if any, in the way of progress and bring about tangible result in the provision of houses not only to the people in the urban and major panchayat areas and rural parts, but also to the workers in the industrial sector. I thank you once again for having given me this opportunity to associate myself with this Conference. I have now great pleasure in inaugurating this Conference and wishing it success.

SRI M. BHATHAVATHSALAM'S ADDRESS

Sri Bhaktavathsalam paid a tribute to the services rendered by Mr. Shetty for the development of co-operation in the State. He said that a research department should be established to advise people on building materials. They could use timber instead of iron and steel. They also required proper advice in the selection of the material. Referring to colonies like Gandhinagar in Madras, the Minister said they had served a useful purpose though there might be some draw-backs here and there. Villagers, he said, needed Rs. 500 for a house and they had built good cheap houses in some parts of the State. In the Lower Bhavani Project area about 1,000 houses had been built, each costing Rs. 1,500, during the last two years. The Minister assured them that bye-laws and rules could be modified, if they experienced difficulties in the working of grant of loans for low income group housing, provided loans were paid back regularly and promptly.

SRI A. PALANIAPPA MUDALIAR'S ADDRESS

Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies said that while some progress had been made with regard to urban houses, it was not so in the case of houses for low income groups, as the latter were not able to pay the initial amount. It was for the conference to find out a solution and suggest a way to overcome the difficulty. Loans taken should be repaid. If it was suggested that the Government should give loans for the purchase of house sites, that might be considered.

He suggested whether it was not possible for the Society itself to construct houses, and give them to people on hire purchase system. He welcomed the suggestion of the President of the Central Bank, that quarters should be provided for employees, and it was suggested that a portion of the reserve fund might be utilised for the purpose. If a proposal was put forward, it might be considered.

Rural Housing

Rural housing had not made much headway. As regards industrial houses, there was a snag. The worker might not be able to contribute the initial 25 per cent but the employer might be able to make a contribution in that direction. He hoped that it might be possible to have a House Mortgage Bank before the reorganisation of States. He suggested the formation of an Advisory Committee with the Chief Engineer to advise them on the building of houses.

Dr. P. Natesan read the messages and he stated that the Madras State Co-operative Union which was convening the Housing Conference had no house of its own. Besides, the Union had to take up a number of publicity measures like the spread of Co-operative consciousness through insignia, the preparation of co-operative songs, dramas, etc. publication of popular study guides and phamplets and the organisation of a Research Section. All these schemes must be implemented, if the Co-operative Movement should gain popular momentum and support. Finance is needed and he appealed to the Governments—both Central and the State—which are interested in the spread of the Co-operative ideal to give copious and liberal subsidies to the Madras State Co-operative Union.

He proposed a hearty vote of thanks.

RESOLUTIONS PASSED AT THE CONFERENCE

Share Capital

1. As per the existing by-laws, the maximum loan should not exceed five times the share capital of the members of housing societies. Since the provision is an hardship to middle class group individuals, the Government may be requested to refix the ratio of share capital and the loan as 1 : 9 instead of 1 : 4.

Government Loan Limit

2. Resolved that the State Government be requested through the Registrar to enhance the Government loan limit to Rs. 12,000 as before, as against Rs. 10,000 as at present, since the cost of building materials are soaring very high.

Working of Government Loans

3. Resolved that in order to help the lower middle and poor class people, the Registrar be addressed to sanction Government loans for a period of 20 years even for the house, the superstructure of which is constructed with brick and clay.

4. Resolved to request the Government to make Government loans repayable, by excluding the share capital loan from the total loans, when determining the amount of monthly instalment payable by the applicant and adjusting the share capital loan to the balance in loan, after the Government loan is duly repaid. Resolved further that the Society may be given the discretion to charge any interest, according to its resources.

5. Whenever the outstanding on Government loan is such as to warrant no additional collateral, the Government may waive the insistence on the production of insurance policy as a collateral security.

6. Resolved that the monthly repayment of the principal be reduced in proportion to the balance of the loan, in case of advance repayments made by the members towards loans, keeping the original period of the loan unaltered.

7. Resolved to request the State Government to suitably amend the rules regarding State loans to Housing Societies so as to permit grant of State loans for additional construction in suitable cases whether the loan is completely repaid or not.

8. In case of default, suitable provision should be made in the by-laws to obtain decree only for the amount in arrears, instead of closing the loan once and for all. The member may be enabled to continue to pay the subsequent instalments and also pay the decree amount either in one lump sum or in instalments along with the usual instalments.

> "Resolved to request the Registrar to examine the above issue and to recommend necessary modification of by-laws."

9. If any instalment payable under a mortgage executed in favour of the House Building Society or any part of such instalment has remained unpaid for more than 3 months from the date on which it fell due, the Directors may in addition to any other remedy available to the Society, apply to the Registrar or to any person appointed by the State Government under Section 3 of the Madras Co-operative Societies Act, 1932 to assist the Registrar in the recovery of such instalment or part by distraint and sale of movable properties of the defaulter.

> "Resolved to request the Registrar to examine the above issue and to recommend suitable changes in the by-laws."

Registration

10. Resolved that the Government be requested to charge no registration fees in respect of loans of Rs. 5,000 and under and half the registration fees for loans over Rs. 5,000.

11. Government may be requested to amend the Madras Co-operative Societies Act to exempt the Office Bearers of the Housing Societies from being present in person at Sub-Registrar's Office for registering documents.

12. Resolved to request the Government to exempt Housing Societies from execution and registration of assignment deeds in favour of Government and if necessary to introduce suitable provision in the Act VI of 1932, analogous to section 23-A of the Madras Land Mortgage Banks Act, Madras.

Technical Affairs

13. The Government may be requested to appoint necessary P. W. D, Officials under the Registrar of Co-operative Societies for supervising the construction of houses, preparing valuation reports and for offering technical guidance to housing co-operatives.

14. Resolved to request the Government to permit the members of the Housing Societies in Municipal areas to construct houses as per the approved plans and estimates prepared by a qualified Engineer or the Director of Town Planning, Madras whichever procedure obviates delay.

15. Resolved to request the Government to appoint an Expert Committee to find out building materials, that would be durable, cheaper and acceptable to Government to issue 20 year loans on that security and also to recommend the standard building specifications regarding durability, stability, low cost etc. to be followed by all Co-operative Housing Societies.

House Building Materials

16. Resolved that a special quota of steel and cement be placed at the disposal of the Registrar of Co-operative Societies for Co-operative Housing in the State.

Sites

17. Resolved to request the Government through the Registrar of Co-operative Societies, Madras, to provide loans for the purchase of house sites by housing societies.

Government Staff Assistance

18. Resolved to request the Government to give free services of Government staff for first three years and thereafter exempt them from payment of pensionary and leave contribution.

19. Resolved to request the Government to give free services of staff to the Rural Housing Societies and other Housing Societies, till the Societies become self-sufficient and stable.

20. Resolved that in view of the expansion in the activities of the building co-operatives, staff in the offices of the Deputy Registrar and Registrar should be adequately increased to save delay in the matter of sanction of loans.

Legal Affairs

21. Resolved to request the Government through the Registrar of Co-operative Societies to waive legal fees in case of State loans for Rural Housing Societies.

22. Resolved to fix the legal fees at Rs. 10 for each application of loan, not exceeding Rs. 5,000 and Rs. 20 for loans above Rs. 5,000 and not above Rs. 15,000.

Low Income Housing

23. Resolved that the Government be requested through the Registrar that under the Low-Income Housing Scheme, even though the cost of construction is less than Rs. 8,000, the Government should sanction the loan upto the maximum of Rs. 8,000, if the cost of construction including the value of land comes to Rs. 10,000, treating a portion of the Government loan to be made available towards the cost of site, which in the City of Madras is exhorbitant.

24. This Conference resolves to request the Government to bear the entire cost of the common amenities (such as roads, lighting, etc.) in respect of Low Income Group Housing Colonies, as a measure of assistance to Low Income Group members and as a measure of reducing the cost of house sites.

Co-operative House Construction Societies

25. Since the cost of the land is indiscriminately increased long after acquisition and since this causes considerable anxiety and trouble to the member, it is resolved to request the Government to treat the awards of the Land Acquisition Officers, subject to the approval of the Government as final, before the lands are actually taken over and the construction begun.

26. Resolved to request the Government through the Registrar to permit the members of the Co-operative House Construction Society to undertake construction by themselves, provided all the rules, regulations and other precautions are adhered to, similar to the buildings constructed by the Society, particularly.

(1) When such a concession helps the completion of the scheme earlier.

(2) When it does not affect the security for Government loan.

(3) When the Town Planning or other rules are not infringed.

27. Co-operative House Construction Societies may be permitted to undertake construction of model houses on selected sites or on sites, which remain unsold, especially at the fag end of the construction programme and rent the completed houses till they are leased out on hire-purchase system to prospective members, subject to the terms and conditions governing the grant of Government loans.

Rural Housing

28. In accordance with the aims of the Government of India Housing Schemes, suitable schemes for the benefit of Harijans and other poor classes of people should be formulated and worked through the Rural Housing Societies.

Local Boards and Housing Societies

29. Resolved to request Government to make it obligatory on the part of the Local Boards and Municipalities to meet the cost of roads, lighting and sewer for housing colonies in view of the anticipated income by way of property tax or to direct payment to Societies by Local Boards and Municipalities of 50 per cent of the Property Tax collected from the new houses for the first ten years after construction, to recoup the amount spent by Societies for roads, lighting, sewer, etc.

30. The area of operations of the Rural Housing Society should comprise of at least 6 villages inclusive of Major Panchayat. Major Panchayat should not be excluded from the area of operations, on the ground that it is an urban area.

31. Resolved to request the Government to direct Panchayat Boards and the Inspector of Local Boards to execute public amenity works like laying roads, sinking wells, laying parks in the areas, where housing societies are in operation.

32. Resolved to request the Government to examine the desirability of exempting members of House Building Societies and House Construction Societies which provide their colonies with amenities such as roads, lighting and water supply at their cost from payment of house-tax for 3 years from the date of completion of house.

33. Resolved to request the Government to direct the Local Boards to issue one year licence for the construction of houses by the Housing Co-operatives.

34. Resolved to request the Government through the Registrar to exempt from Municipal Tax the vacant sites of Co-operative Building Societies, until the sites are developed and allotted or occupied, whichever is earlier.

Formation of an Apex Co-operative Housing Finance Society.

35. This Conference recommends the formation of a Central House Mortgage Bank for financing House Mortgage Banks.

General

36. Resolved to recommend to the Registrar to organise as many Employees Co-operative Building Societies as possible with a view to provide housing facilities for the staff of different institutions:

Resolved further to request the Government to make advances from the Provident Fund for purchase of sites and if necessary to introduce suitable legislation in this behalf.

37. Resolved to request the Government to bring in suitable legislation for conferring powers on Co-operative Institutions to ask the employers concerned to recover the amounts overdue by members of the Society from the pay.

38. Rasolved to request the Registrar to permit the State Co-operative Bank and the District Co-operative Banks and other financing Co-operative Institutions to direct a portion of their general funds not exceeding the reserve fund held by such Banks for constructing tenaments or houses to its employees with the help of State loans.

Apex Marketing Society

PROCEEDINGS OF THE MEETING OF THE AD-HOC COMMITTEE CONSTITUTED FOR THE ORGANISATION OF AN APEX CO-OPERATIVE SOCIETY FOR MARKETING AND SUPPLY HELD ON 16-8-56 AT 3 P.M. IN THE OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES, CHEPAUK, MADBAS

The following members and officers attended the meeting :—

Members:

1 Sri R. Venkataswami Naidu, President, Coimbatore Central Co-operative Stores.

2 Sri P. S. Rajagopal Naidu, President, North Arcot District Supply and Marketing Society.

3 Sri K. S. Subramania Gounder, President, Salem District Co-operative Supply and Marketing Society.

4 Dr. P. Natesan, Secretary, Madras State Co-operative Union.

Officers:

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

2 Sri S. Nithiyanandham, Joint Registrar (Credit and Marketing.)

3 Sri Mohamad Abdul Hafeez, Joint Registrar (Dairying and Statutory duties).

4 Sri S. V. Ramachandrachar, Deputy Registrar (Housing).

5 Sri V. Venkatachala Mudaliar, Deputy Registrar (Planning).

6 Sri T. M. Kuttikrishnan Nambiar, Personal Assistant to Registrar of Co-operative Societies.

7 Sri Y. J. Denmison, Controller of Imports and Exports attended by special invitation.

At the outset, matters relating to import and export of goods by Co-operatives were generally discussed. The members of the Committee raised certain points regarding the receipt of import quotas, license fees payable for import and export of goods, etc., which were clarified by the Controller of Imports and Exports.

2. The organisation of an Apex Society to co-ordinate the activities of the District Supply and Marketing Societies was then taken up for discussion. Sri R. Venkatasami Naidu pointed out why such an organisation was essential. The need for such an organisation was generally accepted by all. *But Dr. Natesan raised the issue that unless it was assured that such an organisation could function economically with a margin of Rs. 25,000 atleast per year to meet its establishment and contingent charges there was no point in organising one.* Sri R. Venkataswami Naidu promised to work out the details and the economics of the scheme and place it before the Committee members. It was generally agreed that the proposed Apex Society should undertake import of consumer goods and export of the surplus agricultural produce of the agriculturists, who are members, of the primary marketing societies and credit societies. The establishment of the State Trading Corporation and the problems that the State Co-operative Society would have to face consequently, were considered and it was felt that the State Co-operative Society also might act as an agent of the State Trading Corporation and have its share in the distribution of goods.

The following resolution was then adopted.

"The committee recognises the need for the organisation of an Apex. Co-operative Society to undertake import of consumer goods and export of agricultural produce and requests Sri R. Venkataswami Naidu to work out the details and economics of the scheme and place it before the Committee for consideration."

A. PALANIAPPAN,
Registrar.

G.O.'s and Circulars

HANDLOOM INDUSTRY—STAMPING OF CLOTH—INSTRUCTIONS

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

Rc. No. 104020/56-K5 Dated 2-7-1956.

SUB: Handloom Industry—Stamping of Cloth—Instructions issued.

REF: Registrar's Memorandum Rc. No. 197163/55 K5, dated 23-2-56.

A copy of the Circular No. Stock/56, dated 19-6-56, issued by the Business Manager, Madras State Handloom Weavers' Co-operative Society is forwarded herewith to all Deputy Registrars on general duty. They are requested to see that the weavers co-operative societies follow the instructions contained in the circular regarding the stamping of cloth produced by them. They should note that the stamping should not affect either the heading border or design of the goods. The stamping should also be done on easily washable ink.

(By Order)

Manager.

Copy of Business Manager's Circular No. N/stock/56, The Madras State Handloom Weavers' Co-operative Society, Ltd., Madras-8, dated 19-6-56.

SUB: Price stamping of cloth—Instructions to selling units.

It has been brought to the notice of this office and also noted by the officers and others inspecting the emporia and depots of the State Society that the stamping of price with the equipment supplied by the State Society is done without care and deligence by the staff of thc Emporia. In some cases it is seen that the cloth is punched and the impression is carried to the next layer The work should not be done in the same strain and rapidity of a Postal peon stamping letters. The exact place where the stamp should be affixed should be decided for each fabric so that the stamping will not affect either heading, border or the design. The sets should be thoroughly cleaned before stamping and there should be no spilling of ink. Some

care is necesaary in this matttr as otherwise stamping will make the cloth ugly without serving the purpose. Rubber stamp ink should not be used. They should use only direct ink which will wash out by touch of water. Direct colours can be had in the local market which can be used by mixing with water. The colour generally recommended is green or red which may be used according to the colour of the fabric. The Managers and Assistant Managers of the selling units are requested to see that the above instructions are followed.

These instructions hold good also for stamping Co-optex Standard seal and also the Procurement seal. It is seen that the procurement seal is affixed right at the top of the saree. This should be avoided.

(True Copy)

Manager.

SUPPLY TO RELIGIOUS INSTITUTIONS—CONCESSIONS

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

Rc. No. 36329/55-SI. Dated 7-5-1956

SUB: Stores Societies—Supply of articles to Religious Institutions—instructions issued.

REF: Letter Rc. No. 2748/55-D4, dated 2-4-56 from the Commissioner for H R. & C.E. (Adm,) Department, Madras.

A copy of the circular issued by the Commissioner, Hindu Religious and Charitable Endowments, Madras, is communicated to all Deputy Registrars on general duty.

2. The Deputy Registrars are requested to communicate the circular to all the Stores societies in their circles and instruct them to undertake supply of articles to the temples.

A. HIRUDAYASWAMY,
For Registrar.

A copy of the circular R. C. No. 2,748/55-D. 4 dated 2-4, 1958 from the Commissioner, for H. R. & C. E. (Adm) Dept., Madras.

SUB: Purchase of articles from Co-operative Societies and Stores—for Religious institutions—Instructions issued.

Representations have been made to Government by the Co-operative Societies and Stores in the State through their resolution at conference held on 8-1-1955 and otherwise for the purchase of articles required by religious institutions from the Co-operative Societies and Stores.

2. The Registrar of Co-operative Societies to whom the matter was referred for grant of certain concessions to the religious institution as in the case of supplies of jails has stated that the Co-operative Stores are now willing to supply the requirements of religious institutions under conditions similar to those of the jails.

3. The Executive Authorities of religious institutions are therefore, advised to prefer and purchase the requirements of institutions from the nearest Co operative Stores/Societies, under conditions and concessions given to the supplies to jails, as per G.O. No. 3296, Home Department, dated 10-11-1954 (copy enclosed) if they find them advantagious to institutions.

(True copy)

Manager.

MULTI-PURPOSE CO-OPERATIVES—DISTRIBUTION OF NET PROFITS

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

SRI A. PALANIAPPA MUDALIAR, M.A.,

Registrar.

R. No. 50516/52-B Dated 15—7—1956.

SUB: Co-operative Societies—full fledged multipurpose co-operative societies—amendment to by-law relating to distribution of net profits—provision for graded scale of remuneration—instructions issued.

By-law No. 55 of the rural credit societies printed at P. 49 of the Madras Co-operative Manual Vol. III (1952—Edition provides for remuneration payable to panchayatdars on a graded scale. This graded scale was introduced in the Registrar's circular Rc. 4392/40-B, dated, 6-1-1942. In the Registrar's circular No. 189793/52-B, dated 7-4-1954, draft model by-law of rural/credit societies was modified according to which clause (c) of model by-law 55 providing for payment of remuneration for collections below 25 per cent of the total demand of principal and interest, was deleted.

(2) (i) in the model by-laws of full fledged multipurpose societies provision for payment of remuneration to panchayatdars on the lines made in respect of rural credit societies as indicated in para (1) above has not been included. Model by-law 55 of the by-laws of

Multipurpose Co-operative Society printed at pages 637-638 of the Co-operative Manual Volume III may be recast as follows.

(ii) One half of the net profits as declared by the Registrar, year after year, shall be set apart as a reserve fund.

(b) Out of the balance, the general body may sanction to any member for any specific service rendered by him to the society including work done as Secretary or clerk remuneration on the following scale.

(i) For collections effected to the extent of 50 per cent and above of the total demand of principal and interest, 25 per cent of the net profits.

(ii) For cellections affected to the extent of between 25 and 50 per cent of the total demand of principal and interest, 15 per cent of the net profits.

(c) Seven and a half per cent of the net profits may be carried to the credit of the common good fund to be utilised for any of the purposes mentioned in section 2 of Act VI of 1890 (India) namely education, health sanitation poor relief, propaganda demonstration and

(d) The balance of the net profits may be divided among the members as dividend subject to a maximum of 6¼ per cent on the paid up value of each share.

(e) If there be any balance left, it shall be added to the reserve fund.

Note: Notwithstanding anything contained in the above by-law, if any year the overdues under principal against members in respect of the loans due by them exceed 75 per cent of the demand, the entire net profits of that year shall be carried to the Reserve Fund.

Note 2. Where a marketing panchayatdar has been elected under by-law 47 (VI) the remuneration payable out of the net profits under by-law 55 to a member for specific service rendered by him to the society shall be paid to such marketing panchayatdar only.

(ii) The above changes will be incorporated in the model by-laws of full fledged multipurpose societies when they are printed next. The Deputy Registrars are requested to see that the full fledged multipurpose co-operative societies in their jurisdiction adopt the above amendment to by-law 55 of their by-laws.

A. PALANIAPPAN,
Registrar.

GODOWN CONSTRUCTION—FINANCIAL ASSISTANCE

Copy of G. O. (Ms) No. 3347, dated the 16th July 1956, Government of Madras, Department of Industries, Labour and Co-operation.

SUB: Co-operative Societies — Godowns — Construction of Godowns by Co-operative Marketing and Rural Credit Societies under the Second Five Year Plan—Financial assistance—Orders passed.

READ: G. O. Ms No. 1807 Development, dated 2-4-1949.
G. O. Ms. No. 33, Development, dated 3-1-1953.

READ ALSO: From the Registrar of Co-operative Societies, Rc. No. 182428/55 CII, dated 5-1-1956.

From the Registrar of Co-operative Societies, Rc. No. 182428/55 CI, dated 6-3-1956.

ORDER:

According to the existing orders, Rural Credit Societies and Marketing Societies are being granted 50 per cent subsidy and 50 per cent loan for the construction of godowns, subject to a maximum of Rs. 5,000 for Rural Credit Societies and Rs. 7,500 for the Marketing Societies. But under the Second Five Year Plan, the Government of India have agreed to grant only a subsidy of 25 per cent of the cost of construction, the balance being granted as loan, the subsidy and the loan being shared between the Centre and the State on a 50 : 50 basis and 3 : 1. basis respectively. The Registrar has pointed out that the progress in the construction of godowns has been slow even with a 50 per cent subsidy and will be slowed down further if the subsidy were reduced. He has therefore proposed that while the marketing societies may be granted only a subsidy of 25 per cent of the cost, the large sized societis and Rural Banks be granted a subsidy at the rate of 33½ per cent subject to a maximum of Rs. 5,000 and that the Rural Credit Societies may be allowed subsidy at 50 per cent of the cost subject to a maximum of Rs. 5,000. The subsidy will be shared by the Centre and the State, the Centre contributing at the rate of 12½ per cent and the balance being met by the State Government.

2. The Government accept the suggestions of the Registrar subject to the condition that the applications for subsidies should be submitted to Government for orders and after they are sanctioned, the Registrar of Co-operative Societies may himself sanction the loans required under the rules issued in G. O. Ms. No. 3676, Development, dated 12-11-1943.

3. The Registrar of Co-operative Societies is requested to apply for the additional appropriation of funds in due course for the grant of subsidies and loans during 1956-57.

4. As the Government of India have stated that the question of enhancement of subsidy may be taken up latter, particularly after the Centre and State have constituted the National Co-operative Development Fund and the State Co-operative Development Fund respectively, the Registrar of Co-operative Societies is requested to submit necessary proposals for the enhancement of the subsidy after the Development Funds are constituted.

(True Copy)

Endt. R.C. No. 182428/55, C.III. Office of the Registrar of Co-operative Societies, Madras. dated 30-7-56.

Copy communicated.

V. S. THANGASWAMY,
For Registrar.

LOW-INCOME HOUSING SCHEME—ADJUSTMENT OF SITE VALUE TO SHARE CAPITAL

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

R.C. No. 2943/55 Z(ii) Dated 25-7-1956.

SUB: Low-Income Group Housing Scheme—Co-operative Housing Societies—Share Capital—adjustment of site value —regarding.

REF: G. O. Ms. No. 3292, Department of Industries, Labour and Co-operation, dated 13-7-56.

Under the Low-Income Group Housing Scheme, an applicant coming under the Low-Income Group is eligible for a Government loan to the extent of 80 per cent of the actual cost of the house including site value, subject to a maximum of Rs. 8,000 per house, the full cost of land already acquired being taken into account in computing the figure of 20 per cent contribution payable by the member.

This scheme is being implemented through the urban housing societies. Under the rules governing the grant of these loans to co-operative housing societies, an applicant for a loan is required to contribute 1/5th of the loan required by way of share capital. The by-laws of some of the urban housing societies provide for adjustment upto 4/5ths of the value of the sites owned by the applicant towards the share capital payable by him. There are also some housing societies which do not provide for such adjustment of site value towards share capital. Even in cases where the adjustment is permitted, the restriction that only 80 per cent of the site value can be adjusted towards share capital of the applicant, prevents the applicant concerned from having the full benefit of the Low-Income Group Housing Scheme. With a view to extend the full benefit of the scheme to the applicants, Government have accepted in the Government Order cited, the proposals of the Registrar that all urban housing societies implementing the Low-Income Group Housing and State Housing Schemes should be permitted to adjust towards the share capital of members the full value of the cost of the site owned by them and proposed to be built upon with the aid of the loan to be sanctioned by them. The Deputy Registrars are therefore requested to issue necessary instructions to all the urban co-operative housing societies to amend their by-laws providing for the adjustment of full value of the site, towards share capital payable by the applicant.

A. HIRUDAYASWAMY,
For Registrar.

AMALGAMATION OF SOCIETIES UNDER SECTION 13—INSTRUCTIONS

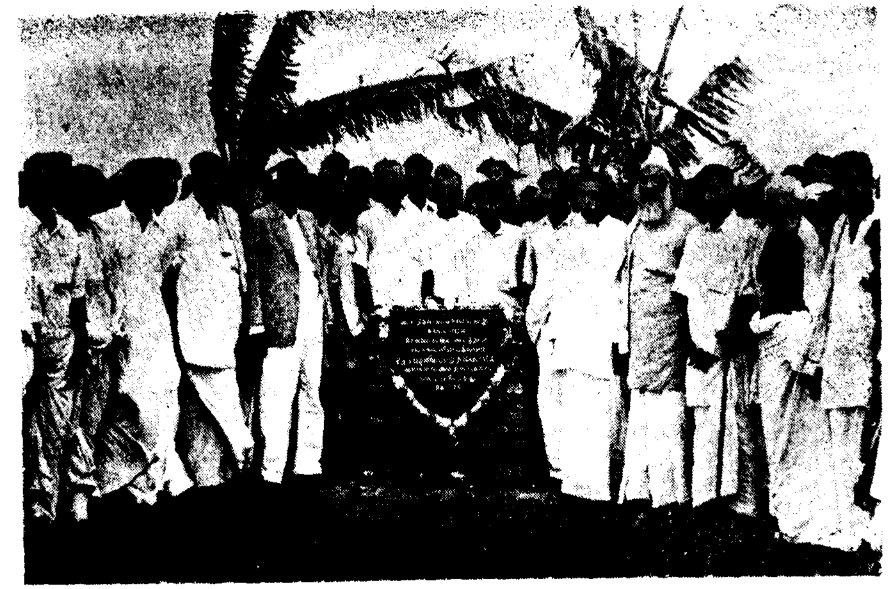
Memorandum of the Registrar of Co-operative Societies, Madras.
SRI A. PALANIAPPA MUDALIAR, M.A.,
Registrar.

R.C. No. 151906/56-A2. Dated 6-9-1956.

SUB: Planning and Development Scheme of integrated rural credit—formation of Agricultural Co-operative Banks—Amalgamation of societies under Section 13 of the Madras Co-operative Societies Act—Forms of resolutions to be adopted by the societies for amalgamation—communicated.

REF: Registrar's memorandum L. Dis. No. 86667/56-A, dated 17-5-56.

1. The attention of the Deputy Registrars on general duty and the Special Deputy Registrars, Credit and Marketing is drawn to the

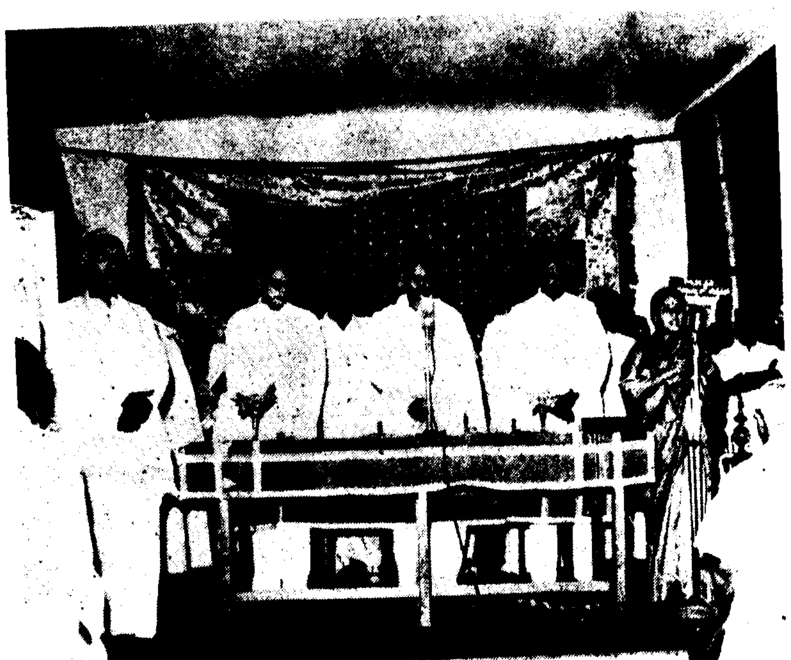


Sri A. Palaniappa Mudaliar, Registrar Madras. laid the foundation Stone for the construction of a godown by the Nagalapuram Credit Society in Madurai Dt.

Sri A. Palaniappa Mudaliar, opened a godown Constructed by the Theni Co-operative Sale Society, Ltd., Madurai Dt.

Decennial Celebrations of the Chandrasekarapuram Co-operative Stores, Ltd., 4th August, 1956.

Sri T. T. Krishnamachari, Union Minister is seen inspecting the goods on display at the Handloom Exhibition organised by the Stores. Sri C. S. Ramachandran, Secretary is seen with the Minister.



Prayer by Mrs. Lakshmi Natarajan. Sri T. T. Krishnamachari, Sri G. Karuppiah Moopanar, Sri A. Palaniappa Mudaliar, Sri Medai Dalavoi Kumaraswami Mudaliar and others are seen in the picture.

memorandum cited, in which a set of model resolutions in English, to be adopted by the societies, for amalgamation under section 13 of the Madras Co-operative Societies Act was communicated to them. On a further examination of the matter, it has been decided that the resolutions to be adopted by the societies to be amalgamated under Section 13 should be more comprehensive and that they might be adopted in the regional languages. Accordingly, a set of medel resolutions in Tamil, to be adopted by the societies is communicated herewith to the Deputy Registrars and Central Banks in Annexure I in two parts, one for preliminary resolutions to be adopted individually by the amalgamating societies and the other for the resolutions to be passed at the joint general body meeting of all the societies.

2. The resolution I (c) in part I for communicating the preliminary resolution regarding amalgamation, to members and creditors may be given effect to, only on receipt of the orders of Government relaxing the time limit specified in section 13 (b) (2) and (3) of the Act, as required in resolution (b) of Part I. As soon as the copy of the G.O. containing the relaxation is received in the societies to be amalgamated, they should immediately communicate copies of resolutions I (a) and (c) in part I to all their members and creditors and ask them to communicate their objection, if any, to the amalgamation proposed. A draft letter for forwarding the resolutions is given in Annexure II. In the meantime, every society may contact the panchayats of the other amalgamating societies and fix a date for the joint general body meeting of all the societies, duly providing for 15 days receipt of objections to amalgamation from members and creditors and for subsequent clear seven days' notice for convening the meeting, to the members of all the societies. After fixing the date for the joint meeting, the panchayat of every society should issue the meeting notice for the joint general meeting to all the members of their society.

3. The Deputy Registrars are requested to adopt the above procedure and get the resolutions for amalgamation finally adopted in the joint general body meeting of the societies concerned, in the form given in Part II of Annexure I.

4. The Deputy Registrars in the South Canara and Malabar districts are requested to get the Tamil from of resolutions enclosed, translated into regional languages and communicate to the societies concerned for adoption.

A. Palaniappan,
Registrar.

இணைப்பு 1. (Annexure 1)

பாகம் 1

இணையும் சங்கங்களின் முதல் மஹாசபை தீர்மானங்களின் மாதிரி
(Model preliminary resolutions of amalgamating societies)

விஷயம்: இச்சங்கத்தை கீழ்க்கண்ட கிராம நாணய கூட்டுறவு சங்கங்களுடன் இணைத்து ஒரு கிராம கூட்டுறவு விவசாய பாங்கு ஏற்படுத்தும் விஷயம்.

தீர்மானம் 1. (அ) 1932-ம் வருஷத்திய கூட்டுறவுச் சங்கங்களின் சட்டம் 13 (b) வது பிரிவின் கீழ், இச்சங்கத்தை இதனடியில் குறிப்பிட்டுள்ள கிராமக் கூட்டுறவு நாணய சங்கங்களுடன் இணைத்த .... கிராமத்தில் வரையறுக்கப்பட்ட பொறுப்புடன் ஒரு கிராமக் கூட்டுறவு விவசாய பாங்காக பதிவு செய்துக்கொள்ள தீர்மானிக்கப்பட்டது.

இணைக்கப்படவேண்டிய இதர சங்கங்கள்

(1)
(2)
(3)

(ஆ) ஷை இணைப்புத் திட்டத்தை துரிதமாக முடித்து, விவசாய பாங்கை பதிவு செய்ய 1932-வது வருஷ கூட்டுறவுச் சங்கங்களின் சட்டம் 13 (b), 2 (ii) (iii) உட்பிரிவுகள்படி இச்சங்கத்தின் அங்கத்தினர்களுக்கும், சங்கத்திற்குக் கடன் கொடுத்துள்ள கூட்டுறவு மத்திய பாங்குக்கும் சங்கத்தில் பணம் போட்டிருக்கும் டிபாஸிட்டர்களுக்கும், தங்கள் ஆக்ஷேபனையை தெரிவிக்கக் கொடுத்துள்ள மூன்று மாதத்தவணையை 15 நாட்களாகக் குறைக்கவும், ஷை 13-வது பிரிவு b (3) உட்பிரிவில் இணைய வேண்டிய சங்கங்கள் சேர்ந்து நடத்த வேண்டிய மகாசபை கூட்டத்திறகு நோடீஸை அனுப்ப குறிக்கும் 15 நாட்கள் தவணையை 7 நாட்களாக குறைக்கவும் கவர்மெண்டாரை 1932-வது வருட கூட்டுறவு சங்கங்களின் சட்டத்தின் 60-வது பிரிவின் கீழ் உத்திரவிடக் கேட்டுக்கொள்ள தீர்மானிக்கப்பட்டது.

(இ) மேலே கண்டுள்ள தீர்மானம் (அ) வின் நகலை எல்லா அங்கத்தினர்களுக்கும், சங்கத்திற்கு கடன் கொடுத்துள்ள மத்திய கூட்டுறவு பாங்கிற்கும், சங்கத்தின் பணம் போட்டிருக்கும் டிபாஸிட்டர்களுக்கும் அனுப்பி, சங்கம்கோரும் இணைப்புக்கு அவர்களுடைய ஆட்சேபனைகள் ஏதாவதிருந்தால், அத்தீர்மான நகல் கிடைத்த 15 நாட்களுக்குள், இச்சங்கத்தின் தலைவருக்கு எழுத்து மூலமாக தெரிவிக்கும்படி கேட்டுக்கொள்ள தீர்மானிக்கப்பட்டது.

தீர்மானம் 2. தீர்மானம் 1 (அ)-ல் கண்டுள்ள சங்கங்களை இணைத்து, ஒரு கிராம கூட்டுறவு விவசாய பாங்கு நிறுவ வேண்டிய திட்டத்தை ஆலோசிக்க எல்லா சங்கங்களின் அங்கத்தினர்களும் சேர்ந்த ஒரு கூட்டு மஹாசபை கூட்ட, அச்சங்கங்களின் பஞ்சாயத்துக்களைக்கலந்து தேதியை நிர்ணயித்து, ஷை கூட்டு மஹாசபை கூட்ட இச்சங்க பஞ்சாயத்து ஏற்பாடுகள் செய்யவேண்டுமென தீர்மானிக்கப்பட்டது.

பாகம் 2.

கூட்டு மகாசபை கூட்ட தீர்மானங்களின் மாதிரி

விஷயம்: கீழேயுள்ள கிராம கூட்டுறவு நாணயச் சங்கங்களை இணைத்து ஒரு கூட்டுறவு விவசாய பாங்கு ஏற்படுத்தல்.

1.
2.
3.
4.

தீர்மானம்: 1. இதனடியில் சொல்லியுள்ள கூட்டுறவு நாணய சங்கங்கள் அதனதனின் எதிரே குறிப்பிட்டுள்ள தேதிகளில் நடந்த மகாசபை கூட்டங்களில் எல்லா சங்கங்களையும் இணைத்து ஒரு விவசாயக் கூட்டுறவு பாங்கை வரையறுக்கப்பட்ட பொறுப்புடன் ஏற்படுத்த ஒப்புக்கொண்ட திட்டத்தை இந்த கூட்டு மஹாசபையில் ஆமோதித்து அச்சங்கங்களின் தீர்மானங்களை ஊர்ஜிதம் செய்யவும் ஷை பாங்கின் பைலாக்களை வாசித்து அங்கீகரித்து, டிப்டி ரிஜிஸ்டிரார் அவர்களை ஷை பாங்கியையும் அதன் பைலாக்களையும் பதிவு செய்து கொடுக்குமாறு கேட்டுக் கொள்ளவும் தீர்மானிக்கப்பட்டது.

	சங்கத்தின் பெயர்.	மஹாசபை நடந்த தேதி.
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4.		
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தீர்மானம் 2. ஷை இணைப்புத் திட்டத்தின் மூலம் நிறுவப்படும் கூட்டுறவு பாங்கில் அங்கத்தினராக இருக்க இணங்காத கீழே குறிப்பிட்டுள்ள சங்கங்களின் எதிரே காட்டியுள்ள மெர்பர்களின் பங்குத் தொகையையும், இணைப்புத்திட்டத்திற்கு சம்மதிக்காமல் தங்களுக்கு சேரவேண்டிய தொகையை திருப்பிக் கொடுக்குமாறு கேட்டுள்ள கீழே கண்டுள்ள சங்கங்களின் டிபாஸிட்டர்களுக்குச் சேரவேண்டிய தொகைகளையும் அந்தந்த சங்கத்தின் நிதிகளிலிருந்து உடனே கொடுத்துவிடத் தீர்மானிக்கப்பட்டது.

(1) பங்குத்தொகை வாபஸ் செய்ய வேண்டிய மெம்பர்கள்.

	சங்கத்தின் பெயர்	மெம்பர்கள் பெயர்
1.		
2.		
3.		

(2) டிபாஸிட்டுகள் திருப்பிக் கொடுக்கவேண்டிய நபர்கள்.

	சங்கத்தின் பெயர்	டிபாஸிட்டர்கள் பெயர்
1.		
2.		
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5.		

இணைப்பு 2. (Annexure 2)

கூட்டுறவு நாணயச் சங்கம்

ஸ்ரீ..

அங்கத்தினர் நெ.

டிபாஸிட்டர்

ஐயா,

விஷயம்: இச்சங்கத்தை இதர சங்கங்களுடன் இணைத்தல்

ஷை சங்கத்தில் தேதியில் நடந்த மஹாசபை கூட்டத்தின் 1 (அ) 1 (இ) தீர்மானங்கள் இத்துடன் அனுப்பப்பட்டிருக்கின்றன. 1 (அ) தீர்மானத்தில் குறித்துள்ள இணைப்புக்கு தங்கள் ஆட்சேபனை ஏதாவதிருந்தால் அதை ஷை கடிதம் கிடைத்த பதினைந்து நாட்களுக்குள் இச்சங்கத் தலைவருக்கு எழுத்து மூலம் தெரிவிக்கவும். ஷை பதினைந்து நாட்கள் தவணைக்குள் தங்களிடமிருந்து இச்சங்கத் தலைவருக்கு யாதொரு தகவலும் கிடைக்கவில்லையானால் தீர்மானம் 1 (ஆ)-ல் குறிப்பிட்டிருக்கும் இணைப்புக்குத் தாங்கள் இணங்கியதாகக் கருதப்படும்.

தலைவர்,

K. V. SUBBARAYAN,
Manager.

News and Notes

INAUGURATION OF THE THAYALPATTI AGRICULTURAL BANK

Thayalpatti Co-operative Agricultural Bank Limited, was inaugurated on 26th August 1956. It is the first Agricultural Bank in the Sattur Taluk in connection with the Pilot Scheme for Integrated Credit and Marketing. The Bank was registered on 23rd February 1956, covering Thayalpatti, Vijayakarisalkulam, Venbakkottai, Kottaipatti and Perunaickenpatti Multi-Purpose Co-operative Societies, having Thayalpatti as its centre. Sri S. Rengaswam-Naicken, Sri R. Naguluswami Naidu, Sri S. Rajayya Nadar, Sri S. Ramaswami Naidu, M.L.A., Sri S. Subramanya Iyer, Sri S. Annamalai and others participated in the function. Sri N. Krishnaswami Naicker proposed a vote of thanks.

BUSINESS CONFERENCE OF THE TIRUNELVELLY DISTRICT CO-OPERATIVE CENTRAL BANK, LTD.

The 32nd Business Conference of the Supervisors and Union representatives of the Tirunelvelly District Co-operative Central Bank, Ltd., was held at Vannarpet on the 23rd August 1956. Sri Medai Dalavoi Kumaraswami Mudaliar presided.

The Conference chalked out a programme for the speedy collection of loan demand overdue and falling due in the half year ending 31—12—1956; it resolved that during the first year of the Second Five Year Plan Period, i.e., 1956–57, the Central Bank will issue Rs. 40 lakhs towards short term production finance, Rs. 10 lakhs as short-term marketing finance and Rs. 10 lakhs a medium term loans. The year wise break up of the target fixed for the five years is made up as follows:

1956—57	...	Rs.	60 lakhs
1957—58	...	Rs.	82 lakhs
1958—59	...	Rs.	100 lakhs
1959—60	...	Rs.	115 lakhs
1960—61	...	Rs.	126 lakhs

The Conference resolved to fix Society-wise targets aggregating to Rs. 33,94,880 under short term and to Rs. 6,17,955 under medium term production finance for the half year ending 31st December, 1956.

RURAL BANKS IN CHEYYAR

Preliminary meetings for the organisation of three Rural Banks in the Cheyyar taluk, North Arcot District at Purasai, Moranam and Menallur were convened on the 9th Aug. 56, 30th Aug. 56 and 15th September, 1956 respectively. Messrs. P. Apparswami Mudaliar, T. Govindan, B. D. Siromani, S. Subramanian, P. Viswanathan, Sri P. R. Doraiswamy Mudaliar, D. Venkatesa Iyer, P. N. Venkatapathy Naidu, M. S. Bashyam Iyengar participated in the above meetings and exhorted the people to lend support to the organisation of Rural Banks.

MILK CO-OPERATIVE AT THANTHONIMALAI

A Co-operative Milk Supply Society was inaugurated at Thanthonimalai, as a part of the Second Five Year Plan on 19th September, 1956 by Sri T. S. Muthukumaraswami Pillai, President, Thiruchirapalli Co-operative Central Bank Ltd. The village is in the Vellianai Block Area in the Karur taluk. Sri G. N. Das, Sri Jaganathan, Deputy Registrar and T. S. Ramanujam, Diary Assistant addressed the members.

Dr. H. K. MAHATAB'S VISIT TO PONDICHERRY CO-OPERATIVE

Dr. H. K. Mahatab, Governor of Bombay visited Rajaji Weavers' Co-operative Society at Kadirkamam village on 13-9-1956. The Governor was accompanied by Sri Kewal Singh, I. C. S., Chief Commissioner, the Chief Secretary and other high officials. Sri D. N. Doraiswamy Mudaliar, Registrar explained the working of the Society. Dr. H. K. Mahatab, then addressed the gathering. He explained the significance of the Co-operative Movement and advised the Weavers to be loyal to the Society and to produce utility varieties. Later, he inspected the lungies and other cloth produced by the Society. Sri Ramalingam proposed a vote of thanks.

CO-OPERATIVE AID TO FISHERMEN

On 25th August 1956, Padma Sri Kawal Singh, I. C. S., Chief Commissioner, Pondicherry State distributed Kattumaram log cards to the members of the Pondicherry Fishermen Co-operative Society at Vaithikuppam, Pondicherry, He exhorted them to adopt modernised fishing. Sri J.C. Chandrasekara Chettiar, Councillor for Fisheries, Co-operation and Port welcomed the audience. Sri D. N. Doraiswami Mudaliar explained the work of the Co-operative

Department and appealed to the fishermen not to import politics in the management of Co-operative Societies. Sri Srinivasan, Director of Fisheries explained the several fishery schemes of the State.

BUSINESS CONFERENCE OF THE NILGIRIS DISTRICT CO-OPERATIVE CENTRAL BANK, LTD.

A Business Conference of the Supervisors, Union and Marketing Societies representatives and officials was held on 29th and 31st July 1956 respectively, Sri T. B. Lingam, President, The Nilgiris District Co-operative Central Bank Ltd. in his presidential address thanked all those, who helped the Central Bank in collecting all the overdue principal and interest amounting to Rs. 42 lakhs without any arrears during 1955-56. Sri G. Mathalaimuthu Udayar, Secretary explained the progress of the Bank. He said that the number of Societies and the share capital have increased to 156 and Rs. 6 lakhs respectively as on 30th June 1956. Similarly, the transactions have increased to Rs. 40 lakhs and the profit has increased from Rs. 34,000 as on 30th June 1955 to Rs. 50,000 as on 50th June 1956. He also emphasised the need for working out the Integrated Credit Scheme and said that Nilgiris District would be benefitted by the scheme. On 31st July 1956, the Business Conference discussed the programme of work for the next half year.

OPENING OF THE HARVEY MILL EMPLOYEES' CO-OPERATIVE STORES BUILDING

The premises of the branch of Harvey Mill Employees Co-operative Stores, constructed at a cost of Rs. 52,000 was opened by Sri R. S. Niren of the Harvey Mills at Vikramasingapuram on 26th August, 1956 The Stores will serve a clientele of nearly 2,000 members. Sri R. Vaithialingam, presided over the function. Sri M. Venkatakrishnan, Sri A. Nalla Sivan and others spoke.

THE THENI CO-OPERATIVE SALE SOCIETY LTD., THENI

Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras declared open the newly constructed godown of the Theni Co-operative Sale Society on 25-8-1956 at a function held at Theni under the presidency of Sri R. Kunchithapatham, B.A., Collector, Madurai. Janab P. Allapichai Rowther, President of the Society welcoming the Registrar, stated that the godown was constructed under the Local Development Scheme, and that a sum of Rs. 10,000 was sanctioned as subsidy by the Collector. Addressing the gathering of the co-operators of the area, Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies explained the vital role which marketing societies have to play in the new set up. He expressed satisfaction at the progress of the Society in the past years, and hoped that the Society would greatly benefit the agriculturists of the area under the pilot scheme to be shortly extended to the area.

Sri N. R. Thiagarajan. President of the Theni Co-operative Building Society hoisted the Co-operative Flag. Sri V. Alagappan, Secretary of the Madurai District Central Co-operative Bank, unveiled a portrait of Hajee Janab P. Allapichai Rowther, President of the Society. He referred to the services rendered by Janab P. Allapichai Rowther to the Co-operative Movement, and spoke appreciatively of his genial nature and qualities.

CONTROLLED CREDIT SCHEME CONFERENCE AT THENI

The Conference of select Rural Credit Societies in the Periyakulam Taluk was convened at Theni on 25-8-1956. Representatives of thirty Credit Societies attended the Conference. Sri A. Palaniappa Mudaliar, attended the Conference and stressed the need for taking effective steps to meet the credit needs of the cultivators in the area through the Co-operative Societies. He also distributed cheques representing commission earned to the Marketing Panchayatdars for the year 1955.

The Conference decided to extend the scheme of Controlled Credit for the current year through forty Credit Societies, to cotton, paddy and groundnut besides chillies. The Conference also discussed and fixed Rs. 250,100,80,45 as basis for issue of cultivation loans per acre for chillies, paddy, cotton and groundnut crops respectively. The Theni Co-operative Sale Society had proposed to cover 2,000 acres of chillies, 2,500 acres of paddy and 2,500 acres of cotton under the scheme.

NAGALAPURAM AGRICULTURAL BANK

Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Madras laid the foundation stone for the godown of the Nagalapuram Agricultural Bank, the first of the large-sized societies under the new scheme, in the Madurai District.

NEW CO-OPERATIVE SPINNING MILL AT SRIVILLIPUTTUR

The Government have in the recent past put through several schemes for the rehabilitation and improvement of the handloom

industry and the condition of the handloom weaver. It has been represented on several occasions that one of the main handicaps of the handloom industry is the non-availability of yarn at fair prices and in suitable quantities and counts. This difficulty can be overcome to a certain extent if the weavers co-operative societies themselves join together in setting up a Co-operative Spinning Mill on a co-operative basis. It will be recalled that in the composite State of Madras, one such co-operative spinning mill was set up at Guntakal in Anantapur District in the year 1951. Steps are under way for setting up another co-operative spinning mill in Tirunelveli District, with 16,000 spindles.

The Government have now decided to actively assist in the establishment of another spinning mill with 12,000 spindles initially on a co-operative basis at Srivilliputhur. A site of about 32 acres adjoining the Srivilliputtur railway station has been chosen. The special feature of the scheme is that it is proposed to bring together the weavers co-operative societies, who are the consumers of yarn and the cotton growers, who are the suppliers of the raw material in an organisation beneficial to both. The Government have sanctioned the services of a Co-operative Sub-Registrar to assist in the collection of the share capital. They have also instructed the Collector of Ramanathapuram District to interest himself in the promotion of this co-operative venture.

The authorised share capital of the mill will be 45 lakhs consisting of 3 classes of share, A.B.C. Weavers Co-operative Societies and the Madras State Handloom Weavers Co-operative Society are eligible for taking A class shares of face value of Rs. 50; other societies for B. class shares of the face value of Rs. 75 each. Individuals preferably cotton growers and handloom weavers can take C class shares of the face value of Rs. 100 each. With the resources provided out of the Cess Fund, Government will contribute a share capital upto Rs. 10 lakhs from the Cess Fund, if the promoters of the mill are able to collect at least Rs. 10 lakhs from other sources as share capital.

In the interests of the proper management of the mill in the initial years, the Government propose to have the first Board of Directors nominated by the Registrar of Co-operative Societies. There will also be Government representatives on the Board of Directors.

The mills will soon be registered under the Madras Co-operative Societies Act VI of 1932 and the Government of India will be addressed for the issue of licence under the Industries (D and R) Act, 1951 to set up the Mills. The Weavers Co-operative Societies and the cotton growers will be interested in knowing that provision has been made in the by laws for the payment of rebate to weavers co-operative societies according to the purchase of yarn made by them and for the payment of rebate to the cotton growers in proportion to the value of cotton sold by them to the mills. The Government trust that the minimum share capital required for the setting up of the mill would be forthcoming and that the spinning mill would ere long become an accomplished fact.

ROLE OF CO-OPERATION IN A SOCIALIST PATTERN OF SOCIETY

The important part that co-operation could play in the successful realisation of the goal of a socialist society was stressed by Mr. K. Kamaraj Nadar, when he inaugurated the 14th anniversary of the Chepauk Government Servants' Co-operative Restaurant on 24th September 1956 in the P. W. D. compound. Mr. T. Purushotham, M.L.C., presided.

A welcome address presented by Mr. S. V. Narasimhalu Chetti, President of the Board of Directors, to the Chief Minister, asked for Government help for providing additional accommodation.

Mr. N. Ramamurthi, Secretray, moved a resolution of condolence touching the death of the late Mr. S Nityanandam, Joint Registrar of Co-operative Societies which was passed, all standing. He then read the annual report which mentioned that this growing was in need of additional accommodation and that the P. W. D. authorities had been approached in this regard.

Mr. T. Purusotham in the course of his remarks, spoke of the need for doing something to help Government servants suffering from indebtedness.

Mr. Kamaraj pointed out the growing realisation among people of the part co-operation could play in various fields, including agriculture. The socialist pattern of society which was talked of by people to-day was only another name for co-operation and he emphasised that the people and the Government alike should co-operate together in order to achieve success in their objective of raising the standard of life. As for the request contained in the address, he said the Government would consider it, but he would also suggest that they should try to see whether they could not put up additional buildings from profits.

CREDIT FACILITIES FOR HANDLOOMS— RESERVE BANK TO PROVIDE LOANS

The question of credit facilities for working capital to the handloom industry has been recently engaging the attention of the Government. Hitherto such working capital had been provided as loans to weavers' co-operative societies from the handloom cess fund. Upto the end of March 1956, an amount of more than Rs. 5.6 crores had been sanctioned.

It was realised, however, that sooner or later, such credit would have to come from the normal co operative banking institutions. With the increased production of cloth through the handloom industry under the Second Five Year Plan, the need for such working capital would also increase very considerably.

The Reserve Bank has agreed to make facilities available at a reduced rate at present at the rate of two per cent. Adding the usual margins for the apex and the district co-operative banks, this would normally mean an ultimate lending rate of 5 per cent. It has been decided, however, that the weavers' co-operative societies should be enabled to get loans at only 3 per cent. The difference between this 3 per cent and 5 per cent would be given, therefore, as a subsidy by the Central Government from the cess fund.

In order to ensure that sufficient credit is made available, the Central Government have also agreed to bear a 50 per cent share of individual losses arising out of non-recovery of any such loans subject to this prescribed overall ceiling. The remaining 50 per cent of such losses would be borne by the State Governments and the co-operative banks concerned.

The Central Government have also agreed to share with the State Governments the cost of the additional staff that would be required to ensure adequate supervision and audit of accounts of the co-operative societies and of the lending operations of the co-operative banks.

It is intended that these arrangements should come into force from April 1, 1957. Loans will continue to be disbursed from the cess fund as hitherto until that date, and where arrangements cannot be completed within this time, loans will also continue to be given from the cess fund till the end of September 1957.

Book Review

CO-OPERATIVE TRAINING—FACILITIES PROVIDED BY THE CENTRAL COMMITTEE FOR CO-OPERATIVE TRAINING —RESERVE BANK OF INDIA, BOMBAY, pp. 174.*

A comprehensive scheme for co-operative training and education designed to meet the requirements of the various types of personnel employed by the Co-operative Departments and institutions in the country, has been formulated and put into operation by the Central Committee for Co-operative Training. This Committee, which was set up in November 1953 jointly by the Reserve Bank of India and the Government of India, have, within a period of about two years succeeded in organising under its direct supervision 13 regional institutions for the training of the Senior and Intermediate co-operative personnel. The scheme drawn up by the Committee for the training of subordinate co-operative personnel has also been adopted in as many as 18 States, in several of which more than one institution are functioning.

2. Through this Committee co-ordination is being attempted of the efforts of the various authorities responsible for co operative training and education in the country. These include not only the State Governments, the Government of India and the Reserve Bank of India, but also in important aspects, such as those connected with member training or the training of non-officials, the State Co-operative Institutes, where such institutes are actively functioning, and the All-India Co-operative Union to which they are affiliated. The progress so far made in the field of co-operative education is described in the pamphlet published by the secretariat of the Central Committee for Co-operative Training.

3. The genesis of the scheme dates back to 1952, when the Reserve Bank of India established an All-India Training Class in Co-operation at the Co-operative Training College, Poona, in collaboration with the Bombay Provincial Co-operative Institute. Even at that time, it was realised that there was great need and considerable scope for extending such facilities to different parts of India and for diversifying the levels and courses of training. For one thing, there was (and indeed continues to be) paucity of trained co-operative personnel in most States. For another, the tasks that devolved on

*Source: Reserve Bank of India, Press Note.

the Co-operative Movement, that is to say, on co-operators and co-operative institutions and Co-operative Departments, were constantly growing in extent and complexity.

4. Among the most notable developments in recent years are (i) the increased importance of the role of Co-operation in National Extension work and (ii) the formulation of an integrated All-India Plan of co-operative development in the wake of the recommendations made by the Committee of Direction of the All-India Rural Credit Survey. These two important developments are reflected in the training arrangements organised by the Committee. Of the thirteen regional institutions, eight are for meeting special requirements of Co-operative Officers for the Community Projects and National Extension Service Blocks. The urgent needs of planned development in comparatively new fields of activity have set up demands for trained staff, who had to be made available for the work as quickly as could be managed. The Committee has, therefore, devoted attention to the organisation of short specialised courses at the regional centres for meeting the requirements in this direction. Two such courses, one in Co-operative Marketing at the Poona and the Meerut Regional Centres and another in Land Mortgage Banking at the Madras Training Centre, are already in progress, and more are under cansideration.

5. The brochure contains comprehensive information regarding the different tyes of training classes organised, the various concessions granted to the trainees, the detailed curricula for the various courses, location of different training centres, etc.

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