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The Madras Journal of Co-operation

THE
MADRAS STATE
CO-OPERATIVE
UNION

EACH FOR ALL & ALL FOR EACH

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Thought for the Month

INDIA'S CONTRIBUTION TO CO-OPERATIVE PHILOSOPHY

No thinking person with India's good heart would wish her to surrender her spiritual heritage in exchange for the civilization of the West in totality, but, just as the West has much to learn from India of philosophy and spiritual attitude towards life, so India stands in need of the best the West has achieved in the conquest of physical nature. India's task is to discover the middle ground between spurning material comfort and prosperity and regarding them as ends in themselves. If she can find the way to prosperity without ceasing to regard material things as at best, but means to the end of a deeper and fuller life, the background against which is enacted perenniel drama of soul evolution, she will have laid the world under an incalculable debt."

E. M. HOUGH.

—*" The Co-operative Movement in India."*

Editorial Notes

TWENTYEIGHTH CENTRAL BANKS CONFERENCE.

The Twentyeighth Central Banks' Conference has met at the most appropriate time, when the recommendations of the All India Rural Credit Survey Report has been discussed, revised and accepted for implementation, when the Reorganisation of States is about to come into effect and just when the principles and programmes of co-operative development have been finalised by the Planners. Judged by these standards, the timing of the Conference has not only been propitious but also momentous.

Sri Medai Dalavoi Kumaraswami Mudaliar, President, The Madras State Co-operative Bank, Ltd., has drawn pointed attention to (1) the necessity for accepting the recommendations of the All India Rural Credit Survey as modified by the Patna Congress and for implementing the said recommendations, (2) the need for revising the maximum borrowing powers of the State and Central Banks, (3) the adequacy for the provision of medium term funds and (4) the urgency for solving the problem of financing weavers co-operative societies. Sri C. Subramaniam, Finance Minister, who inaugurated the Conference emphasised that co-operative institutions should change with the times and adapt themselves to play a vital part in a socialist pattern of society. He appealed to the co-operative financing institutions to prepare themselves to face risks and increase their serviceableness in the field of credit to agriculturists, weavers and others engaged in the village industries. He was optimistic that co-operators in Madras would rise up to the occasion and would lead India in the field of co-operation. Sri S. Narasapaya, the Chairman of the Conference struck a note of cheer and confidence, when he said that "the Co-operative Flag has been kept flying by untiring efforts of non-officials." He was glad that co-operative principles of life had been accepted as the means of achieving economic regeneration. Speaking about State-partnership he said:

> "When Co-operatives have to succeed for the economic progress of the country, it becomes directly the duty of Government to see that they succeed. It is in

> this view that we ought to see the proposed State-partnership in co-operative institutions. It is to give security and stability to the institutions and confidence to the people that the State is coming forward with offers of capital and personnel. It is our duty to accept these and work hand in hand with the State, which is our own and the purpose of which i none other than our own—the progress of the Movement and uplift of the people."

He gave a brief review of the co-operative expansion schemes under the Second Five Year Plan and stressed the view that, "for strengthening the village co-operatives and making them real instruments of service, all loans to agriculturists of whatever nature granted by the Government should be canalised through the co-operatives." This principle of institutional finance through co-operatives has been more than once emphasised and we hope the Government would give effect to this principle, sooner than later. Another point of importance made by Sri Narasapaya related to the delegation of powers to the District Officers of the Co-operative Department. This is an important principle of public administration, which has been emphasised by Dean Appleby in his latest report. For speedier implementation of social welfare schemes, local decisions within the framework of an approved policy must be taken expenditiously by those, who are in immediate charge of these schemes; such devolution of powers is a great advantage in expenditing welfare schemes and in strengthening the democratic values of the administration.

The resolutions passed at the Conference were not only realistic but also practical. We have already referred to the necessity for canalizing institutional credit through co-operatives and we are glad to know that the Government have plans to work out a few experimental schemes. Another resolution requested the Government, through the Registrar to increase the maximum credit limit of the Madras State Co-operative Bank and the Central Co-operative Banks to 20 and 15 times their own funds respectively. In the changed context, this resolution will be very useful in arresting the trend for over-capitalization. The resolution regarding the new by-law for the village credit societies providing for the collection of a thrift deposit is eminently purposive and useful. It is bound to increase the savings mobilizing potential of rural co-operatives, especially in view of the expansion of the credit facilities in the rural areas.

We are sure that conferences such as these would provide a forum to exchange thoughts and frame coherent policies which would ultimately lead to the expansion and stabilization of the co-operative credit organisations in this State.

ALL INDIA CO-OPERATIVE WEEK.

It was only last year that Co-operators in India began celebrating the International Co-operators Day and the All India Co-operative Day for one Week, instead of a day. The Movement is on the thershold of a great expansion and it is appropriate that vigorous efforts are made to bring home the message of co-operation to every man and woman in India and to every nook and corner of the vast and expansive country. A vigorous crusade of Co-operation must be launched and the uplifting message of Co-operation should permeate and enthuse the people to participate in the great nation building tasks of the Co-operative Movement. The recommendations of the All India Rural Credit Survey Report have been nonchalantly frank, bold and immensely refreshing; the Mussorie Conference of State Ministers of Co-operation has, in the main, accepted the broad principles of the Report and has finalised the plans and programmes of co-operative expansion., It is in this context that we are called upon to celebrate the All India Co-operative Week from the 3rd November 1956 to 9th November 1956. The programme for the celebrations has been finalised by the All India Co-operative Union and has been published elsewhere.

We appeal to the Central Banks and the Co-operative Unions to organise 'All India Co-operative Week Committees' and celebrate the week with the great enthusiasm by organising public meetings, processions, entertainments, distributing pamphlets, literature etc., organising membership campaign, savings drive etc., and by generally ensuring that every section of the population is attracted to the co-operative ideology in its varying forms of activity, credit, housing, consumers stores, weavers co-operative, milk supply etc.

No other State of any free country attaches so much importance to Co-operation as India does.

No other people are devoted to the Co-operative way of life as we do.

Let us, therefore, pledge ourselves to dedicate our entire attention to the expansion and revitalization of the Co-operative Movement, so that the small farmer and the small artisan may find in Co-operation a new hope, a new faith and a new way of life.

FAREWELL, FRIENDS.

The Reorganisation of States comes into effect on the first of November, 1956. Our friends in the Malabar and South Kanara Districts may have to separate from us and join the new States. As in politics so in co-operation. Some leading members of the Apex Co-operative Institutions, may have to leave us. For decades they have been with us; they have worked jointly with us; now they are going away. It is indeed a matter of regret, that they are now departing. But we hope, the memories of the fellowship and friendliness, which they have shared with us would ever remain fresh and they would continue to share their new experiences with us, as they have done in the past.

Sri A. B. Shetty, Minister for Public Health and Co-operation is relinguishing his office. He has been an inspirer of Co-operative action. Under his direction, the Movement has progressed in manifold directions. He has truly laid the base for Co-operative expansion during the years to come. He has been adorning the Madras Ministry, ever since India became free. He is an Elder Statesman and has to his credit a fine record of public service. We would be missing his sage advice and mature counsel. We hope that his advice and counsel would always be available to the Madras Co-operators, in whatever capacity he may be serving the people in the new State. We wish him Godspeed in his new field of endeavour.

Sri M. Shiva Rao, Sri S. Narasapaya, Sri P. Govinda Menon, Sri M. N. Chowta, Sri Monteiro, Sri P. Chathu are a few of the stalwarts, who would be leaving us. For all of them, we bid farewell.

The instinct for Co-operation is universal; it transcends the barriers of language, race and religions. United in the fundamental principles of Co-operation, we shall continue to discharge the duties in our respective new fields in the same spirit of service and fellowship.

All India Co-operative Union

Room No. 515, Ministry of Food and Agriculture Building, Queen Victoria Road, New Delhi-1.

DECLARATION OF THE I. C. A.

On the 34th International Co-operative Day, the International Co-operative Alliance and its affiliated Organisations in 38 countries, with their 120 million individual members—

Pledge themselves to strive more energetically to enlarge the place of the Co-operative System of Voluntary Self-Help in economic and social life, realising that this is vitally important for improving the standard of life in the lesser developed regions of the world ;

Urge the United Nations and all National Governments to take full advantage of every relaxation of international tension in order to assure, by the progressive reduction of all kinds of armaments, the ultimate realisation of total disarmament ;

Appeal for universal agreement regarding the prohibition of nuclear weapons and the development of the peaceful uses of atomic energy without monopolies and with freedom of access for all nations to this new source of power ;

Demand the expansion of international trade and higher standards of living for all peoples through the establishment of mutual confidence between States and the restoration of peace and security.

—–

All India Co-operative Union

Room No 515, Ministry of Food & Agriculture Building,
Queen Victoria Road, New Delhi-1.

ALL INDIA CO-OPERATIVE WEEK

Saturday the 3rd to Friday the 9th November 1956

MESSAGE FROM SHRI S. N. SAHAYA, M.P.,
President, All-India Co-operative Union

Once again, I extend to you my greetings and that of the All India Co-operative Union on the occasion of your celebrating the Co-operative Week. While it has always been admitted that the World came to its present position of material advancement by means of co-operation, it has never been considered so indispensable for peace and prosperity of humanity at large as now. It is risky to prophecy but I would rather take the risk and state my conviction that at no distant date and perhaps within a decade the Co-operative Movement will come to occupy the highest place in human and even Governmental activities. While distances in this world were at one time in the past a limiting factor, the development of science has brought countries closer and it is envisaged that in a few years' time one could take his breakfast in Bombay, his Lunch in London and his dinner in New York. The application of co-operative effort for the economic and social advancement of the entire human race by elimination in large measure the distance factor, has thus been greatly facilitated. India has already moved ahead and our leaders have laid down in no ambiguous terms that our objective is a Co-operative Commonwealth. The report of the All India Rural Credit Survey Committee has been mostly accepted and the implementation of its recommendations is also well in hand. Co-operative farming, co-operative chain stores, co-operative credit and co-operative market-ing and warehousing are to encompass the entire country from Cape Comorin to the Himalayas. The Community Development and National Extension Service Blocks are spotted all over India and it has been laid down that at the end of the Second Five Year Plan there will be thousands of Community Development and National Extension Service Blocks embracing the whole country. The Com-munity Project and Extension Service areas will be covered by co-operative organisations, which will meet the entire requirements of

the rural population. This will not be a temporary phase but a per-manent feature for progressive development of the countryside. You are aware that in the Co-operative Movement the emphasis had been on credit rather than on marketing. The result has been that for want of adequate marketing facilities the grower had been deprived of the cream of his labours by middlemen and was therefore, not able to meet his commitments. It was thus imperative that the agricul-turist was assisted materially and actively in his difficulties, so that he might be able to improve his economic condition. With this end in view it is proposed in the "Agricultural Produce (Development and Warehousing) Corporation's Act, 1956" to open a large number of godowns and warehouses where the agriculturist could store his produce and secure for it reasonable price. I have no doubt that in a comparatively short space of time, this emphasis on marketing will remove the one serious lacuna, which had stunted the growth of the Co-operative Movement in the past.

It has to be admitted that we had not given proper attention to co-operative education and to creating awareness about Co-operative Movement and its advantages. It is, therefore, that we are suggest-ing that we should not only observe a Co-operative Day but devote a whole week for this purpose. During this period, we must try our best to educate public opinion about the benefits of the Movement and to create for it volume of good will which will stand it in good stead throughout the year and even longer. May the Co-operative Spirit pervade the whole world !

"JAI HIND"

Circular

The Programme of the All India Co-operative Week celebrations as finalised by the All India Co-operative Union in its letter No AICW—88/56(2) dated 20th Sept '56.

ALL-INDIA CO-OPERATIVE WEEK PROGRAMME

An important role has been accorded to the Co operative Movement in the Second Five Year Plan. In order that this role may be played by the Movement properly, various schemes for strenthening and developing the Movement have already been taken in hand for implementation during the Second Five Year Plan. The successful execution of all these schemes depends to a large extent on the amount of enthusiasm and support coming from those sections of the public who have not yet been touched by the Movement and the degree of efforts put in by co-operators to strengthen and expand their organisations. In order that this public enthusiasm in favour of the Movement may be mobilised, it has been considered necessary to celebrate a co-operative week this year also beginning from Saturday the 3rd November 1956.—The All India Co-operative Day.

The programme for this week has been finalised by the All India Co-operative Union and is given below. The Union hopes that all the co-operative organisations in the country will celebrate the Week in a fitting manner.

Saturday, the 3rd November, 1956: "All-India Co-operative Day":—

1. The celebration of the Week should be started early in the morning on Saturday the 3rd November by each society big or small, whether situated in village or town. All the members should assemble in the morning at the premises of their society. The President or in his absence an important office-bearer should ceremoniously hoist the Co-operative Flag on the premises of the society to the accompaniment of the singing of co-operative songs. The Flag must be kept amast throughout the week. Each member should take a pledge, reaffirming his faith in the principles and ideology of Co-operation, and his loyalty to the society to which he belongs.

2. It is desirable to organise one or more public meetings at each place towards the evening. It would be advantageous if processions of various groups could be organised to converge at the place of the meeting. It would be desirable to invite prominent co-operators from outside their respective areas to preside over such meetings in each place. At all such meetings, the Co-operative Flag must be ceremoniously hoisted and the significance of the seven-colours should be explained. The messages of Shri Ajit Prasad Jain, Union Minister for Food and Agriculture and of Shri Syamnandan Sahaya, M. P. President of the All India Co-operative Union, should be read out at

the meetings. The organisers should explain the purpose of the celebrations, the philosophy behind the organisations and the principles they follow. The declaration issued by the International Co-operative Alliance, should be read out, explained and adopted as a resolution.

Sunday, the 4th November, 1956: "Consumers' Day":—

1. Towns and Cities:—Sunday being a holiday, an attempt should be made to persuade all members of co-operative societies and other persons to attend the meetings organised in the evening. Since every individual is a consumer, everyone is interested in securing quality goods at low prices. Consumers' co-operatives, in as much as their primary function is to supply to members quality goods at fair prices, should be attractive to all alike. So at the meetings arranged to celebrate the Day literature prepared on the subject of consumers' stores may be distributed liberally among the public. Lectures may also be arranged on the success of the Consumers' Movement in England and other western countries by prominent co-operators or Economists. Those, who would benefit most from the consumers' stores movement are the middle classes and the labourers. They should be encouraged to form consumers' stores and the co-operators of the region should assist them in promoting such co-operative stores.

At these gatherings, it is desirable to explain the assistance available from the State to housing societies of low income groups so that positive efforts could be taken in the years to come for the promotion of housing activity among low-income groups.

2. Rural Areas:—In the rural areas also the importance of ensuring fair distribution of the daily necessities like sugar, kerosine etc. is very great. The farmers and other persons in the villages are often the victims of higher prices charged by the retailers. So at the meetings organised for the celebration of the consumers' day in villages, the local society should be appealed to start supplying the daily needs of the members. The advantages of co-operative supply should be explained to the gatherings as against the hardships they suffer at at the hands of private profit-making retailers. In those villages, where multipurpose societies have already undertakn the work of co-operative supply, the members should be exhorted to give their loyal patronage for strengthening their societies. The societies could also undertake distribution of farm supplies like seeds, fertilizers etc. and thus help to cut down the costs of cultivation.

Monday, the 5th November: "Producers' and Workers' Day":—

1. Towns and Cities:—In the towns and cities the producers are artisans engaged in small scale industries and milkmen, etc. The advantages of organising producers' co-operative should be impressed upon them. The co-operative organisation would be a boon to the small scale producers including artisans and handicraftsmen, as it provides them with the means of production such as finance, equipment, raw materials and also undertakes the marketing of their products. The assistance that the State offers to the co-operatives in this behalf should be explained to them. Literature on the successful working of the producers' co-operatives in the different parts of the country and other countries may be distributed. The programme should be so formulated as to enable all small producers to take part in the celebrations.

Industrial workers should be explained the details of the industrial workers' housing schemes and efforts should be made to persuade them to form co-operatives for availing of the facilities.

Labour classes should be persuaded to form labour contract societies for undertaking public and private construction activities.

2. Villages:—The villages mainly consist of agriculturists, whose handicaps are many. They require help in many directions. They require finance to grow crops; technical knowledge for improving their yield; supplies to cut their costs and a marketing agency to sell their produce at a fair price. All these services could be rendered by the co-operative society under the integrated credit programme. So, the programme of credit co-operatives in the Second Five Year Plan and the reorganisation of the credit structure as envisaged by the Rural Credit Survey Committee should be explained at all meetings organised on the Day. The main features of marketing societies and the system of linking up credit with marketing should be explained in detail. That the success of the programme of reorganisation of co-operative societies depended largely on their loyalty and active participation should be stressed. The target of every co-operative society should be to make every family in the village its member. The advantages of co-operative undertaking of certain of their farming operations could also be explained during these meetings. The need for organising processing industries should also be explained.

Tuesday, the 6th November: "Women's and Youths' Day":—

1. Towns and Cities:—In the towns the women's organisations like Mahila Samaj, etc. should be contacted and meetings of women

may be organised to explain to them the role of women in co-operation. In the towns, women are the purchasers of the household needs and, therefore, it is of prime importance that they should be attracted into the co-operative fold and impressed upon the advantages of patronising co-operative stores. Women's Guilds can be formed for the purpose of organising such home industries as sewing, knitting, embroidery, etc. for supplementing the family incomes.

In the towns and cities, meetings of the youth in the schools and colleges should be organised to impress upon them the vital role they can play in the Co-operative Movement. It is this section of the population, which is by temperament imaginative and idealist. So efforts should be made to explain to them the ideology of the Co-operative Movement and to convert them to the Co-operative philosophy. The future of the Movement depends on the extent to which youth believes in the co-operative way of life.

Essay competitions, debates on co-operative subjects, etc. may be organised to foster greater understanding of the Movement among the younger sections. The heads of the teaching institutions as well as the students unions may be contacted for arranging meetings in the schools and the colleges. In all the above activities, the teachers and the heads of the schools and colleges can play a great part, and therefore their collaboration should be solicited.

2. Villages:—In the villages also meetings of the youth should be organised and the principles of co-operation should be explained to them. These meetings can be utilized for explaining to the youth the great need for expanding the Co-operative Movement and the vital role they can play in the Movement. Youth Leagues may be formed for different villages. The functions of the youth league would be to popularise the Co-operative Movement among the younger generation by spreading the knowledge of Co-operation among them.

The programme may include staging of short dramas by the youth for the purpose of emphasising co-operative method in the minds of the general public. Debates may also be organised as part of the programme and the young people in the village may be encouraged to think and speak on some aspect of the Co-operative Movement.

Wednesday, the 7th November: "Membership Day":—

One of the principles a co-operative society should follow is open membership. So it is necessary that membership of co-operative societies should be open to all irrespective of status, caste or creed. In all public meetings arranged to celebrate the Members' Day this aspect should be emphasized. The benefits and obligations of membership should also be explained and each individual should be persuaded to joint a co-operative society.

A considerable portion of the day should be devoted to enrollment of new members in each society.

The ideal of bringing every family into the co-operative fold during the Second Five Year Plan period could be achieved only if each co-operator enrolls as many members as possible in his society on this day.

Thursday, the 8th November : " Thrift Day ": –

Meetings must be organised at all places to which members of the credit societies and other persons should be invited. In such meetings the importance of thrift and the need to invest their savings in the co-operative societies should be explained. The importance of thrift in the co-operative philosophy is very great. Co-operative credit societies should make special efforts to attract savings of the members and to loan out to the needy persons from such accumulated savings. In such a case, the co-operative society would not have to borrow from the Co-operative Central Bank and pay interest to it. Besides the credit society would be in a position to supply credit to the members at a much lower interest.

The " Bachat Kumbh Scheme " which aims at the promotion of the habit of thirft among the members should be adopted at these meetings. If the scheme is already adopted by the society the Kumbhas of members should be broken open and the prizes already announced should be distributed to the winners. In the evening the office-bearers of the society should make a special effort to collect thrift deposits from the members.

Friday, the 9th November : " Planning Day ":–

Meetings must be organised in every co-operative society to which all the members and local co-operative officials should be invited. In such meetings the work of of the society during the past year should be formulated. The programme should aim at satisfying the ascertained needs of the members to the maximum possible extent. In addition to this, the programme of co-operative development in the Second Five Year Plan may also be explained to all the members in greater detail.

SPECIAL ARTICLES

Bhoodan Movement and the Co-operative Ideal

SRI HANUMANTHA RAO MANVIKER, M.A.,
Joint Registrar of Co-operative Societies, Hyderabad (Division).

India is a large Sub-continent in Asia with 356.8 million population. About 44 8 millions are cultivating labourers without having any land, while another 5 3 million people are non-cultivating owners of land in the country. The total cultivable land in India is estimated to be about 300 million acres. Unfortunately, the area under cultivation has been subjected to sub-division and fragmentation. The average holding of land in India is considerably low, *viz*, West Bengal 4.4 acres; Madras 6.2 acres; Assam 4.8 acres; Orissa 4.9 acres; Mussuri 6.2 acres; U. P. 2 5 acres; Bombay 14.3 acres and Punjab 10.0 acres.

Causes for Low Income

The cultivator suffers from ignorance and lacks adequate knowlodge about modern methods of agricultural development and increased production. Natural calamities, defective tillage operations, poor quality of livestock, inadequate application of manures and fertilisers, exhaustion of the soil, primitive type of cultivation using old implements and methods, acute indebtedness and host of other causes are largely responsible for low agricultural income to him.

Agriculture—A Depressed Industry

Obviously, agriculture has been considered as a depressed industry with a deficit economy. A large majority of cultivating population in the country holds below 5 acres of land. The unsatisfactory nature of agriculture and the absentee landlordism have given rise to many problems. Considerable agitation is going on for taking over land from those leisurely classes and to redistribute among the landless.

The Second Five Year Plan of the country envisages a management of the villages on co-operative lines. The distribution of land among the landless labourers of the country will solve the problem of unemployment among the rural population. This change can be brought about by two fundamental means (1) to take over land by the Government without paying compensation to big land owners and redistribute it among the landless. This procedure definitely involves an amount of compulsion and India, wedded as she is to a policy of paying compensation, will not take recourse to such measures.

Bhoodan and Donation of Land

It is not possible for the Government to take over excess land available even at a meagre rate of compensation. The experiment conducted in Soviet Russia cannot be implemented in a country like India with ancient tradition (2) The alternative is to pursuade them to part peacefully their excess land by appealing to their conscience. This kind of experiment is for the first time in the history of the country, nay in the whole World, has been launched by Sri Vinobha Bhave. Sri Vinobhaji has generated a new type of bloodless revolution among the people and it deserves active consideration. It is realised that Marxian theory will not be able to solve the problem of rural economy in the country and the people will have to assume responsibility to provide for the have-nots in the realm of Vinobaji thought. Already the Movement launched by him has brought about a metamorphorsis in the outlook of the people in India and what Soviet Russia could achieve by resorting to violence and oppressive methods is being implemented through moral force befitting the ancient tradition of the country like India.

The Movement has already gained considerable momentum and support from various sections of the people and numerous workers of the Bhoodan Movement have undertaken to go on foot from village to village, urging on people the necessity of parting with their excess land. It is unfortunate that some people are trying to donate waste and uncultivable land, which is a great disservice to the cause of humanity.

According to the existing practice, the Bhoodan Samithi is giving land to the landless labourers to the extent of 4 or 5 acres or even more. This indirectly facilitates giving encouragement to fragmentation of the land. Although the need of the hour is not large farm suitable for mechanised farming, the small units themselves will have great potentialities of exploitation. But the economic condition of the people, who take these lands under cultivation and their ways and habits are not at all conducive for rapid stepping up of agricultural production.

Solution of the Problem

A section of the people is of the opinion that redistribution of land in patches to various landless cultivators will not bring about the desired economic development and raising of food production. The endeavours of these cultivators will be isolated and are not based on co-operative efforts leading to a large scale economy in the technique

of production and management. But the tendency of cultivator in India is usually not to surrender his ownership of his land for joint purposes. He is highly individualistic and does not usually lend himself to accept co-operative efforts as an ideal. Added to this, there are also psychological difficulties in starting co-operative farming societies especially in view of the fact that the members have to perform some kind of manual labour and also capacity to work of each individual varies from person to person.

The cultivators also on principle do not agree to share profits equally, which is a basic aim of co-operative effort, when a working member does not like to share some profit with less industrious member. Evidently, full fledged co-operative farming cannot be introduced among the cultivators, who receive land from the Bhoodan Samithi.

Mutual Aid Necessary

The simplest method would be to introduce co-operative method in the various agricultural operations like ploughing, weeding, etc., Co-operative Societies may also be encouraged for marketing, purchase of seed, machinery and manures. These societies correspond to mutual aid teams composed of a few families in China and better farming societies in India. The necessity of pooling the land will be diminished in this kind of endeavour and the members of such co-operative societies do not own any thing in common except land. Such efforts have often resulted in greater yeield per acre than when the work is done individually by each cultivator. He retains his ownership on land, which befits his psychology. The Joint Farming and Collective Farming societies may not be very attractive for the cultivators under the Bhoodan Movement.

The Need of the Hour

There is great need for introducing co-operation in small scale farming. Mutual aid and co-operation amongst small cultivators, who constitute the bulk of the cultivators receiving land from the Bhoodan Sammithi is of utmost importance. Short of collectivisation, there is great scope even for consolidation of holdings, crop planning, stock raising, dairying, etc. Many of these small and uneconomic plots of land are given to the landless people under Bhoodan Movement. Any effort short of co-operative endeavour may not produce the desired results and the earlier such ameliorative measures are taken, the better for the cultivators taking land Bhoodan in future.

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 Germany. It is also the last instalment of his report.—*Editor.*]

Germany

Industrial and Rural Credit Co-operatives

The German Co-operative System consists of four different sectors, each working independent of the other. They are (1) Industrial Co-operatives, (2) Rural Co-operatives, (3) Consumer Co-operatives and (4) Housing Co-operatives. Credit co-operatives operate within the first two sectors. While the industrial credit co-operatives from part of the Schulze-Delitzsch organisation, the rural co-operatives belong to the Raiffeisen Organisation. These credit co-operatives have, by virtue of their progress and development during the past hundred years and more, so efficiently fitted themselves into the economic system of the country, that they are to-day considered to be an integral and indispensable part of German economy. In view of the service they render to the poorer and middle classes, they are of special significance.

Industrial Credit Co-operatives:—The rapid development of German Industry about one hundred years ago, created the need for new industrial capital. The bigger commercial banks concentrated upon financing large scale enterprises and were reluctant to grant credits to poorer and middle class artisans, traders, and handicraftsmen. In order to find a solution for the problems of these people, Dr. Hermann Schulze-Delitzsch initiated the professional mutual loan societies on the basis of self help. Even to-day, these societies operate according to the tendencies of their creator.

These professional mutual loan societies at present include the followlng different types of institutions:

1. 700 Volksbanks.
2. 16 Railway Savings and Loan Corporations.
3. 20 Post Saving and Loan Corporations.
4. 10 Central Banking Institutions.

These institutions command a membership of nearly $1\frac{1}{2}$ million persons and have a working capital of about 4,000 million D.M. repressnting about five per cent of the working capital of all German commercial banks.

The Volksbanks:—There are at present 700 Volksbanks in Western Germany which are represented in 1400 places including their branch offices. These banks are by far the most important group of the professional mutual loan societies. Their main function is to assist their members in their competition with the large-scale enterprises by providing them with necessary capital. They have, during the course of years developed to ideal banking institutions for middle classes and undertake to-day almost all banking functions which are performed by well-developed big banking institutions. Their banking transactions are not confined merely to the provision of credit facilities to the members but include the acceptance of various kinds of deposits both from members as well as non-members, dealing in transfer of remittances, obtaining of documents for safe custody, acceptance of security bonds, etc. These banks have fully preserved their character as banks of the middle classes and are particularly beneficial to independent craftsmen, traders, manufacturers, etc. This is evidenced by the grouping of their 600,000 members professionally in the following manner:

Independent craftsmen	—	21	per cent.
Independent traders, artisans small and middle-scale manufacturers	—	22	,,
Members of Independent professions	—	6	,,
Farmers	—	12	,,
Employees and workmen	—	10	,,
Civil servants	—	20	,,
Others	—	9	,,

The members of these Volksbanks acquire the ownership of shares and in addition to that, they are required to take over liability for a specified sum. The value of shares is generally between 200 and 500 D.M. while the amount of liability is between 200 and 700 D.M.

The Volksbanks offer banking fecilities to all people, irrespective of their being members or non-members; but loan transactions are, as a rule, confined to members only. The credit business is absolutely adapted to the requirements of middleclass members. The credits are generally small and are suited to the needs of the borrower. In granting credits, the Volksbanks always satisfy themselves regarding the credit worthiness of the applicant. The average amount of credit for a member given by the Volksbanks is about 6,500 D.M. while it is 118,000 D.M. in the case of joint stock banks. Up to the end of September 1955, the Volksbanks had granted credits to the extent of 2,335 million D.M. in the following forms:

Short Term credit	...	1500 million D.M.
Discount credit	—	600 ,, ,,
Long Term credit	—	235 ,, ,,

In the first place, the trading middle classes have very great need for short and medium term credit. After the war, the need for long term credit for purposes of rebuilding and rationalising has also considerably increased. On the whole, the requirement of credit facilities by the middle classes is high due to the fact that they have scarcely any liquid reserves left after the war. In spite of this, it is interesting to find that the total deposits of these banks exceed the total amount of their credits. At the end of September, 1955, they held deposits to the extent of 2,544 million D.M., of which savings deposits alone amounted to about 1,400 million D.M., representing more than 50 per cent of the total deposits. Some of the special features noticed in the Volksbanks are the following:

(1) Almost all the Volksbanks offer night safe facilities to their customers free of any charge The customers who are mostly retail traders, handicraftsmen, etc. can keep their cash in a special box provided to them and deposit the same at the bank's "Night Safe." The next morning, they could either take back their money or have the same credited to their accounts.

(2) A very high standard of safe custody arrangements are provided to the customers at a nominal fee of about three or four D.M. per annum. The customers are thus able to deposit their documents, consols, title deeds or other valuables for safe custody in the bank.

(3) In order to strengthen their deposit position and at the same time to stimulate habits of thrift among their members and customers, the volksbanks adopt different types of special savings schemes. For example, (i) the volksbank at Bergedorf sends a gift coupon for five D.M. to a customer when a child is born to him. The coupon

is attractively designed and is intended to remind the customer of his obligation to save for the sake of the child. If the customer opens a savings account in the bank on behalf of the newborn child, the amount of the gift coupon is credited to that account. (Such schemes are in operation in many volksbanks). (ii) The Volksbanks encourage housewives to save small amounts for special occasions such as Christmas or holidays. Under this scheme, representatives from volksbanks are sent door to door for selling savings stamps to housewives. These stamps could be affixed to a special card issued by the bank. At the end of the specified period, the amount is repaid with interest. (iii) Some volksbanks have lottery savings schemes.

(4) Some volksbanks in Germany have an arrangement among themselves by which cheques drawn on one volksbank could be cashed at the office of another volksbank, in order to provide banking facilities to people in remotest parts of the towns covered by the volksbanks. Some of them appoint retailers or restaurants as their agents to receive and pay money on behalf of the banks towards various deposits.

The volksbanks correspond to the urban banks in Madras. The urban banks in Madras have not developed to such an extent as the volksbanks have in Germany. While the volksbanks are in a position to compete effectively with the other commercial banks by adopting the most modern methods of organisation, it has not been possible for the urban banks to do so. In order to attract more customers, the urban banks in Madras should similarly adopt the modern methods of organisation and provide more banking facilities. For example, the safe custody arrangement and night safe facilities are not, as a rule, available in the urban banks. Only those who need cheap and easy credit facilities turn to urban banks. Other merchants and professionals do not use them for their banking transactions. The banking habit among the people has also not developed as it is in Germany. By introducing special banking facilities and establishing closer contact with the public, more people should be attracted to the banking habit. In order to promote habits of thrift, which is one of the essential principles of co-operation, emphasis should be placed on savings deposits.

Various kinds of savings schemes should be introduced on the model of those that are adopted in Germany.

It must, however, be admitted that in the near future the urban banks in Madras cannot reach the standards of the German volksbanks for the main reason that India is not so much industrialised as Germany is. Further, the urban banks in Madras do not have such a large clientele representing handicraftsmen, retail dealers and manufacturers as German volksbanks have.

The Railway Savings and Loan Corporations and the Post Savings and Loan Corporations

There are in Western Germany 16 Railway Savings and Loan Corporations with about 470,000 members and 20 post savings and loan corporations with about 250,000 members. While the membership of the former is open to civil servants, officials and workers of the Federal Railway Administration, the latter consist of similar employees of the Federal Post Administration as members In contrast to the volksbanks which grant credits for trading purposes these institutions provide private people with funds. These institutions also engage themselves in all kinds of banking activities like the volksbanks. The Railway Savings and Loan Corporations hold deposits to the extent of 200 million D.M. while the Post Savings and Loan Corporations have 40 million D.M. The total amount of loans due from members approximate to 100 million D.M. in the case of Railway Savings and Loan Corporations and to 30 million D.M. in the case of Post Savings and Loan Corporations. In addition to the above, there are about 12 co operative societies intended for government officials in Western Germany. They are known as Beamten banks. The activities of all these institutions correspond to the activities of the employees' co-operative societies in Madras, so far as the credit transactions with the members are concerned. The banking functions undertaken by these institutions are comparable to that of any other modern banking institution. Emphasis is laid upon thrift and the members are persuaded to save as much as possible. There is no fixed scale of thrift deposits to be collected from members as it is in Madras The amount of credit sanctioned to the members is also not high. As a rule, it is only equal to a month's salary. The recovery of the dues is not made by the deduction of the amounts from the salary at source. On the other hand, it is incumbent on the part of every member to have an account with the bank to which the amount of salary is credited

by the pay disbursing authorities. The banks have thus the facility of adjusting the dues from the respective accounts.

If the co-operatives in Germany (particularly the Volksbanks) have by now become important enterprises, it is because they followed the general trend of the country's economy. Originally they were small enterprises engaged in the task of supporting their members from a very poor capital basis. Co-operatives of to day in Germany are faced with a substantially broader range of functions than those of a hundred years ago. The urban banks and employees' societies in Madras, should therefore, note this aspect and begin by concentrating themselves on activities of particular importance with the existing financial possibilities so that they could by stages, undertake expansion of their functions.

The Central Banking Institutions:—To act as Balancing Centres for the Volksbanks, there are five Central Banking Institutions with 10 offices in the Federal Republic of Germany. One Central Bank of Karlsruhe with its four offices is registered as a joint stock company, while the others are registered as co-operatives. Like the co-operative central banks of the Madras State, these banks accept as deposits all the funds that are not needed by the Volksbanks. They also grant short and medium term credit to those Volksbanks and other industrial co-operatives, whose resources are not adequate to meet the credit needs of their members. They do not generally deal with private customers. The essential difference between these banks and the central banks in Madras State is that while the former are intended to finance only the Volksbanks, the latter deal with all kinds of co operatives whether rural or urban. The central banks of Germany engage themselves in many kinds of banking operations which are not undertaken by the central banks in Madras. Some such functions are: (1) dealing in stock exchange, (2) dealing in foreign trade, (3) issuing letters of credit, (4) dealing in travellers' cheques (both issuing and repaying), (5) acting as an insurance agent, (6) dealing in foreign exchange, etc. All these functions are, of course, mostly performed for either the Volksbanks or the customers of the Volksbanks. The central banks discount bills or borrow from the German bank for the co-operatives, if their resources are not sufficient to meet the needs of their business. They provide quick money transfer facilities from one place to another through a special system among themselves and the Volksbanks.

The Co-operative Instalment Banks :—There are at present about 50 co-operative instalment banks in West Germany. The membership of these banks is open to retail traders. The main function of these banks is to grant loans to the customers of their members for repayment by instalments. Contrary to the other types of co-operatives, these banks give loans only to non-members. The members are only traders for whose benefit the non-members are granted loans. These banks are not permitted to undertake any kind of banking functions such as the acceptance of deposits, etc. The only method of deriving funds apart from the share capital subscribed by the members, is by way of borrowing from the central banks referred to earlier. The loans sanctioned by these banks are generally for the purchase of consumer goods like clothing, textile goods, furniture, household articles, etc. The period of such loans are invariably short, ranging from six to eight months. The amounts sanctioned are also small and well within the repaying capacity of the borrower. To ensure that the loans issued by the banks are spent for the purchase of goods from the members of those banks, a special system is adopted by which loans are disbursed in the form of cheques of various denominatious. These cheques would be accepted only by the traders who are members of these banks. When the trader presents the cheque for payment at the bank the bank deducts a commission of one per cent. This is a source of income for the instalment banks in addition to the interest charged on loans to borrowers. It is learnt that some private instalment banks also exist in Germany. On the whole there are about 80 such private banks which charge four per cent commission for paying the cheques issued by them. The traders have thus saved for themselves three per cent commission by starting their own co operative instalment banks. In 1954, the co-operative instalment banks had granted loans to the extent of about 120 million D.M. These are special kinds of banks the like of which do not exist in Madras. It is a well known fact that these are among the middle classes, who cannot pay in one lump sum for purchasing some types of goods such as those mentioned above. The middle class trader also is not very often in a position to offer credit sales and lock up his funds. Very probably he might have himself borrowed from a volksbank to run his trade. If he is forced by circumstances to offer credit sales in order to increase his sales, he may have to borrow more and more from the volksbank and pay large sums of money towards interest and eventually he may be compelled to charge a very high price for the consumer. These

problems could be well solved if the small retail traders associate themselves and start co-operative instalment banks.

Audit and Inspection of the Co-operatives :—According to the Co-operative Law in Germany, all the co-operative societies must be connected with an auditing association. For the purpose of auditing the industrial co-operatives (Schulze Delitzsch organisations), there are in the Federal Republic 9 Regional Associations to conduct the audit and also to supervise the co-operatives in the area. In Germany, co-operatives are based on self-help and self-responsibility as such they have formed their own associations to supervise them. Just as they need no outside help, they do not like an outside agency to supervise them. The associations are, however, recognised by the government auditing associations. Every year the associations send some returns to the Ministry of Economy. The Railway and Postal Co-operatives have five separate regional associations for supervising them and auditing their accounts. The associations conduct a detailed examination of the accounts and scrutinize the regularity of the management of business affairs and the financial position of the co-operatives under their jurisdiction. In the case of volksbanks, the associations examine every month the ten highest loans issued by getting monthly statements from them. The regional associations together are combined in one central organisation, which is the top organisation of all industrial co-operatives and that is "Deutsche Genossenschaftsverband." The main function of this top organisation is to advice the co-operatives on various matters affecting them and to act as a link between them and the Government. This top organisation is also very effective as an auditing body. It undertakes audit in such cases when a member of the[illegible] and of Management of a society happens to be a member of the management of the regional auditing association.

Other Industrial Co-operatives :—In addition to the credit institution of the type mentioned above, there exist in West Germany about 1170 purchasing co operatives of retailers, artisans and tradesmen. Some of these have also formed their own central societies. There are about 18 such central societies at present in West Germany. The main function of these purchase co-operatives of trade and craft is to supply the requirements of their members. These societies originally undertook solely the joint purchasing of goods required by their members. At first the purchasing was done by collecting the members' orders. After the beginning of the activity, however, it became clear that it was not possible to continue the practice of collecting orders from the members and then purchasing the goods. It was felt that the co-operatives could make independent arrangements for purchasing and stocking the goods on the strength of the knowledge they had of their members' requirements and the market conditions. Thus they have become independent wholesale dealers. To-day the activity of these societies has extended from joint purchasing to the advising of trade and craft as regards both management and equipment of their business concerns. At present, these co-operatives are the promoters of rationalisation in trade and craft. This widening of the co-operatives' tasks is the outcome of increasing competition in trade and industry.

These co-operatives also belong to the Regional Associations of the Schulze-Delizsch Organisations (Deutsche Genossenschaftsverband) and are thus supervised by them.

The Edeka Organisation ("Einkaufsgenossenschaft er Kolonialwarenhändler"): This is a separate organisation of retail grocers, which is not controlled or supervised by the Schulze-Delitzsch Organisation. About 35,000 retail grocers in Western Germany have united themselves into 230 Edeka Wholesale Associations for the purpose of co-operative buying. The main tasks of the Edeka Associations are to increase and maintain the efficiency of the retailers affiliated to them by concentrated co-operative buying and to promote and maintain their existence against the competition of chain shop organisations and other forms of big business.

Like the other co-operatives in Germany, this organisation also is based on voluntary principle. As the membership in the organisation is voluntary, the retailer joining the association is completely independent in the purchase as well as in the sale of his goods. The Edeka associations also are similarly independent, in their administration and in the selection of their suppliers.

The 230 Edeka associations are in their turn united in a central organisation called the "Edeka Verband" (Edeka Federation), the central office of which is located in Hamburg. The main function of this verband is to audit the accounts of the Edeka associations as required by law and to advise the associations as well as the retailers with regard to organisation, legal questions and taxation.

The Edeka Verband has three subsidiary departments connected to it, namely: (1) Edeka Zentrale, (2) Edeka Import and (3) Edeka Bank.

1. The Edeka Zentrale engages itself in the task of central buying of all grocery goods of German origin. It collects the orders and invoices them to the associations. It also runs a modern brandy factory in Hamburg and one of the most important wine cellars at Bingen.

2. The Edeka Import does the import business on behalf of the affiliated associations and in this capacity, it is the largest German importer in the food line. It has large packing accommodations for coffee, tea and spices in the most modern style.

3. The Edeka Bank finances the goods transactions of the abovementioned two departments as well as those of the 230 Edeka associations. In exceptional cases, the bank grants short term accommodation to the retailers. It undertakes all kinds of banking business. The bank has the facility of obtaining credit from the German Bank for co-operatives (Deutsche Genossenschaftskases). It has eleven branches in Western Germany.

The Edeka Verband further publishes special journals and periodicals every week and thus undertakes co-operative propaganda. It has a department with a large staff of propaganda experts and painters to look after co operative advertising. There is also another special department for advising the retailers of Edeka associations in modern shop equipment.

As an industrial co-operative, however, the Edeka organisation is a member of the Schulze Delitzsch organisation (Deutsche Genossenschaftverband). The latter represents the interests of the Edeka also to the Government in the same way as it does in the case of the other industrial co-operatives that are under its control and supervision.

Rural Credit Co-operatives:—In striking contrast to the industrial credit co-operatives, the rural credit co-operatives present a modest picture. The rural credit co-operatives in Germany owe their origin to F.W. Raiffeisen who had sincere regard for the welfare of his countrymen. In 1840s, the peasants of Germany were poor and indebted to village traders. As they did not have ready money to purchase their requirements, they bought on credit from the village trader who charged very high prices. When the crop was harvested, the peasant was obliged to sell it to the trader in order to wipe out his debt. The trader would take advantage of his position as the creditor and fix as low a price as possible for the crop in the same way as he charged as high a price as possible for the goods supplied by him. Thus the peasant was in a state of permanent indebtedness. Consequently, he had no incentive to work hard or improve his farm, since he knew that all the benefit would go only to the trader. Raiffeisen, who was at that time the Burgomaster of Weyerbusch attempted various methods of charitable relief for the poverty he saw around him. Later, he realised that charity was only a temporary palliative, which would kill the will of an individual to improve his own lot. He attempted various measures and finally hit upon a form of co-operation, which was to offer a real solution for the problem of rural indebtedness. In 1863, his experience led him to transform the Welfare Association of Heddersdorf (founded by him) into a rural loan bank. This was the decisive step to achieve self-help, because each beneficiary of a loan had to be a member of the association. Out of this grew, the principles of Raiffeisen which are universally acknowledged even to-day, *viz*: limitation of the area of operation to one or few villages, honorary administration, non-profitability and accumulation of undivisible funds. The originality of the idea of Raiffeisen lay in the fact that while no individual peasant in the impoverished German villages had either the property or the known personal character to obtain a loan except at a high rate of interest, a number of peasants joining together and pledging their whole resources - (what is called their "unlimited liability" for the repayment of the debt of any one of them could, collectively borrow on reasonable terms. This kind of security acted obviously as a very efficient safeguard for the creditors. Firstly, the borrower would not be admitted to the society unless his fellow members were convinced that he had genuine intentions to meet his obligations in full. Secondly, loans would not be sanctioned unless it was proved that they were for productive purposes, *i.e.*, loans could only be spent on something which would earn their repayment. Thirdly, two neighbours had to sign a guarantee making themselves responsible for the loan. And finally, every member would be responsible with all his property to make good any losses to the society, which would otherwise affect the creditors. By and by, these loan banks expanded throughout Germany. In most cases, they undertook also the purchase and supply in common of the agricultural requirements of their members. In 1877, Raiffeisen founded the Central Federation of Rural Co-operatives to supervise the business activities and to control the management of the co-operatives. A few years later, he centralised the purchase of agricultural requisites in a central

commodity agency. These were the forerunners of the existing Regional Co-operative Banks, Regional Federations and Regional Commodity Co-operatives. In most of the credit societies, even to-day the liability of the members is unlimited, while in the case of other societies, (including the centrals) and some of the large sized credit societies, the liability is limited to a guaranteed extent.

The Raiffeisen organisation consists to day of a little over 23,000 societies classified as follows :

Local Credit Co-operatives (Rural Savings and Loan Banks) ...	11,001
Supply and Demand or Purchase and Sale Co-operatives ...	2,494
Dairy Co-operatives ...	5,516
Livestock Marketing Co-operatives ...	301
Egg Marketing Co-operatives ...	102
Fruit and Vegetable Marketing Co-operatives	194
Wine Growers' Co-operatives ...	540
Machinery and Threshing Co-operatives ...	738
Other Commodity Co-operatives ...	494
Electricity Co-operatives ...	405
Others ...	1,253
	23,038

These primary societies have in their turn united into central co-operatives in their region. There are thus about 79 central organisations in the whole Federal Republic, as shown below :

Regional Central Banks	12	(with 11,001 credit societies affiliated)
Regional Supply and Marketing Centrals.	13	(with 2,494 supply and Marketing societies)
Regional Dairy and Egg Centrals.	18	(with 5,516 dairy and 102 egg societies)
Regional Livestock Centrals.	11	(with 301 livestock marketing co-operatives)
Regional Wine Centrals	7	(with 540 wine growers societies)
Other Regional Centrals	18	(with other societies)
	79	

The Regional Central Organisations, except the banks, are once again united into National Central Institutions. The following types of National Central Institutions exist at present.

(1) One National Central for Milk, fat and eggs
(2) ,, Livestock
(3) ,, Grain
(4) ,, Wine
(5) ,, Fertilizers
(6) ,, Seed Imports
(7) ,, Mortgage Banks
(8) ,, Mortgage Banks
(9) ,, Insurance
(10) ,, Publications,

There are 12 Regional Associations to conduct the audit and to supervise the primary rural co-operatives. The Central Federation supervises the Regional and National Central Institution and audits their accounts.

The largest single group among the rural co operatives is thus constituted by the 11.001 local credit societies which are affiliated to the twelve Regional Central Banks. According to the co-operative law of Germany, every registered co operative society must be a member of an officially recognised auditing union, which carries out the audit and inspection of its member societies, advises them and represents their interests with the public authorities and with other organisations. The credit societies are all, therefore, affiliated to a regional auditing union in the region concerned like all the other co-operatives. There are as already mentioned twelve such regional auditing unions in West Germany, which are in their turn affiliated to the German Raiffeisen Federation, which represents the Raiffeisen Organisation as a whole in its negotiations and also acts as the auditing union for the Regional Central Institutions such as central banks, supply and marketing centrals, etc.

The local credit societies vary widely both in size and business depending upon the social and economic conditions prevailing in different parts of the country. About 80 per cent of them are multi-purpose societies combining deposit and loan transactions with bulk purchase of agricultural requirements and marketing of goods produced by the farmer. A good number of societies provide co-operative machinery services such as seed-cleaning and threshing. Small sized village societies are managed on honorary basis with part-time managers for a small remuneration. In certain parts, however, where the local society is fair-sized with a larger area of operation, a full time professionally qualified manager is appointed.

There would also be a separate supply and marketing society serving the area independently of the bank. In all country areas which are urbanised, the tendency at present is to favour the development of specialised credit societies of larger size with a strong trade membership. While the specialised types of societies like the supply and marketing societies, livestock societies, dairies etc. of the Raiffeisen Organisation are purely agricultural co-operatives, the membership of the credit societies is not confined to farmers only, but includes rural tradesmen, employees, lalourers, etc.

The primary function of the local credit societies is to meet the credit needs of their members. Generally, these societies supply short and medium term credit since their resources mainly consist of short and medium term deposits and similar borrowings from the respective Regional Central Banks. The long term credit needs are met by the two mortgage banks which derive funds by issuing long term bonds. The Regional Central Banks and the larger credit societies undertake the financing of agricultural supply, marketing, processing and service co operatives. Like the Volksbanks, the credit societies grant credit only to the members as required under law. But they do banking business both with members as well as non-members. The same principle is adopted by the Regional Central Banks also. The deposits for regional banks are mainly from various types of local and regional central co-operatives in their area. In addition to deposits of various kinds, co-operative credit institutions, especially the regional central banks receive medium and long term loans from outside sources and use them for medium term and long term loans to members of local credit societies and to co-operatives. Loans are also taken from the Raiffeisen Insurance Organisation, from other insurance companies and from others including the German bank for co-operatives. (Deutsche Genossenschaftskasse).

For cashless money transfers the local credit societies and the Volksbanks of Schulze-Delitzsch organisation have joined together in what is known as "Co-operative Clearing System". They use the regional central banks of both the organisations as regional clearing centres and the German Bank for Co operatives at the head clearing house.

The currency reform of 1948 in Germany affected severely the development of the co-operative banks as it did the other German banks also. The bulk of their liquid resources, which was either

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invested in Government securities or deposited with regional co-operative banks became worthless and consequently the owned capital of the banks was reduced to about one tenth of its previous value. Thus, for the first few years after the currency reform they were in a position to meet the credit needs of only those who were in serious need and even to do this they were very often forced to raise unprofitable loans. It was only by about the year 1952 that they were able to increase their resources by way of savings and other deposits to meet all the credit needs of their members. At the end of 1954, their deposits amounted to 3,200 million D.M. while the loans outstanding against the members amounted to 2,500 million D.M.

As the savings, current and other deposits form the main basis for the credit business of the local credit societies, there has been an intensive drive to increase such deposits. Like the volksbanks, the rural credit societies have also introduced various small savings schemes to attract new customers for savings deposits, particularly young people and housewives. Among the various schemes, the savings schemes that have been introduced by the rural credit societies into most rural schools deserve special mention.

Since the membership of the rural credit societies includes persons other than farmers also, the rural societies give credit to all sectors of rural economy besides agriculture. Out of the loans granted by them, about 40 per cent go to the farmers and 45 per cent to tradesmen while the balance of 15 per cent represents loans given to others such as labourers, professional people. etc. About 75 per cent of the loans sanctioned by these societies are short term loans.

As a result of the currency reform, the 12 regional central banks also had great difficulty for a few years in fulfilling their function as the balancing centres of the affiliated local credit societies. While their resources were small, there was heavy demand for loans from the societies. To meet at least the most urgent needs, they had to obtain advances from the central bank of issue. In the recent years, however, as a result of large accumulation of deposits with the local societies, the liquid reserve position in the regionals has considerably improved. The regional central banks supply also credit direct to the various types of agricultural co operatives such as regional commodity centrals, dairies, supply and marketing societies, etc. As a result of the continuous increase in the business of the agricultural co-operatives in the last few years, the volume of

credit and of deposits in this sector also has expanded considerably The central banks get their re-finance mostly by rediscounting bills with the landeszentral banks and by borrowing from the Deutsche Genossenschaftskasse. Most of the regional central banks having been licensed as foreign trade banks by the central bank of issue are able to effect international payments required by their member societies.

The Raiffeisen co-operatives as unions of small and medium farmers from the very beginning assumed those tasks, which the farmers could not fulfil because of insufficient contact with the market. They undertook both the sale and the utilisation of agricultural products and met the common requirements of their members—such as purchasing seeds, fertilizers, feeding stuff etc. for them. The functions of these co-operatives have, in course of time largely widened. Besides joint purchasing and selling, they are to-day serving as advisory bodies in regard to a wide range of problems. The progress of the rural co-operatives is said to be due to the fact that they have united into central co-operative societies, which give the local societies the necessary support. Due to the increasing specialization in all fields, the individual co-operatives are no longer in a position to deal with all tasks in a satisfactory manner to safeguard the interests of the members. Thus the central institutions step in to help their affiliated societies. Through the central co-operatives, the rural societies have become important factors in the market holding a substantial share in the total turn-over of certain products. They are, further introducing new plants such as potato drying plants and village laundries. The following figures reveal the proportion of the market share held by the rural co-operatives at present :

82	per cent in	milk delivered to dairies
42	,,	sales of cereals
30	,,	sale of fruits and vegetables
30	,,	wine crops
21	,,	utilised slaughter cattle
60	,,	purchase of fertilizers
74	,,	production of butter by dairies
65	,,	production of cheese and curd by dairies
68	,,	production of milk powder

The rural credit and other co-operatives of Raiffeisen organisation have thus served to strengthen small and medium farmers in

Germany. They have not only helped them to improve their economic position but also raised their intellectual and moral level. One of the main objects of all the Raiffeisen societies as stated in their by-laws is to raise the intellectual and moral level of the members. Today the members in all the societies take active interest in the affairs of their respective societies. They realise that a society exists for the common benefit of all those that have joined as members in it. The main principle founded by Raiffeisen "Each for All and All for Each" has still very great force as a guiding factor in deciding any issue. (This point could well be illustrated with an example. At the general meeting of a society attended by me, the question of introducing freezing service in the society was discussed. It was found that out of 180 members in the society, only 50 members would be benefitted by the introduction of this service. The subject was discussed at length and finally dropped. Though the principle "Each for All and All for Each" was not quoted by anyone on the occasion, it could be seen how inadvertently that principle acts as a guiding factor in arriving at decisions. This instance further helps to show the extent to which the intellectual level of the members has also been improved. In fact, Sir Horace Plunkett was himself impressed very much by the way the Raiffeisen Co-operatives had improved the intellectual and moral standards of the farmers and started such institutions in Ireland with the object of making the honesty of poor men, who had no bankable security available as a guarantee for obtaining small loans for the development of their industry, without having recourse to the "gombin man" (Though they worked successfully for a few years, they did not survive).

The Raiffeisen credit system spread beyond Europe and became the foundation of the Indian Co-operative Movement. During the close of the last century the Indian peasant was suffering from the same handicaps as his counterpart in Germany suffered a hundred years ago. The moneylender had become the tyrant of the village and the peasants lived in poverty with no chance to practice thrift or better farming or to improve the standard of living. (Sir Frederick Nicholson, a senior officer of the Madras Government was responsible for the introduction of co-operatives of Raiffeisen type in India. He ended his report to the Government with the appeal "Find Raiffeisen". It is even said that later he became the "Raiffeisen of India" himself.

Today the Indian rural co-operatives especially those of Madras, resemble in all respects the rural co-operatives of Germany. In Madras also, as in Germany, the rural societies have mostly smaller areas of operation with unlimited liability. While some of the large sized societies are managed by full-time paid staff, the smaller ones are run by honorary or part-time officials. The only differences that could be observed between the Indian and German rural co operatives are that while 80 per cent of the rural credit societies in Germany have become multipurpose societies, the Indian co-operatives have not to such an extent developed as multipurpose societies. The recent tendency in Madras has been to convert as many credit societies as possible into multipurpose societies. Secondly, in India we do not find different rural co operatives of specialised nature dealing in different farm products in such large numbers (in proportion to the size of the country and the agricultural population) as are found in Germany sharing appreciable proportion of the total volume of trade in such products. Thirdly, the German co operatives offer banking facilities to the people in the remotest part of the villages. Almost every family in each village has banking account with the local credit society. The use of current accounts and payments by cheque have now become very common. The current deposits of the societies have thus become an important factor safeguarding credit supplies to the rural middle class. In India, steps are being taken at present to expand the banking facilities in rural areas with a view to mobilise savings and assist capital formation for the various plans. It would be better to introduce in all the rural banks that are being started in Madras at present special savings schemes like those that are being operated in Germany.

Since Germany has now become an industrial country, only about 18 per cent of the population are engaged in agriculture. If the specialised rural co-operatives could work successfully in Germany with a small percentage of agricultural population, in India it should be easier for such co-operatives to play an important part in the economy of the country as the percentage of agricultural population is as high as about 75. Only when such co-operatives are well developed, it would be possible for the Indian farmers to obtain good returns for their labours.

The German Bank for the Co-operatives (Deutsche Genossenschaftskasse)

In Germany, there existed from about 1895 a central co-operative bank dealing with all sectors of co-operative activity. This bank was forced to stop its activities at the end of the war and had to be liquidated as a result of the partition of Germany. It is to take the place of the bank, the German bank for the co operatives has been established by a special federal law in 1949. The main object of this bank is to promote co-operation by acting as a central bank for all types of co-operatives namely (1) rural, (2) industrial, (3) consumer and (4) housing. The share capital of the bank is 9,339,000 D.M. subscribed by the Governments and the co operatives in the following manner:

Federal Government	D.M.	1,000,000
Local Governments	D.M.	3,040,000
Co-operatives	D.M.	4,762,000
Other corporate bodies of which co-operatives are members	D.M.	537,000
Total	D.M.	9,339,000

Under the law, the Governments cannot hold more than 49.9 per cent of the share capital. Besides this foundation capital, the bank's owned capital consists of another 68 million D.M. (64 million D.M. being its share of the proceeds of a special tax on agriculture and the balance being the reserves created out of its own profits.) Till the year 1951, the bank was authorised under law to issue credits only to the agricultural co-operatives. In 1951, the law has been amended permitting the bank to finance all the sectors of co-operative activity.

The bank accepts deposits from the public and also raises short, medium and long-term funds from private and public sources, (Such as borrowing from insurance companies). The bank has sanctioned credits to the extent of more than 500 million DM. About 150 million DM have been sanctioned as long term loans from the Marshall Aid funds and other Government schemes through this bank. The bank's agricultural credit activities include the financing of central storage of grain, fats and meat; the financing of the central purchase of fertilizers by the special Raiffeisen national and central institutions for the supply of agricultural requirements on behalf of all agricultural co.operatives; and the channelling of a considerable volume of public long term loan funds into the agricul. tural co-operative sector.

The affairs of the bank are managed by an administrative council consisting of 25 persons of whom 14 represent the co-operatives and only six represent the governments. The working of the bank is supervised by a Kommissar (Commissioner) appointed by the Federal Government to ensure that the business of the bank is conducted in accordance with the laws and the bank's statutes.

Central Credit Institution for Agriculture :—(Landwirtschaftliche Rentenbank): The origin of this institution is similar to that of the German bank for the co-operatives. From the year 1925, there existed in Germany an agricultural central bank (Deutsche Renten. bank Kreditanstalt) which was in full function till 1945. After the war, it could not carry on its normal functions.

Since the war hit agriculture considerably and since it was felt that agriculture should be modernized, the establishment of this new institution was found necessary. The institution was founded on the same day (11·5·1949) as that of the German bank for co-operatives under a special federal law.

The main object of this institution is to procure and grant loans for purposes of farming and food production, including forestry and fishing. Thus the institution grants all kinds of loans exclusively for those forms of activity. As this happens to be a central institution in the position of a bankers' bank, it does not usually enter into direct relation with the ultimate borrower. For the purpose of lending, therefore, it makes use of the various regional institutions operating in the Federal Republic of Germany engaging themselves in lending to farmers. In exceptional cases, this bank grants loans directly to enterprises of general importance to agriculture in Western Germany, or for the storage or sale of farm products. It engages in all kinds of banking business which relate directly to the performance of its functions as an agricultural central bank. (For example, it acts as a foreign trade bank only in respect of import or export of grain, etc. which have relation to agriculture).

The position in regard to the capital of the bank is of special interest. There is no share capital subscribed by any persons or institutions. The capital is derived from a special kind of tax imposed on agriculture. By law, this bank holds a kind of land charge on all the farming, forestry and horticultural enterprises of any size. In respect of this, the enterprises are required to pay for a period of ten years (from 1949 to 1959) a kind of special tax (or interest) at the annual rate of 0.15 per cent of the standard value of the properties subject to the charge. ("Standard value" is a concept of tax law. The tax authorities estimate the average net profit which can be continuously derived from the farming enterprise. This is done at intervals of about five years. By capitalising this net profit, the "standard value" is arrived at.) Out of this tax, this bank must pay under law 50 per cent to the German bank for co operatives until the latter gets 64 million DM which is its allocated share. By the end of 1954, the claim of the German bank for the co operatives has been satisfied. Thus this bank has now the entire amount of tax for itself. It is estimated that by 1959 until which time the present law is in force about 130 million DM would have been collected as capital for this bank. As per the law, the bank has to carry all the net profits to a special reserve fund until its capital inclusive of this reserve fund aggregates to 200 million DM. With such capital resources, the Landwirtschaftliche Rentenbank is bound to become one of the most powerfully capitalised credit institutions in Western Germany.

In order to fulfil its tasks efficiently and effectively, the Landwirtschaftliche Rentenbank is permitted to borrow and to issue bonds up to six times its capital. Due to the insufficiency of funds in the capital market, the bank could not issue bonds during the first few years. It was thus getting the finances only from the Marshall aid plan funds provided for farming and from the Work Creation Resources of the Federal Government, besides its own share of the special tax described earlier. From the year 1953, conditions have become favourable for the issue of loan bonds. Until now the bank has issued bonds four times to the extent of 100 million DM. The bank generally gets short term refinance by rediscounting the bills with the Landeszentral bank.

Most of the loans granted by this bank are for medium term ranging from four to 10 years and long term periods exceeding 10 years. The short term loans have not been provided for the most part to the actual farmers. They have been mostly issued to trading and manufacturing enterprises and to the Governmental import and storage agencies for the purpose of financing the processing and storage and of promoting the sale of farm products. The short term loans thus benefit the farmers indirectly. The farmers are enabled to receive prompt payments for their products. The funds to be utilised for the public storage purposes are provided jointly by a number of banks who have joined in a "Banking Syndicate" with the Landwirtschaftliche Renten bank as the head.

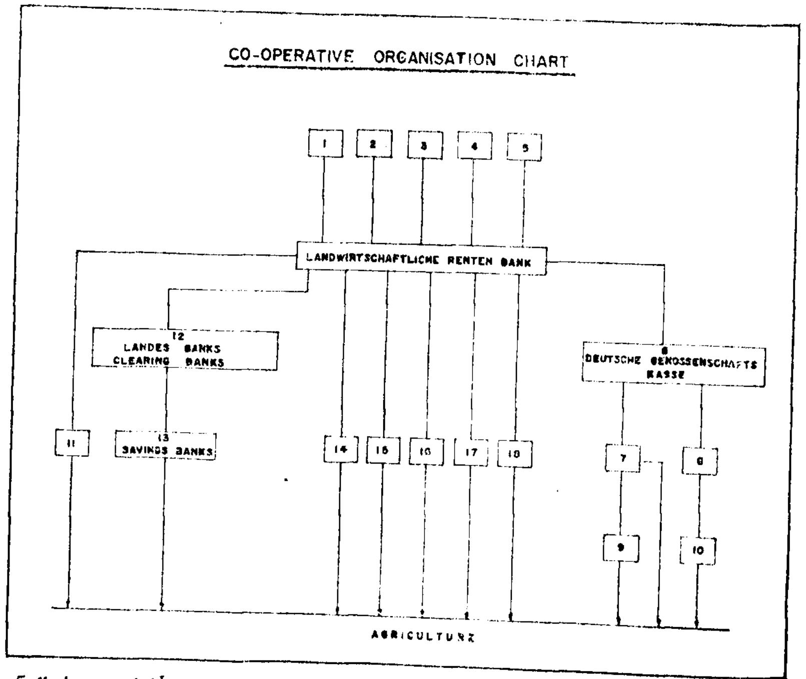
In view of the special importance of the Governmental stockpiling of foodstuffs, the Federal Republic has assumed liability for loans in this category as a direct co-debtor and guaranteed the repayment of such loans.

The Landwirtschaftliche Renten bank has during the last six years and a half come to be a significant reserve of financing power for farming in Western Germany.

Medium and long term loans advanced by this bank are for capital projects serving to increase the production as well as to improve the efficiency of farms. Loans are also given for the construction of all kinds of farm buildings, for drainage and water conservancy schemes, for soil improvement, for land clearance, etc. Special types of loans are also being given under the programme of the Federal Government for improving the structure of agriculture and strengthening the competitive power of small farms, which exist in large numbers in Western Germany. The interest rates of funds available to agriculture from the capital market being high (i.e. seven to nine per cent.), the Federal Government is taking steps to attract more long-term loan capital to agriculture and make it available for constructive purposes at an economic rate of interest. Subsidies are therefore being made by the government to enable the interest rates being brought down to five per cent for agriculture and four per cent for special improvement schemes. Credit facilities to the farmers belonging to the co-operative sector also are available from this bank through the agency of the German banks for the Co-operatives (DGK).

The board of directors of the bank, which has 30 members consists of representatives of government, trade unions, farming and food production, and agricultural credit institutions besides representatives from the DGK, Central Bank of Issue and the Bank for Reconstruction. As in the case of the DGK, the bank is supervised by the Kommissar appointed by the Federal Government to safeguard the public interest and to ensure that the provisions of the laws and the bank's statutes are properly adhered to.

Though this is not a co-operative institution by itself, its importance or significance to the co operative movement lies in the notable contribution that it makes to the agricultural credit system through the co.operative sector also. The various channels through which credit reaches the agriculture from this bank could be illustrated by means of the following chart:



1 to 5 represent the resources :

(1) Foreign capital market (not made use of till now)
(2) Internal capital market
(3) Central bank system (Bank Deutscher Lander and Landes Central Bank)
(4) Federal Government subsidies and the tax allocation
(5) Bank for reconstruction (Marshall plan funds, etc.)

6 to 10 represent the co-operative sector through which credits reach agriculture :

(6) Deutsche Genossenschaftskasse
(7) The Central Banks for Rural Co-operatives
(8) The Central Banks for Volksbanks
(9) Rural Credit Societies
(10) Volksbanks

11 to 18 represents the non-co operative sector through which credits reach agriculture:

(11) The various banks which are associated in the "Banking syndicate"
(12) Landes banks and clearing banks (under public law)
(13) Savings Banks
(14) Land Credit Institutions
(15) Other Commercial Banks dealing in agricultural credit
(16) Private Mortgage Banks
(17) Agricultural Credit Banks

(18) Special Agricultural Credit Banks. (Institutions engaging in special forms of credit such as Farm Machinery Financing Company.)

The German Co-operative Credit System, presents an impressive picture by its spectacular achievements. What appears even more remarkable about them is the rapidity with which they have recovered from the destructive effects of the second world war and the drastic currency reform of 1948. The development of the co-operative credit movement as a whole in Germany has been mainly due to emphasis placed on self-help, self-reliance and self responsibility. The co-operatives in Germany never court any kind of support from outside agencies. No doubt, they enjoy certain privileges at the hands of the Government. For example, they have certain tax concessions. Another kind of Governmental assistance is to be found in the establishment of the central bank for the co-operatives (Deutsche Genossensehaftskasse) under federal law with capital subscribed by the Governments and a share of 64 million D.M. allocated from the special tax imposed on agriculture. These concessions are not considered as any special favours conferred upon the co-operative movement but are regarded as an obligation of the State to a certain form of economic enterprise, which has been in existence for a long time. In spite of the above mentioned concessions granted and assistance given, the Government does not either exercise any control over the administration of the co-operatives or dictate any policy to be pursued by them with regard to the management of their affairs. Even in the case of the central bank (DGK) established under the federal law, the Kommissar appointed by the Government is only to ensure that the provisions of the law are adhered to. With regard to the internal policy or administration he does not have anything to do. The administrative council of the bank is free to have its own policies, so long as its actions are within the framework of the federal law and the bank's own statutes.

The Indian co operative movement is not so free from State control and State supervision as that of Germany or any other developed country. The reason is more due to the origin of the movement itself. The co operative movement in India is a gift from the government to the Indian peasants. In the early years of this century, the movement was introduced to solve the problem of rural indebtedness and to ensure the economic welfare of the Indian peasants. At that time, the Indian peasants were not sufficiently prosperous and educated to run their co-operatives on the basis of self-help and self-responsibility. There were not many others, who could devote much time to work for the movement. The government had, therefore, to give the necessary assistance and supervise their working. The movement has lived for more than 50 years and has spread in several fields other than agriculture. More and more people of ability and character are being drawn into the movement. It would be better at this stage if the co-operatives are allowed to develop on more democratic lines based on self-help and self-responsibility. The government should limit its control to ensure that they are run on sound lines without acting against public interest. The recent tendency on the part of the Government of India has been to take more active part in the movement in order to make it an effective instrument for improving the economic condition of the people, especially in the field of agriculture and cottage industries. While all kinds of encouragement and assistance from the Governments are welcome to the movement, it should be said that the unlimited control of the co-operatives by the Governments and the unnecessary interference of the Government departments in all the affairs relating to the business methods of the co-operatives will kill the incentive of the people to take keen interest in developing their co-operatives with a view to improve their common lot on the basis of self-help and self-responsibility. There is also the possibility of people endowed with business talents and character withdrawing themselves from the Movement. It should be the aim of the Government to encourage people themselves to participate actively in developing the movement with a view to improving their living conditions by their own efforts, so that the Government may be free to do other functions of national importance. At the same time it is necessary to ensure that a cordial relationship exists between the state and the co-operative movement. Happily, to-day the Indian co-operative movement enjoys like the Irish movement the confidence and respect of all the political parties. On no grounds should the State entirely withdraw its sympathy and support to the movement lest its interests should at any time be overlooked by any political party in power thus driving the movement to enter the political arena. As Luzzatti remarks, "Co-operation was never and ought never to be the monopoly of any school, of any sect, of any party, but it ought like the light of the sun, to shine upon the heads of all miserable mortals."

XXVIII Session of the Central Banks' Conference

PROCEEDINGS OF THE CONFERENCE HELD ON SATURDAY, THE 14TH JULY 1956 AT THE PREMISES OF THE MADRAS STATE CO OP. BANK, LTD., MADRAS-1.

PRESENT:

The following Central Banks were represented by their delegates noted against each :—

	Name of Central Bank		Name of Representative
1	Vellore	...	Sri B. Bakthavatsalu Naidu. M.L.A.
			,, T. Krishnamurthi Gounder
2	Salem	...	,, K. S. Subramania Gounder
			,, T. M. Chinniah Pillai
3	Coimbatore	...	,, S. K. Chenniappa Gounder
			,, S K. Ramaswami Mudaliar
4	Nilgiris	...	,, T. B. Lingam
			,, A. Salai Gouder
5	Malabar	...	,, T. P. Raghava Menon
			,, T. H. Narayana Kurup
6	South Kanara	...	,, S. Narasapaya, M.L.C.,
7	Madras	...	Dr. P. Natesan
			Sri M. Kunthanprasad Lal
8	Kancheepuram	...	,, S. Ellapa Mudaliar
			,, K. Srinivasalu Naidu
9	South Arcot	...	,, M. Pachaiappa Mudaliar
10	Kumbakonam	...	,, N. S. Ramalingam
11	Tanjore	...	,, A. Krishnaswamy Vandayar
			,, S. Ramalingasami
12	Tiruchirapalli	...	,, P. B. K. Rajachidambaram Reddiar, M.L.A.
			,, T. P. Thandavan Chettiar
13	Madurai	...	,, A. M. Mathuraipuli Gounder
			,, V. Alagappan
14	Ramanathapuram.		,, R. Nagulasami Naidu
			,, A. K. Thiruvenkatappa Naidu
15	Tirunelveli	...	,, K. Muthukaruppa Pillai
			,, V. S. P. Kandaswami Reddiar

Delegates of the Madras State Co-op. Bank

1 Sri Medai Dalavoi Kumaraswami Mudaliar
2 ,, P. S. Rajagopal Naidu, M.P.

3 Sri D. Krishnamurthi Gounder, M.L.A.
4 ,, C. S. Ratnasabapathi Mudaliar
5 ,, K. Nanjundiah
6 ,, P. Govinda Menon
7 ,, R. Kanakasabai Pillai
8 ,, M. Ramadoss Mudaliar
9 ,, T. S. Muthukumaraswami Pillai
10 ,, R Arunachala Ambalagarar
11 ,, V. Pasupathi
12 ,, V. V. Ramasami, M.L.C.
13 ,, S. Thirunavukkarasu Mudaliar

Sri A. Palaniappa Mudaliar, M.A., Registrar of Co-operative Societies, Sri G. Ramachandran, I.A.S., Director of Handlooms, Sri S. Nityanandam, Sri A. Hirudayaswami, and Sri Mohamed Abdul Hafeez, Joint Registrars of Co-operative Societies, were also present on invitation.

Besides the above, the following official and non official co-operators of the adjacent States of Mysore and Travancore, who were then in Madras to attend the meeting of the *ad-hoc* Committee set up by the Reserve Bank of India to consider the adjustments among co-operatives consequent on the purposed Reorganisation of States were also present on invitation.

1 Sri H. S. Sitaram, President. Mysore State Co-operative Bank, Ltd.
2 Sri R. Anantaraman, President, Mysore Co-operative Land Mortgage Bank, Ltd.
3 Sri Marudeva Gowda, Registrar of Co-operative Societies, Mysore.
4 Sri G. Parameswaran Pillai, President, Travancore-Cochin State Co-operative Bank, Ltd.
5 Sri K. Bhaskaran Nair, Secretary, Travancore Credit Bank.
6 Sri P. Sivarama Pillai, Registrar of Co-operative Societies, Travancore Cochin.

Welcome Address by Sri Medai Dalavoi Kumaraswami Mudaliar, President, Madras State Co-op. Bank, Ltd., Madras

The Hon'ble Sri C. Subramaniam and friends,

As the President of the Madras State Co-operative Bank, it is indeed a very great pleasure for me to welcome you to the 28th

Session of the Central Banks' Conference. I am particularly beholden to our revered Minister, Sri C. Subramaniam for having so kindly consented to inaugurate the Conference, in spite of the many calls on his very valuable time and for the promptness with which he agreed to be present here. His consent only evidences his abiding interest for the socio-economic development of this country and his avidity to see for himself with first hand information, the part which this movement is playing in this State. His knowledge of men, matters and finance is unique. With that knowledge and his experience as a Minister of this State, his advice should be of immense use to us. I thank you once again, Sir, for your kind patronage.

The last time such a Conference was held, was in February 1955. It was held to discuss the report of the Rural Credit Survey Committee sponsored by the Reserve Bank of India and which had just then been published. At that Conference and the one held at Patna, strong and varying views on the recommendations made by the Committee were expressed and in spite of the fact that the position of co-operatives in Madras was at a definity better footing than obtaining elsewhere, it was generally agreed that in the wider context, Madras should also fall in with such of the recommendations which may be finally decided upon.

We are now on the threshold of the implementation of some of these recommendations of the said Committee, and as a first phase, the State Co-operative Bank and the Central Banks have been invited to receive contributions from the Government in the from of share capital. Towards this object, the by-laws of the concerned institutions are undergoing amendments. I presume that ere long the amendments to the by-laws of the Central Banks would be completed, although there was considerable divergence of opinion in regard to receipt of funds from Government either by way of share capital or otherwise. I am expressing this in the hope that if we co-operatives are to avail ourselves to the maximum advantage of the facilities which are to be afforeded to us by the Reserve Bank and in respect of some of which guarantees have necessarily to be given by the Government as enjoined in the Reserve Bank of India Act, it is but meet that we should have the representatives of the Government on our Boards. I do admit that it is embarrassing for a State Co operative Bank of our stability and unique position to request the Government to give their guarantee for accommodation granted to us, and which we can easily manage without but for its concessional credit. Nevertheless, since it is one of our objects to afford the maximum service to the agriculturists, it is perhaps unavoidable, at least in the initial stages, to refrain from making use of Government funds. But as regards the canalization of such funds, negotiations with the Government on the one hand and the Central Banks on the other will have to be conducted for correlating the dividend periods. With a sympathetic approach on both sides, the time lag between the Government investment in the State Co-operative Bank and the yield from such investments at the Central Banks ought to be reduced to a practical minimum.

While on this subject, the question which is brought to my mind and which I see is on for consideration on to day's agenda is the borrowing powers of the State Co-operative Bank and the Central Banks. I believe it was in 1926 that restrictions on the borrowing capacities were last imposed. Then the Movement was in its relatively infant stages and there were no activities other than credit. In view of the fact that there are no such parallel restric tions for commerical banks, whose business is certainly attendant with more risks, I am of the opinion that maximum credit limits for us require drastic revision and especially so with the part which we are expected to play in the Second Five Year Plan. As the subject is marked for consideration on to-day's agenda, I do not want to anticipate your decision.

Another subject which has been on the anvil for discussion for some years past is the question of provision of medium term finance. Till the carving out of a separate State for Andhra, the need for short term finance being more than medium and long term finance, preferential consideration was shown for short term loan applications. Now that the division of assets and liabilities of the State Co-operative Bank necessitated by the formation of a separate State for Andhra has been completed, and the newly formed Andhra State Co-operative Bank has also repaid its loan of nearly Rs. 1.5 crores, the position of this Bank has been one of surfeit of funds. But in spite of this, the State Bank has not been able to provide medium term credit to the extent required because of the concessional rate at which such funds are to be given. Perhaps, if the present policy of affording credit at the same rate irrespective of the term of the credit is given up, the medium term needs of the Central Banks may be satisfied, in a greater measure.

When we met last, the question of providing medium term finance to the agriculturists was pressed by many representatives.

The State Co-operative Bank had just about then arranged to set apart Rs. 40 lakhs out of its funds and very soon after the Reserve Bank of India also came with a like amount. Recently, a further sum of Rs. 30 lakhs has been provided by the Reserve Bank of India. Even in spite of these allotments, the requirements of some of the Central Banks have not yet been fully met by the State Co-operative Bank. This is mainly due to the fact that medium term limits are not rotating limits and that once a repayment is made, medium term credit to that extent gets extinguished. It has been the contention that if medium term funds are utilised for the specific purpose for which they are intended, cases of repayments before the due time would be few and far between, but in fact repayments of medium term funds obtained from the State Co-operative Bank have been more than anticipated. The reasons for such advance repayments are worth ascertaining.

Another aspect of finance which has been resorted to on a rather large scale is that of weavers' finance undertaken hy the Central Banks on account of allocations from the Cess-Fund. The volume of such a finance has now risen to over Rs. 1.5 crores. Much criticism against Central Banks is being levelled for their apparent antipathy to weavers in general. It is a pity that Central Banks should be the objects of such criticism, when in my opinion all types of co-operative societies are being given the same kind of consideration, and differences, if any, in the dispensation of credit are due, if it all, to the varying nature of the financial and administrative structures of the societies and no other. I am however glad that a frank discussion and exchange of views between financing institutions and the weavers' societies took place in Madras very recently and that a better understanding is likely to prevail as a result. I would like to assure the weavers societies that many of the conditions which are imposed by Central Banks are fairly local and refer to certain individual societies alone and that whatever conditions may have been imposed on them, they are only in the routine course of business and as a necessary requisite for any financing institution, which is a repository of public funds and deposits.

Gentlemen, I do not want to take any more of your time. We have met here for mutual consultation and for co-ordinating the activities of the various agencies. I see from the Agenda that nearly all the aspects of the Movement in which difficulties are likely to be experienced, have been included for discussion. They are but a happy augury of the part which the Movement is yet to play in its service to the people. I am glad that the Registrar is here to help us in our delibrations and Sri Narasapaya has made it convenient to respond to my invitation to preside this evening. The members of the Board and I have during the relatively short period of his stay with us been impressed with his calm and practical approach to the various problems discussed at our meetings and I felt that before the reorganisation of States takes him away from us, we should have his wise counsel to conduct the Conference after our Hon'ble Minister inaugurates it, which I now request him to do.

Inaugural Address by the Hon'ble Mr. C Subramaniam, Minister for Finance, Government of Madras

Mr. Kumaraswami Mudaliar and friends,

I have been directed to speak in English because I am told that we have a few friends here who may not be able to follow a Tamil Speech. Certainly we cannot ignore our guests here. But I hope ere long it will be possible for us to have a common language of our own and it may not be necessary for us to have a foreign language as a common language for our Country.

Mr. Mudaliar came to me just about this this time yestesday and wanted that I should inaugurate this Conference. I told him that he was giving me very short notice but still since he persisted in his request that in spite of the short notice, I should come over here, I readily agreed because I knew almost all the stalwarts of the Co-operative Movement and all the persons who formed the backbone of the Movement would be present here, and it would be a privilege to meet them all.

Mr. Mudaliar in his welcome address was telling us that in spite of the divergence of opinion regarding acceptance of Government funds etc., it was generally agreed that in the wider context, Madras should also fall in with the recommendatians of the Rural Credit Survey Committee in this behalf. That itself shows that you do recognise that various changes and adaptations have got to be made in the working of these principles so that the aims and objects for which these Central Banks are constituted may be fulfilled more effectively and efficiently.

One important feature of the Co-operative Movement is that it is manned by the very persons who have interest in them. This is different in the commercial banks. They have got there own clients

who are completely different from the Banks and concern themselves only with their business with those banks. So far as Co-operative Institutions are concerned, these institutions are formed by the very persons for whom the Institutions are intended and therefore these institutions are run by these persons. So it would be possible to carry out the necessary changes and directions which would meet the needs of the people. That is the greatest adventage in the Co-operative Movement. This object must always be kept in mind. That you must have been adapting yourselves to exigencies is very well shown by the fact that you are meeting here in the 28th Session of the Conference. I must say that this Conference is meeting just at the time when revolutionary changes are taking place in the country. We must take note of the changes and adapt ourselves to them. There is no use of sticking on to old maxims and principles. They were good by themselves and suited to the then existing circumstances. But the same maxims etc., may now prove a heavy weight hanging round our neck. That is what we see in every aspect of life. Certain institutions are good in certain circumstances. When these circumstances do not exist, those institutions remain without any meaning whatsoever. We have therefore to take note of the existing circumstances and make the necessary changes, otherwise you will find contradictions and conflicts. To-day we want that a socialistic pattern of society should be established. That is our objective. Therefore we have got to see that every institution in our country works for the fulfilment of this purpose ; if that is not done, our objective will be delayed to that extent in a socialistic pattern of society, the co-operative instiutions will have to play a vital part. All of us are greatly interested in the success of this Movement and we should see that our past traditions do not stand in the way of making this a success. The Movement should therefore serve the present and future needs of the society.

We have got to see that the co-operative institutions expand in the agricultural sector. The first and foremost requisite for any society based on principles of justice is that everybody should have enough to eat at least, and so if that need is to be met, it is possible only by increased production. The increased production has to be done only through the agricultural sector. After taking into account the present requirements, we fixed at 15 per cent increase in the agricultural sector in the Second Five Year Plan. It is now stated generally that unless we have reached a 40 per cent increase in food production, we will not be able to achieve the objective of food requirements. It has been emphasised that if we can aim at 40 per cent, we will be able to reach the level of at least 25 per cent.

The success of the Plan depends upon the controlling of the prices of foodstuffs. If we allow the prices to go above a certain level, that will upset the very target set up in the Plan. We are very backward in agricultural production, when compared to countries in the East like China claiming to progress rapidly. We are getting only 50 per cent of the yield which they are able to get on a plot of land. We have now to study and find out what are the obstacles in the way of production. One of the greatest obstacles facing our agricultural population, particularly the small farmers, is their indebtedness lack of capital to invest in the land, not even for purposes of improvement to the land. For improving the land, they should have sufficient money. The Planning Commission wants that the Co-operative Institutions should come to the help of the agriculturists in a greater measure so that the necessary capital may be made available to them to carry on the agricultural operations and have increased production. That can be one of your objects. The target fixed for increased agricultural credit is 21 per cent for the co operative institutions by the end of the Second Five Year Plan period. That is a small per centage and 79 per cent will still have to be provided by commercial banks and private money lenders. There are people who are pessimistic of attaining even the meagre target of 21 per cent of agricultural credit. The President rightly claimed that Madras leads the way in Co-operation, and if the target of 21 per cent is fixed for the whole of India to be reached, the leading States will have to have a bigger target to reach at least the All India percentage of 21 per cent. Unless you have a target of 40 per cent in Madras State, the over all percentage of 21 per cent cannot be reached. Otherwise, there is no use of claiming leadership in the Co-operative Movement. We have been working these institutions much better than any other State. I want you, Sirs, to consider this and lead India again and show the way to others that 21 per cent is after all nothing and that a much better target can be set up and achieved. I am sure your Conference will consider this. You will have also to consider what are the other steps that have got to be taken to achieve your objective.

Till now, we have been having only small societies in each village, and the agricultural credit by co-operatives was limited so

far only to the better placed farmers. They had unlimited liability and only prosperous and creditworthy persons were being admitted as members of the societies and it was working fairly satisfactorily so far. In the present set up, if the credit facilities are to be restricted only to credit-worthy persons, yon cannot achieve your objective. Your objective should therefore be not to be content with the facilities afforded to better placed persons but to help persons who need your help most to-day. Instead of a small society for each village, there should be a big society for 5 or 10 villages combined together. You should not depend upon the local honorary workers alone, but there should be fully trained officers so that the affairs of the society could be looked after fairly well. We are now experimenting by establishing larger societies. We have established 25 or 26 rural co-operarive banks to cater to the needs of the agricultural population. All these are pilot schemes. With your experience, you should be able to tell the Co-operative Department the best ways of expanding agricultural credit and see that a large number of people who really need the help are brought into the co-operative fold. Along with agricultural credit, the question of marketing also will have to be taken up. Then only it will be easy to recover the loans advanced. It is for you to decide whether you should have separate marketing organisations or multipurpose co-operative societies for marketing the produce of the members. You must endeavour to provide the farmer with all the necessary materials such as seeds, implements, fertilisers, etc., to enable him to make a decent profit. He should also be made to produce as much as possible.

After all our prosperity will not merely depend upon agriculture alone. There should be other industries also. Particularly in the sector of handloom, it has been decided that the Co-operative Institutions should play a greater part and I am glad it is expanding more and more and for the purpose of expanding weavers' co-operative societies, the Government have got the help of the Madras State Co-operative Bank and the Central Banks. Till now, we have been hearing complaints that the responsibility thrown upon the State Co-operative Bank and the Central Banks for financing these weavers' societies have not been discharged satisfactorily. There might be few exceptions. If we want progress, we will have to take certain risks. I would implore particularly the experienced gentlemen who are the Presidents of Central Banks to take a broader outlook and keep in mind the purpose for which these institutions are intended.

The President was pleased to state that we are all well established, and that our credit is so high that we need not require the guarantee of the Government or participation of the Government. For advancing moneys to the weavers' societies, you want the Government to bear the entire loss. We do not want the help of the Co-operatives, if we are to bear the entire loss. You want a margin of 4 per cent but you will not take any risk and certainly this is not fair. Your objective therefore should be that the volume of finance provided for agricultural credit and handloom industry is expanded. I therefore expect that you will at least pass the entire amount of cess fund loans to the weavers' co-operatives in about six months at the most. After all, we have to depend mainly upon the Handloom Industry for further expansion of cloth production. The greater the production, the greater the industrial prosperity of South India. We should therefore see that the agricultural and handloom production are increased and the agriculturist and the weaver get a fair wage. These are the two important sectors in which you will have to play a vital part or you will have to surrender your jurisdiction and say you are unable to do it and leave it to the Government. You know how to transact business in the changed circumstances and I have absolutely no doubt you will play your part truly and well, with your past experience in business activities and see that this Movement becomes a great success. As you have always been leading in India, with your integrity and honesty of purpose, you would be able to lead the way again as far as the Co-operative Movement in South India is concerned.

Gentlemen, I have great pleasure in inaugurating the proceedings of this Conference and I wish you all success in your deliberations.

Presidential Address by Sri S. Narasapaya, B.A., B.L., M.L.C., Director, South Kanara Central Co-operative Bank, Ltd

Brother Co-operators and Friends,

I am deeply grateful to you for the honour you have done me in asking me to preside over this Conference. I am fully aware that it is not due to any special merit I possess that you have asked me to preside but it is due to the affection you have for me, and that affection of yours, I will always cherish with gratitude.

It will be presumptuous on my part to make a speech to this gathering. You are the cream of the Co-operative Movement in

the entire State. All of you are veteran Co-operators, who have been rendering dedicated service to the cause of the Movement and thus to the country and the Nation.

The Co-operative Movement is on the threshold of a momentous change. More than 50 years have passed since the Movement was introduced in our Country and our State and both officials and non-officials have been working for the progress of the Movement. But still the Co-operative Movement has not come to its own. All along the Movement was being given a step-motherly treatment by the Government and the Co-operative flag has been kept flying mainly by the untiring efforts of non-officials. It is no doubt true that there has been Governmental check, inspection and guidance. But even the regular departmental officials were not being treated as equals to other officials. But all that is now changed.

Ever since the attainment of independence, emphasis is being laid on the Co-operative Movement, at all levels. In international policies, we have chosen the middle path of effective neutralism, without aligning ourselves with any of the power blocks ranged against each other. In the Country, we have accepted the socialist pattern of society as our goal. As a necessary corollary, the co-operative principles of life has to be, and has been, accepted as the means of achieving economic regeneration of the country. The All India Rural Credit Survey Committee Report has stated that co-operatives are a failure. While this is most depressing to us, the workers in the co operative field, it has also stated that co operatives must succeed. To-day the recommendation of the Committee has been accepted by the Government and the people and it is the Bible on which the expansion of the Movement is planned.

Having worked and lived all these years—till the attainment of independence—under a foreign Government, it is difficult for us to give up our line of thinking that people and Government are different. To-day the Government is our own and the Government is for the people. The welfare of the country and the economic regeneration and uplift of the millions of our countrymen is the primary concern of the Government. To every aspect of the country's economy which touches the life of the people, the attention of the Government is immediately drawn. When co-operatives have to succeed for the economic progress of the country, it becomes directly the duty of the Government to see that they succeed. It is in this view that we ought to see the proposed State partnership in co-operative institutions. It is to give security and stability to the institutions and confidence to the people that the State is coming forward with offers of capital and personnel. It is our duty to accept these and work hand in hand with the State which is our own and whose purpose is nothing other than our own—the progress of the Movement and uplift of the people.

Eighty per cent of our people live in the villages dependant on agriculture for their means of livelihood. Their main problems are credit and marketing. It is not surprising therefore that emphasis is laid in the Second Five Year Plan on these two problems of the agriculturist and the co-operatives are required and expected to actively help in solving these. It is now unanimously accepted on the basis of the recommendation of the Rural Credit Survey Committee that formation of large sized societies is the only method of making co-operatives effective. It is undeniable that having worked all these fifty years in the field of credit, we have hardly touched the fringe of the problem of agricultural credit. Small and weak societies, with hardly any sizable transaction, dependant entirely on the likes and dislikes, whims, fancies, friendship and enmity of an individual, working as a Honorary Secretary or President could never be conducive to the expansion or growth of the Movement or help our objective. Being apprehensive of inability to cope with the work if societies expand, we very often come across instances where the chief office bearer of the society is reluctant to and obstructs any expansion. The Co-operatives can satisfy at least a part of the credit requirement of the agriculturist only if they are strong, self-reliant units able to stand on their own legs. This could be achieved only by the formation of large societies. As it is not possible to form a full fledged large sized society at a moment's notice, and as it will have to be done by a gradual process of healthy growth, the Governments have come forward with various schemes of subsidy and grant. During the 5 years of the Second Plan period as much as 10,400 large societies are decided to be formed and of these 400 will be in Madras State. The main problem in the formation of large sized societies is the employment of a full time, trained supervisor to work the society. While the large-sized society cannot be formed, worked and developed without a paid Secretary or Manager. the resources of the society will be inadequate for such payment, While we are thankful to the Government for offer of subsidy for payment to staff, I take this opportunity of emphasising that the offered subsidy is absolutely inadequate. For the first five years

after the formation of a large-sized society, the entire cost of the paid staff of the society must be borne by the Government. It is only thus that the large-sized societies can be made to grow and function so as to properly solve the credit problem.

The 400 societies envisaged for this State in the Second Five Year Plan are not at all sufficient to tackle the real problem of rural credit. While the Second Five Year Plan proposes formation of 400 societies, it is not necessary that we should restrict to this number. By propaganda and pursuasion it is quite possible to form more societies. This has to be done either by enlarging the existing societies where it is feasible of enlargement or by amalgamation of existing societies. It is no doubt true that at the outset, the small societies may be reluctant to amalgamate with other units and thus loose their identity and individuality. When we find this spirit of wanting to preserve the identity and refusal to merge into bigger units even in the political spheres, it is not surprising that village societies show this anxiety. But I have found that if you actually go to the people, the members of the societies, and explain to them the need for larger societies they readily agree. It is upto us who call ourselves the leaders of the Movement to form the larger societies by persuasion. But even here the essential condition is of the employment of a full time paid employee and for this the Government has to subsidise. It is my firm conviction that whatever else the Government may do for the progress and strengthening of the Movement, subsidising the large-sized societies to the full extent for employment of paid staff for the first five years is absolutely essential. If this is not done, the solving of rural credit problem through co-operatives can never be done.

In his recent speech, the Hon'ble Minister for Co-operation to the Union Government, has stated that though the Second Five Year Plan envisages formation of 10,400 large societies, more large-sized societies could be formed and the Government would be prepared to subsidise the same. I fervently hope in the interest of the expansion of the Movement and the healthy growth of the societies that the Government will see their way to grant subsidy to as many large societies as are formed.

The other problem touching the agriculturist is marketing of produce. Under the Second Five Year Plan, it is proposed to form marketing societies and construct godowns in various centres for stocking the produce. I only wish to state that while forming marketing societies, the local conditions and the peculiarity of the produce for the marketing of which the society is started, should be taken into consideration.

It will not be out of place to touch on one aspect, which has been engaging the attention of co-operators. For strengthening the village co-operatives and making them real instruments of service, all loans to agriculturists of whatever nature, granted by the Government should be canalised through the Co-operatives. This is essential in the interest of the agriculturst himself to prevent indiscriminate borrowing. It is regrettable that the Goverment is still continuing to grant loans direct to agriculturists through the revenue officials. Not only to individuals, even to co.operative societies the Government has begun to lend direct without canalising the same through the Central Co-operative Banks. In our District, we have a large number of fishermen societies to which the Central Bank has lent over Rs. 4 lakhs. The Government has now sanctioned a loan of Rs. 90,000 direct to these societies without even consulting the Central Bank. This is not at all a desirable feature and I fervently appeal to the Government to canalise all loans through the proper co-operative agencies.

Another disquieting feature is the attempt to take away from the regular Co-operative Department, the power of formation and registration of societies. The Cottage Industries Societies have now to be registered by the Director of Industries. The Firshermen Societies have to be inspected by the Assistant Director of Fisheries. This dual authority in the matter of co-operatives is not conducive either to the expeditiousness or consistent policy and growth. I hope the Government will see its way to entrust all matters relating to co-operatives to the Co-operative Department and Co-operative Department alone.

One word regarding the set up of the Co-operative Department. In the context of expanding co-operatives, it is essential that more power should be given to the District Officials. At present even in small and minor matters, they are reluctant to take decision or pass orders. Almost everything is referred to Madras, involving thereby, avoidable delay. Also in many matters, the man on the spot will be in a better position to take decisions. Barring important decisions and questions of policy, the district officials must be given the power of decision.

It is no doubt a matter of gratification to us that at last the Co-operatives have come to their own. But it is also an added

responsibility. Very much is expected of us. We have to rise to the occasion and fulfil the expectation of our Government and leaders. I fervently hope that the Almighty God will give the Co-operators the strength and foresight to justify the trust placed in them.

I crave the leave of you all to sound a personal note. Reorganisation of the States will become effective at the latest by 1st Nov. 1955. Whatever may be the object, every separation is painful. More so, when the association has been all along so happy. During the past many years we have been in this State, the Madras Government, the leaders, the Co-operators and every one has been so uniformly kind, courteous and affectionate to South-Kanara and its people. It is with a sorrowful heart we part. We will ever remember with gratitude the long years of our association and cherish for ever the memory of your kindness and affection.

We are going to a newly formed State, which has such a wealth of potentiality for development. I hope our leaders will have the strength, courage, vision and foresight to make it a prosperous, happy and contented State and thus a strong and stable unit of our Country.

The Madras State is one of the most compact, developed and progressive states of our Country. May it ever prosper and its people be ever happy and contented!

RESOLUTIONS OF THE BOARD

Copy of resolution of the Board of Management of the Madras State Co-operative Bank Ltd., on the resolutions passed by the XXVIII Central Bank's Conference.

Resolution No. 1.—(Of the Conference) is accepted. It may be communicated to the Registrar with a request that it may be incorporated in "Produce loan rules" and communicated to the Central Banks.

Resolution No. 8.—(Of the Conference). While the principle of the resolution is accepted, Central Banks are advised that the period of short term loans to agricultural and marketing societies does not exceed 12 months, as the Reserve Bank of India are for the present accepting bills of only 12 months' duration in respect of short term loans.

Resolution No. 9.—(Of the Conference).—Action on this resolution may be taken after the Central Banks respond to Bank's circulars No. Section 90 dated 16-7-'56 and Section 90-A, dated 21-7-'56 and a review of the position as on 31-10-1956 is made.

Rosolution No. 39.—(Of the Conference) is accepted. Regulation No. 4 of the Bank's Advance Regulations may be suitably amended.

Resolution No. 40.—(Of the Conference) is accepted, provided loans from thd State Co-operative Bank for "*Seasonal Agricultural to operations and marketing*" are covered by *corresponding advances to the the societies.*

Resolution No. 41.—(Of the Conference). Office may put up a note for the next meeting.

Resolution No. 42.—(Of the Conference). In view of resolution No. 14 of the Conference requesting the Reserve Bank of India to permit the free transfer of funds from both ends, no action on this is called for.

Resolution No. 45.—(Of the Conference) is recommended to the Registrar for favour of immediate action.

Resolution No. 46.—(Of the Conference. The present rule will stand.

Condolence.

> "The Conference place on record its deep sense of sorrow on the demise of Sri K. Sitarama Reddiar, who had been connected with the Co-operative Movement for a long time and resolves to convey its sympathy to the members of his family."

The following shall be the rules governing the calling of the Central Banks' Conference.

RULES FOR THE CONVENING OF THE CENTRAL BANKS' CONFERENCE

1. All the Co-operative Central Banks in the State including the Madras State Co-operative Bank shall be eligible for membership of the Conference.

2. (*a*) Every member bank other than the Madras State Co operative Bank shall be entitled to depute two of their Directors as delegates to each session of the Conference, one of whom at least shall be a society or Union representative, on theCentral Bank. The Central Bank's representative on the Madras State Co-operative Bank's Board of Management may be one of the two delegates.

(*b*) The Madras State Co-operative Bank shall be represented by all such members of its Board of Management as have not been deputed by the Central Banks as their delegates to the Conference.

(*c*) Attendance by proxy shall not be permitted in any case.

3. The Secretary of the Madras State Co-operative Bank shall be the ex-officio Secretary (convenor) of the Conference.

4. Each delegate representing the member banks other than the Madras State Co operative Bank shall have one vote; the representative of the Madras State Co-operative Bank shall not vote; and all decisions shall be by the majority of votes of those present and voting at the Conference. When votes are equally divided, the Chairman shall have a casting vote in addition to his own.

5. The expenses of the Conference other than the travelling and halting allowance of the delegates shall be met from the funds of the Madras State Co-operative Bank.

6. The Secretary (Convenor) of the Conference, in his capacity as such, shall communicate the resolutions and other proceedings of the Conference to all the member banks, the Madras State Co-operative Union, the Tamil Nadu Co-operative Federation and the Registrar of Co-operative Societies and shall unless otherwise instucted by the Madras State Co-operative Bank take appropriate steps to give them due publicity or to propagate them with a view to secure co-operative opinion in their favour.

7. The objects of the Conference are:—

(*a*) To consider during its periodical sittings, matters of general application relating to all Central Banks, matters of importance concerning them, questions of principle and policy relating to their management and administration; and to recommend its decisions for adoption by the member banks;

(*b*) With a special view to ensure financial stability of the Central Banks and to the maintenance of such stability from time to time, to advise the manner of transaction of business in that respect, in the Central Banks through the administrative section or otherwise, and as between the Central Bank on the one side and the primary societies financed by it, the local supervising unions, the Madras State Co-operative Bank and the Registrar on the other.

8. There shall be held at least one Central Banks' Conference during the Co-operative Year.

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9. Six Weeks' notice is to be given of the date fixed for the Conference.

10. Each Central Bank may communicate to the Convenor two weeks before the date of the Conference any subject to be included in the Agenda.

11. The Convenor will circulate the Agenda and suggestions at least a week before the date of the Conference.

Resolutions passed at the XXVIIIth Central Banks' Conference

1. Resolved that the Insurance of hypotheca in Marketing Societies be made optional in respect of loans not exceeding Rs. 3,000 where continuity mortgage bonds are taken from the borrowers.

2. Resolved that all loans issues by the State for the benefit of the agriculturists may be given through Co-operatives.

3. Resolved to request the Goverment through the Registrar that 50 per cent of export quota shall at least be reserved for the marketing societies to develop their activities.

4. Resolved that the Registrar and the Government be requested to permit unlimited liability societies situated in contiguous areas to convert themselves into agricultural banks, wherever possible on the recommendation of the financing bank.

5. Resolved that the Registrar and the Government be requested to examine the need and feasibility of appointing paid Secretaries to all rural credit societies or groups of societies having transactions of not less than Rs. 1 lakh and to make available adequate funds in the Second Five Year Plan for the purpose.

6. Resolved that the provisions in the transitory by-law to by-law No. 43 (d) of the model by-laws of agricultural credit societies for obtaining permission of the Deputy Registrar for issuing loans upto Rs. 3,500 for purchase and installation of pump sets and oils engines be deleted.

7. Resolved to request the Registrar to supply all agricultural credit societies free of cost type designs of godowns to be constructed by the latter with Governmet aid.

8. Resolved that the Central Banks be advised to fix two due dates for repayment of short term loans regard being had to local conditions, particularly of harvests.

9. Resolved that the Central Banks may be requested to intimate their medium term loan requirements for the years 1956-57

and 1957-58 to the State Bank on receipt of which, the State Bank is requested to apply to the Reserve Bank of India for grant of such loan.

10. Resolved to request the Registrar to permit the grant of loans to the Depositors on the Security of savings deposits as any restriction in this behalf will have the effect of driving away the depositors.

11. This Conference of Central Banks resolves to request the Government to issue necessary directive to the Hindu Religious and Charitable Endowments' Department to permit the invesment of funds of temples and charities in the Central Co-operative Banks.

12. Resolved to request the Registrar that no limit need be fixed for investment of funds by the local bodies in Co operative Central Banks.

13. Resolved that the following provision be introduced in the by-laws of Co-operative Central Banks:

> "The Board of Management shall have powers to borrow from time to time against pledge of securities from the Reserve Bank of India and or the State Bank of India."

14. This Conference of Co-operative Central Banks resolves to request the Reserve Bank of India to permit the concession of free transfer of money twice a week from both ends instead of the present system of transfer from one end.

15. Resolved to request the Government through the Registrar of Co-operative Societies to provide funds to the Co-operative Central Banks to enable them to appoint necessary staff for the supervision of Weavers' Societies.

16. Resolved to request the Government of Madras through the Registrar of Co-operative Societies, Madras, to take up early the amendment of Section 28 of the Co-operative Societies' Act for introducing compulsory recovery of members' dues to employees' Co-operative Societies already pending with the Government from 1941.

17. This Conference of Co-operative Central Banks recommends that the period of limitation fixed in Rule 15 of the Rules framed under the Madras Co-operative Societies' Act VI of 1932 may be extended to 3 years instead of the existing 2 years.

18. This Conference of Co-operative Central Banks resolves to request the Government to enact necessary legislation for compelling the borrowers in the Village Credit Societies to deliver their produce to the nearest marketing society for sale for adjustment towards their loans.

19. This Conference of Co-operative Central Banks resolves to request the Registrar to introduce a new and suitable by-law to the existing by-laws of village credit societies with a new provision to collect from all borrowers end at the time of issuing or collecting loans, a thrift deposit of rupee one for every Rs. 100 of loan disbursed such deposits being not refundable for a period of ten years.

20. Resolved that the Government be requested to give adequate staff to the Deputy Registrars for carrying out the disposal of arbitration and execution work which are only statutory functions and not make the Central Banks bear the cost of such staff.

21. This Conference resolves to request the Registrar and the Government to entrust arbitrátion and execution work to a Special Officer where there is enough arrears of work to justify the same.

22. This Conference resolves that in the case of Managers and Cashiers of Branches, a further security of Rs. 500 in cash or immovable properties and in the case of Shroffs a further security of Rs. 250 in cash or immovable properties may be got *in lieu of* fidelity guarantee.

23. Resolved that in the special by-laws relating to service conditions of employees of Central Co-operative Banks for appointment of the Secretary, the Assistant Secretary, the Manager and the Executive Officer, the qualifications prescribed may be modified according to the various training and examinations held by the State at present,

24. In view of the great stress laid upon the need for the training of personnel by the All India Rural Credit Survey Committee and the Planning Commission, it is resolved to request the Registrar and the Government to take into service such of those condidates in the State who have already undergone the necessay training either in the Co-operative Training College at Poona or at the Regional Training Centres conducted by the Reserve Bank of India along with other candidates for service in the Department.

25. Resolved to request the Government to subsidise the Central Banks to meet the cost of two inspectors to supervise the Depressed Class Societies.

26. Resolved to request the Registrar of Co-operative Societies, Madras, to appoint another Co-operative Sub-Registrar for supervising employees' societies.

27. Resolved to request the State Government through the Registrar to supply copies of audit reports of affiliated societies to the banks free of cost.

28. Resolved to request the Registrar to arrange for free audit of village credit societies without the levy of audit fees.

29. Resolved to request the State Government to grant subsidy to Central Banks to conduct propaganda classes and training of Panchayatdars at the Headquarters of the Unions.

30. Resolved to request the Government to take immediate steps to constitute a separate section of the Co-operative Department exclusively for audit work.

31. Resolved to request the Registrar to issue necessary instructions to see that all societies are got affiliated to the respective unions and made to contribute towards the supervision fund of the district.

32. Resolved that the Registrar of Co-operative Societies be requested to instruct the Deputy Registrars to consult the local unions in all matters connected with their affiliated societies, registration of amendments, revival and rectification

33. Resolved to request the Registrar to permit Central Banks to construct union office buildings from out of their own general funds at a cost not exceeding Rs. 10,000 each and to request the Registrar to move the Government to give 50 per cent subsidy for such construction since the Union Office is the nerve centre for all co-operative activities in the taluks.

34. Resolved to request the Government that under the Second Five Year Plan subsidy be granted to meet the cost of one clerk appointed by the Rural Credit Societies having transactions of Rs. 50,000 and above and to meet the extra cost of Bank Inspectors to be employed at the ratio of one bank Inspector for ten societies.

35. Resolved to request the Registrar of Co-operative Societies, Madras, to consult the Central Banks regarding the payment of scriptory grant to the Scheduled Class Societies and sanction the same in accordance with the recommendations made by the Central Banks.

36. Resolved that the following proposition be referred to the Madras State Co operative Union for examination:

"Resolved to request the Registrar of Co operative Societies, Madras, to revise the standing rules pertaining to the sanction of scriptory grant to the Scheduled Class Societies".

37. Resolved to request the Government to lend the services of Departmental Officers to work as Executive Officers and auditors at the actual cost, as the average cost is very high and affects much the finance of the co-operative institutions.

38. Resolved that the model by-law suggested by the Registrar of Co-operative Societies, Madras in his Rc. No. 25236/56-A. 2, dated 10-6-1956 reading as under be adopted by the Rural Co operative Banks permitting piecemeal redemption of jewels pledged to them:

"When a number of jewels is pledged and when they have been valued separately, the President may permit the release of any jewel or jewels, if a portion of loan is paid and if the balance of the remaining jewels is sufficient to cover the balance outstanding as required under by-law No. 44 (4) (a). But the President shall have power to refuse such a request if he thinks it necessary".

39. Resolved to request the Madras State Co-operative Bank to relax the conditions imposed regarding sanction of loans to Central Banks for reimbursement of loans sanctioned and disbursed by the Central Banks during the Co-operative year so as to enable them to recoup loans advanced by them three months prior to the date of application.

40. Resolved to request the Madras State Co-operative Bank, to permit Central Banks to show in the purposewar register the transactions under entire loans advanced by Central Banks for agricultural operations or for any other purpose as cover for the borrowings from the Madras State Co-operative Bank for such category of purposes without insisting that loans listed on the applications alone should be shown as cover in the purposewar register without prejudice to the Reserve Bank rules.

41. Resolved that the following proposition of the Tinnevelly District Central Bank be referred to the State Bank for consideration:

"The Madras State Co-operative Bank be requested to finalise the subject of issue of drafts by collecting commission by issuing banks only and also to meet the draft on presentation by the drawee banks without waiting for the receipt of credit advice from the Madras State Co-operative Bank by insisting upon a condition that all Co operative Central Banks and Urban Banks which are issuing drafts on other Co-operatives should keep an agreed minimum balance under current account with Madras State Co-operative Bank and that drafts should be issued only within such limits."

42. Resolved to request the Madras State Co-operative Bank to open current accounts with the State Bank of India in each district headquarters within the Madras State to facilitate the Co-operative Central Banks to have free transfer of funds from Madras, under Reserve Bank of India Circular No. Rc. ACD. 5963/AC-24-55 or in the alternative to arrange for free transfer of funds from Madras through Reserve Bank of India to the credit of account of respective district co-operative central banks with State Bank of India at its headquarters.

43. Resolved that the Central Banks be advised to suitably amend their by-laws providing for the linking of borrowings of a member-society to its shareholding in the Bank, and call for share capital whenever necessary.

44. Resolved that supervision fee at the rate decided upon may be collected by the Central Banks by increasing the lending rate to the societies to that extent. This ought not to result in any increase of the rate of interest to the ultimate borrowers.

45. Resolved to request the Government through the Registrar to fix the maximum credit limit of the Madras State Co-operative Bank and the Central Co-operative Banks at 20 and 15 times respectively of their share capital and Reserve Fund.

46. Resolved that no change need be made in the matter of interest on cash credit loans by the State Co operative Bank for financing Stores Societies.

47. Resolved that the Rural Co-operative Banks may be advised to insist upon encumbrance certificates upto the date of registration of the Mortgage bond while granting mortgage loans.

Forty-fifth Ordinary (Annual) General Meeting of the Bombay State Co-op. Bank, Ltd.

ADDRESS TO THE SHAREHOLDERS

SHRI R. G. SARAIYA (CHAIRMAN),

Gentlemen,

I have pleasure in presenting to you the Directors' Report and the Audited Statements of Accounts for the year 1955-56.

I. Economic Trends.

The year under review witnessed further expansion in industrial production and money supply. Commodity prices recorded an almost continuous rise during the greater part of the year, reversing the declining trend noticed during the preceding year. The following table gives an indication of the economic trends during the year under review :—

		1951-52	1952-53	1953-54	1954-55
Agricultural Output Index (*) (Base 1949-50 = 100)	...	97.5	102	114	113.9
Industrial Output Index (†) (Base 1951 = 100)	...	103.6	105.6	112.9	121.9
		June 53	*June 54*	*June 55*	*June 56*
General Price Index (Base 1939 = 100)	...	405.4	381.6	342.9	397.9
Bombay Working Class Index	...	496	422	360	467
Notes in Circulation Month-end (*In crores*)	Rs.	1,138	1,174	1,311	1,475
Deposits of Scheduled Banks (*In crores*)	Rs.	845	870	988	1,080
Deposits of Bombay State Co-op. Bank, Ltd. (*In crores*)	Rs.	9.39	9.12	10.79	12.85

* Crop year. † Calendar year.

In an expanding economy, it is but natural that monetary resources of the country should continue to rise. Mounting developmental outlay and the resultant rise in money incomes have led to an expansion of the money supply and resources of the banking system. In this context, it is heartening to note that the deposits of the Bombay State Co-operative Bank have advanced in a relatively larger proportion.

II. Co-operation in the Second Five-Year Plan.

The progress of the co-operative movement has been rapid since the achievement of independence. The Government of India and the State Governments have accepted co-operation as a plank for nationa reconstruction especially in the rural sector. The co-operative movement on its part has prepared itself for successfully implementing the economic policies of the State by two changes in the ideology, viz. modification of the voluntary principle and acceptance of State partnership. By accepting these changes the co-operative movement offers an ideal instrument for implementing the State plans for raising the standard of living of the masses by democratic methods.

The importance of the co-operative system of organisation has been emphasized by the Planning Commission in the Second Plan. But one fails to find an integral place for it in the Community Development and National Extention Programmes and in the policies of State Governments regarding rehabilitation programmes and aids to rural economy such as Takavi advances. The tendency is to entrust the Community Development and National Extension Programmes to Government officials of the Revenue Department. It is felt that so long as these programmes have to depend upon such external assistance, the urge to development will stop as soon as the external stimulus is withdrawn. It is, therefore, necessary to accept the co-operative structure as an integral part of the Community Development and the National Extension Programmes. In the preparation of detailed programmes for the Second Five Year Plan the State Governments, I submit, should place greater reliance on the village co-operatives for carrying out the Community Development and National Extension Programmes, instead of looking to a large number of *ad hoc*, non-statutory and non-elective bodies, which may have the effect of indirectly weakening the co-operative institutions. Primary co-operatives form the smallest but the basic unit of economic democracy. They can play a vital role and establish direct and effective contact between Government and the masses. They can help in mobilising national resources, promoting and undertaking production programmes and decentralising industrial development.

The Second Five Year Plan has laid down certain targets for co-operative development and provided for a total outlay of over Rs. 47 crores out of which nearly seven crores of rupees are allocated to Bombay.

So far as credit is concerned, the all-India target figures are:

For short term Credit	... Rs.	150 crores.
For medium-term credit	... Rs.	50 crores.
For long-term credit	... Rs.	25 crores.

It is also proposed that 10,400 large-sized co-operative societies should be formed and the recommended pattern is that each such society should have a membership of about 500 and a minimum share capital of about Rs. 15,000. It may be necessary to group villages together in order to provide this economic or large-sized credit society. The policy of creating large-sized societies should not be pursued mechanically but should be adjusted in the light of prevailing local conditions; where small-sized societies are working efficiently, they should not be disturbed nor should help be denied to them. A good deal will depend upon the co-operative ideal permeating to all members even of a large-sized society so as to bring about homogeneity of outlook.

State partnership, of which so much has been mentioned, should also be real, in the sense that the State shares the risks and does not merely serve as a money-lender. When the State enters into partnership with a credit institution—whether it is a co-operative Apex Bank or a Primary society—it is necessary that the State accepts its proper share of the risk of losses, which may be due to administrative expenses exceeding income or due to bad debts. With a view to facilitating the partnership of the State in co-operatives, the Reserve Bank of India has established a National Agricultural Credit (Long-term Operations) Fund with an initial contribution of Rs. 10 crores. For other co-operative institutions, the National Co-operative Development and Warehousing Board has already been established with a view to enable State Governments to subscribe to the share capital of non-credit co operative institutions. But there is a tendency on the part of many State Governments took upon themselves as lenders and not as partners in the co-operative institutions. This is against the very spirit of the recommendations of the Rural Credit Survey, as State partnership which has been accepted after a good deal of heart-searching by the co-operative movement, implies a partnership in loss as well as profits, responsibilities as well as rights.

III. Working of the Bank

Share Capital: Reverting to the Directors' Report on the working of the Bank, the share capital of the Bank has increased by

Rs. 21,900 due to affiliation of new institutions or additional shares allotted to Co-operative Banks for acquiring rights for representation on the Board of Directors, and stands at Rs. 61.45 lakhs. This includes a sum of Rs. 26 lakhs held by the Government of Bombay. During the year under review, the Bank contributed Rs. 4.75 lakhs to the share capital of three central financing agencies making a total subscription at the close of the year of Rs. 17 lakhs to ten central financing agencies. The Bank has received a like amount from the Government of Bombay under the provisions of Bye-law No. 3(A).

Debentures: During the year under review, Debentures of Rs. 1.5 lakhs of 1943-56 Series having matured were redeemed. An equivalent amount from the Sinking Fund for Debentures was released and transferred to strengthen the Bad and Doubtful Debt Reserve. The Sinking Fund for Debentures stands at Rs. 3.09 lakhs which is in accordence with the provisions of the Debenture Trust Deed.

Reserves: A number of societies indebted to the Bank are in liquidation for the past several years without any prospects of recoveries. So also some of the advances to individuals were considered doubtful of recovery as legal action was taken against such debtors. Necessary provision for bad debts was already made in the past against such outstandings which were considered doubtful. Therefore, debts outstanding with some of the societies which were taken in liquidation prior to 1946 and some of the outstandings with individuals which were considered irrecoverable, were written off by writing off a sum of Rs. 7.14 lakhs against the Bad and Doubtful Debt Reserve and Overdue Interest. The total Reserves at the close of the year amount to Rs. 56.03 lakhs showing a decrease of Rs. 5.90 lakhs on account of the writing off of the bad and doubtful debts.

Deposits: Total deposits show an increase of Rs. 206.59 lakhs as compared to an increase of Rs. 181.27 lakhs during the previous year and stand at Rs. 1285.97 lakhs. The increase in the deposits despite the closing of some of the branches is in keeping with the general trend of deposits in the banking system. Part of the increase was, however, due to deposits from co-operative sugar factories which deposited the share amounts received from Government and their members with the Bank. Owing to increase in the deposits surplus funds were deposited at call with approved banks. Deposits with approved banks and cash on hand and investments in gilt-edged securities were 63.6 per cent of the deposit liability. Adequate fluid resources as required under Rule 18 of the Bombay Co-operative Societies Act were maintained throughout the year.

Loan Operations: As a result of the closing of 10 branches consequent on the transfer of the areas to the respective District Central Banks loan outstandings of Rs. 25.49 lakhs were transferred to those banks. In spite of this reduction in loan operations, the total outstanding loans and cash credits, excluding outstandings with societies in liquidation, increased by Rs. 102 24 lakhs and stood at Rs 552.68 lakhs. Agricultural loans were higher by Rs. 12.04 lakhs and stood at Rs. 284.72 lakhs, while advances to non-agricultural societies rose to Rs. 226 73 lakhs recording an increase of Rs. 102.60 lakhs. This rise was mainly on account of advances to two co-operative sugar factories. The declining trend in the prices of agricultural commodities noticed last year was not only arrested but completely reversed with the result that the standard of repayments improved and there was a welcome reduction in the overdues with societies.

Intermediate-term Loans: The total outstandings of intermediate-term loans stood at Rs. 4.70 lakhs and were higher by nearly Rs. 58,000 as compared to previous year's outstandings. The Bank has approached the Government of Bombay to guarantee, as required under the provisions of the Reserve Bank of India Act, a loan of Rs. 50 lakhs from the Reserve Bank of India. This would enable the Bank to meet the increasing demands on it for intermediate-term loans, for various purposes such as purchase of plough cattle, machinery and durable agricultural implements, construction of wells or bandharas and undertaking schemes of land improvement. The Government has yet to finalise the guarantee deed and therefore, no loan for this purpose was availed of from the Reserve Bank. It is expected that this guarantee will be finalised in the current year.

Scheme for financing Weavers' and Industrial Co-operatives: The Government of Bombay has drawn up schemes for providing finance to Weavers' Co-operative Societies and Industrial Workers' Co-operatives for (i) contribution to share capital, (ii) provision of working capital, and (iii) provision of marketing finance. The finance is proposed to be made at concessional rate of interest through the Co-operative Central Financing Agencies. In case of loans to weavers' societies, the loans are free of interest to the central financing agencies while they are passed on to the societies at 2½ per cent and

are repayable by two instalments, first at the end of fifth year and the second at the end of 10th year. In case of industrial workers co-operatives, the loans carry an interest at ½ per cent and are passed on to the societies at 2½ per cent. The Government has agreed to re-imburse 50 per cent of the losses subject to an overall limit of 5 per cent of the total loans made to the weavers' co-operatives for working capital, and to the extent of 2/3rds in individual cases without any overall limit in case of industrial societies. Uunder this scheme, the Bank has received loans aggregating to Rs. 6 78 lakhs for financing weavers' and other industrial societies.

Co-operative Sugar Factories: Last year I had drawn your attention to the significant development which was taking place in the matter of establishing co-operative sugar factories in areas where sugarcane is intensively cultivated. The Government of Bombay have accepted a liberal policy of promoting and assisting the formation of co-operative sugar factories. During the year under review, besides the Pravaranagar and Kopargaon Co-operative Sugar Factories, twelve other Co-operative Sugar Factories have been registered—one in Surat District, one in Nasik, three in Ahmednagar, three in Kolhapur, two in Poona and two in North Satara Districts and proposals for four more co-operative sugar factories are under consideration. Of these, six factories are expected to start production in January 1957. Six more factories are expectad to place orders for machinery so as to start production in the 1957-58 season. This programme is of great importance inasmuch as it is a State-partnered economic activity of primary producers, which has considerable potentialities not only as a co-operative endeavour but also as a means for development and capital formation in the rural sector, stimulating improved production standards, and opening wide channels for rural employment.

The Bombay State Co-operative Bank has provided the working capital for two sugar processing factories in addition to the crop finance required by the members. Apart from this, the Bank has been required to arrange for Letters of Credit being opened for new sugar factories to enable them to import or purchase locally the plant and machinery. The Bank is also called upon to give guarantees for both the Letters of Credit and for deferred payment to the suppliers in respct of plant and machinery. Besides, the Bank has to arrange for receiving the machinery and provide interim financial accommodation for customs and other charges for releasing machinery when the shipments arrive, for transporting it to the site and for construction and erection work. The amount guaranteed in respect of these activities for seven factories runs into Rs. 150.12 lakhs. It may be mentioned that all these activities have been undertaken in consultation with the Ministers' Committee for Co-operative Sugar Factories, and we trust that the Bank will not be let down in case there are any difficulties in connection with the finance or guarantees so provided. The cost of machinery and other materials have increased while the capacity of the cultivators to raise the required minimum share capital within the scheduled time is limited. I would urge that the Government's share of participation in the whole scheme be increased to at least Rs. 15 lakhs for each society (factory). Government should be prepared to subscribe a greater proportion of the share capital even exceeding 50 per cent as the senior partner in this co-operative venture.

Branch Development: The Board of Directors having accepted a policy of encouraging the formation of district central financing agencies, the business in Panchmahals district was handed over to the new District Bank formed by the amalgamation of the two Banking Unions at Kalol and Dohad, and our branches in that district were closed. Similarly, the Nasik and North Satara district Co-operative Banks extended their area of operation in consequence of which three branches in Nasik and four in South Satara District were closed. Three new branches were opened at Parner and Kolpewadi in Nagar District and at Dapoli in Ratnagiri District where National Extension Programme was introduced. Out of the 62 branches at the close of the year, 29 branches worked at a deficit aggregating to Rs. 2.16 lakhs. Of these only 10 branches are eligible for subsidy from Government. The Bank is required to maintain a number of uneconomic branches with a view to providing banking facilities in the rural areas, minimising the cost of funds to the co-operative societies and their members and facilitating closer supervision. This is in conformity with the accepted policy of the State Government to create an integrated system of co-operative institutional agency to provide rural credit. Although many of the branches which were opened for this specific purpose still continue to be uneconomic and would not be eligible for a subsidy in future, their discontinuance at this stage would not only retard the progress of co-operative development but also defeat the very objective of opening of the branches in rural areas. As reported

last year, Government has been approached to review the position and to reconsider the entire question on lines similar to those recommended by the Rural Credit Survey Committee in respect of branch development of the State Bank of India and to revise the terms and duration of the subsidies for uneconomic branches especially those in the co-operatively underdeveloped or economically backward or undeveloped areas.

Investments in Government Securities: Investment in Government Securities stood at Rs. 605.40 lakhs and was higher by Rs. 99.45 lakhs as compared to last year. The approximate market value of Securities held was Rs. 601.37 lakhs while their redemption value was Rs. 613.72 lakhs. Owing to improvement in the market value the difference between book value and market value is narrowed to Rs. 4.03 lakhs and the Investment Reserve of Rs. 7.5 lakhs is more than adequate to cover this difference.

Financial Accommodation from Reserve Bank of India: During the year under review, financial accommodation from the Reserve Bank of India was availed of to the extent of Rs. 170 lakhs under Section 17 (4) (a) for financing seasonal agricultural operations and marketing of crops. This amount was fully repaid before the close of the year. Similarly, drawings from the Reserve Bank of India for financing central financing agencies amounted to Rs. 277.42 lakhs under Section 17 (4) (a) and 17 (4) (c), the amount outstanding at the close of the year being Rs. 36.32 lakhs.

Cost of Management: Owing to the higher deposits and higher rates of interest on short-term and call deposits the interest paid was higher by Rs. 4.72 lakhs while income from interest was higher by Rs. 6.15 lakhs. Cost of management including inspection charges amounted to Rs. 19.7 lakhs which was lower by Rs. 0.40 lakhs in spite of a monthly increase of Rs. 5,000 on account of annual increments and promotions granted to the employees according to their grades. The reduction in the cost of management was mainly due to closing of some of the branches.

Distribution of Profits: The rise in the deposits and in volume of advances to co-operative institutions has resulted in increasing the net profits of the Bank by Rs. 2.32 lakhs to Rs. 6,22,579. Adding to it the sum of Rs. 10,070 brought forward from last year's account, the sum available for distribution is Rs. 6,32,649. The Directors recommended payment of dividend at 5 per cent after carrying a sum of Rs. 67,832 to the Statutory Reserve Fund, raising the reserve to Rs. 18.60 lakhs. It is proposed to carry a sum of Rs. 50,000 to augment the agricultural Finance Reserve and a sum of Rs. 35,000 to the Staff Gratuity Reserve on the basis of approximately half month's salary of the permanent employees. As it is proposed to raise the rate of dividend paid to shareholders, the payment of bonus paid to employees is proposed to be restored to two months' salary.

IV. Marketing of Agricultural Produce

We have been emphasizing the urgency of creating efficient marketing organisations as a pre-requisite for the planned development and progress of co operative credit and agricultural production. In our experience rapid progress has been made in areas where efficient marketing arrangements are available. On the other hand, progress of recoveries is hampered in areas, where such marketing organisations are lacking or are inefficient. An integrated scheme of economic development would be incomplete without efficient supply, marketing and processing co-operatives. Co operative marketing can play an important role in the proper regulation of supply, prices and credit. A programme of price incentive, crop planning and rural development can be worked successfully only if a network of efficient marketing and warehousing organisations is established all over the country. It is necessary that certain standards for financial structure and managerial personnel, and certain patterns of co-operative marketing organisations at different levels are laid down, and an apex institution to co ordinate their marketing activities and to provide marketing intelligence and guidance is created without delay. Judged by the unsuccessful efforts in the past, it is obvious that the problems are complex and require a detailed scrutiny and a comprehensive solution. I therefore renew my request to the Government of Bombay to take urgent steps towards finding a solution to this problem.

V. Supervision and Trained Personnel

Two other questions which have a direct bearing on the efficiency of the co-operative credit institutions and development of co-operative institutions in other spheres of economic activity, on which their success and progress largely depends, are the arrangements for efficient supervision and availability of qualified and trained technical personnel. The Committee of Direction considered that supervision was an integral part of an integrated system of credit and was therefore the legitimate function of the apex bank and the co-operative central banks. The State Co-operative Council

and the State Co operative Conference have endorsed this recommendation. But the Government of Bombay have postponed consideration of this important question in view of the States' Reorganisation. We urge the Government to take an early decision on this question and thereby ensure proper and effective functioning of the rural credit and other institutions.

One of the important recommendations of the Committee of Direction on the All India Rural Credit Survey for the successful reorganisation of the co-operative movement and for securing an integrated system of rural credit is the provision of trained and qualified personnel to administer the various co-operative institutions—credit. marketing and processing. The Committee observe:

> "The problem really arises in respect of (1) badly or indifferently run institutions, with ill-trained or incompetent staff especially on the occassion of these institutions being organised under State partnership and (2) new institutions which will be set up either under State partnership or with active participation by the State. It is in relation to contingencies such as these and generally in the context of large requirements of additional personnel—properly selected, well-trained and competent—which will undertake all State programmes for the reorganisation of co-operative credit, processing, marketing, etc., that we suggest the creation of an adequate pool of trained officials, partly for the State Government's own needs and partly for deputation to co-operative institutions."

Before we embark on a programme of accelerated development of co-operative institutions, it is necessary to seriously consider this question of creating an efficient and trained co-operative service, which can help in the successful implementation of the various schemes of co-operative activity. Such a co-operative service under appropriate institutions would provide the necessary reservoir of managerial personnel to some of the highly technical business institutions like banks, marketing and processing co-operatives.

VI. Future Outlook—States Reorganisation

The Bank can look forward to a period of progressive co-operative service; it can also look forward to play its legitimate part in the development of agricultural production, marketing and processing. This will naturally imply increasing responsibilities, greater administrative supervision and control and increasing association with the State Government and the Reserve Bank of India, the former as a partner and the latter as a 'friend in need'.

Apart, however, from the problems inherent in an expanding economy, this Bank will in course of time have to function in the new enlarged State of Bombay, popularly called "The Bigger Bilingual Bombay". We shall part with regret from our friends in the Karnatak, when the central financing agencies in the districts of Bijapur, Dharwar, Kanara and Belgaum make arrangements for organisation and finance with the Apex Bank of the Mysore State. On the other hand, this Bank will have to function in course of time in the various districts of Marathawada in the present State of Hyderabad, Vidarbha in the present State of Madhya Pradesh, Saurashtra and Kutch. Section 105 of the States' Reorganisation Act makes transitional provisions regarding co-operative societies affected by the reorganisation of States. I trust that it will be possible to bring about reorganisation in the constitution of this Bank as well as of the other units in the bigger bilingual Bombay State in a spirit of harmony, understanding and mutual 'give and take'. Ultimately, the Apex Bank serving the bigger Bombay State will be faced with various problems—*viz.* smooth integration of the new areas without losing the advantage of local initiative or leadership, removal, as far as possible, of disparities in the procedures and systems of short-term and medium-term credit, and serving areas with different systems of land tenures. In this great task, may I fervently appeal for unstinted support and co operation not only from the Directors and shareholders of the Bank, but also from the Government of Bombay, the Reserve Bank of India and the leaders of the Co operative Movement in all the areas concerned?

News and Notes

NEW CUTTING MACHINE FOR CO-OP. PRINTING PRESS AT MADRAS

Dr. P. Natesan, President, the Central Co-operative Printing Works, Ltd., Madras and the General Secretary, the Madras State Co-operative Union switched on the new cutting machine, purchased at a cost of Rs 8,000 on the Vijayadasami Day, 12-10-'56 at the premises of the Press. A gathering of selected co-operators were present. Sri C. R. K. Chetty, Secretary, the Madras State Co-operative Bank, Sri Jambu Ramaswami Iyer, Vice-President, C.C.P. Works, Ltd., Sri R. Krishnamachari, Director, C. C. P. Works, Ltd., Sri Nataraja Iyer, Vice-President, Dist. Co operative Central Bank, Sri C. M. Janarthanam, Associate Editor, '*The Madras Journal of Co-operation*', Sri B. S. Vijayagopal, Secretary, the Madras Dist. Co-op. Central Bank, and others were present. Sri G. Subramaniam, Secretary of the Press, welcomed the visitors.

CHIEF MINISTER INAUGURATES THE INTEGRATED RURAL CREDIT AND MARKETING SCHEME IN MADURAI DT.

Inaugurating the scheme of integrated rural credit and marketing at Melakottai near Tirumangalam on 5—10—1956, Sri K. Kamaraj, Chief Minister said that the only method by which villagers could improve their economic condition and increase production is through co-operative farming. He said that during the Second Five Year plan period, the agricultural production has to be increased by 40 per cent. Unless cultivation of cotton is undertaken in large measures the several new mills started will have to depend upon foreign imports of cotton which will mean increase in the cost of production of yarn and cloth. The individual enterprises cannot thrive particularly in non-project areas where agriculturists will have to depend upon well irrigation. Agriculturists who may be rich could put up big wells for the purpose and small agriculturists will have to suffer. In order, therefore, that the entire acreage of land could be brought under cultivation effectively he emphasised on the need for all the agriculturists joining together on Co-operative basis, dig big wells through Co-operative finance, instal pumpsets and carry on cultivation on an increased measure. He also said that in the Second Five Year plan necessary provision has been made to meet the financial needs of the agriculturists through Co operatives and advised them to avail this opportunity to the full extent and increase the agricultural production by joining the Co operative societies.

The Chief Minister also laid the foundation stone for the godown for the Melakottai Agricultural Bank to be established in the village.

Addresses of welcome were presented to the Chief Minister by the President of the Mathurai District Central Co-operative Bank, the Melakottai Co-operative Society and the Panchayat Board. Sri V. Alagappan, Secretary of the Bank outlined the Second Five Year Plan so far as it relates to the Co operative movement particularly in Madurai District and gave an account of the various measures to be undertaken in several directions. He said that 33 Agricultural Co-operative Banks with wider range of activities have to be formed during the plan period and that 11 marketing societies would undertake the marketing of agricultural produce. Details regarding the establishment of ginning factories, decorticators, construction of godowns in urban and village areas and various other details governing the scheme were outlined by him.

Sri A. Palaniappa Mudaliar, Registrar of Co operative Societies, Madras who was present on the occasion explained the Co-operative scheme under the Second Five Year Plan. He said that it was the proposal to bring in 50 per cent of the population in the State into the co-operative fold and to increase the co operative lending 3 fold and about 21 crores of rupees would be lent to the agriculturists during the plan period. He also explained the scheme of Co-operative farming started recently at Valandhur village in which the lands lying fallow are proposed to be brought under cultivation through co operative farming. Details regarding the Governmental assistance for implementation of the scheme and the Reserve Bank's financial assistance to Co-operatives were all outlined by the Registrar.

Sri R. Kunjithapatham, Collector of Madurai accompanied th Chief Minister for the function. The Melakottai Co-operative Society and Melakottai Panchayat Board presented addresses of welcome to the Chief Minister.

INAUGURAL MEETING OF THE COMMERCE ASSOCIATION OF THE ANNAMALAI UNIVERSITY.

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

Co-operative Sector.

"It is important for the nation that the Co-operative sector should be built up along with the public sector," observed Mr. A. Palaniappa

Sri K. Kamaraj, Chief Minister laid the foundation stone on 5-10-1956 for the construction of a godown by the Melakottai Multi-purpose Co-operative Society in Madurai District.

Sri K. Kamaraj, Chief Minister is seen addressing the audience during the Silver Jubilee Celebrations of the Uthamapalayam Land Mortgage Bank, on the 10th October, 1956.

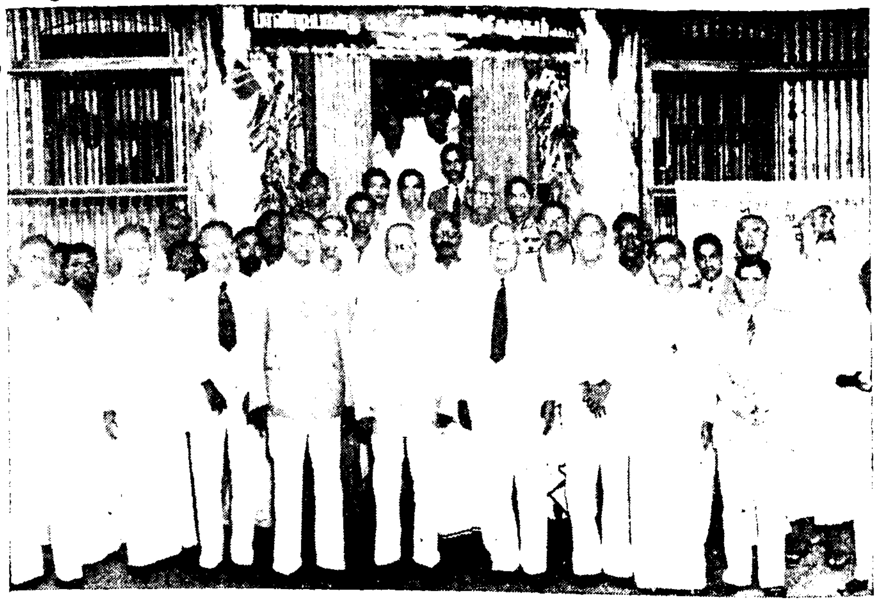
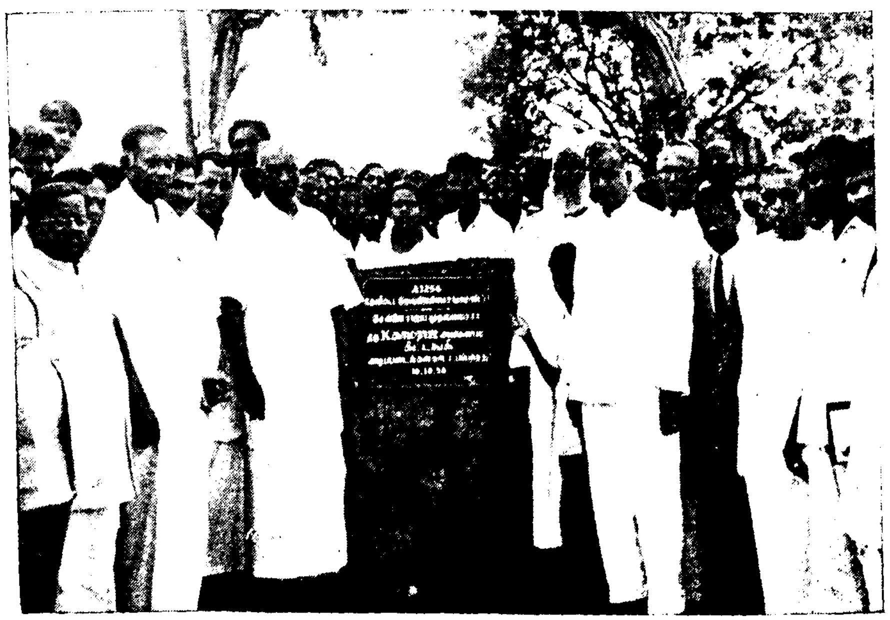


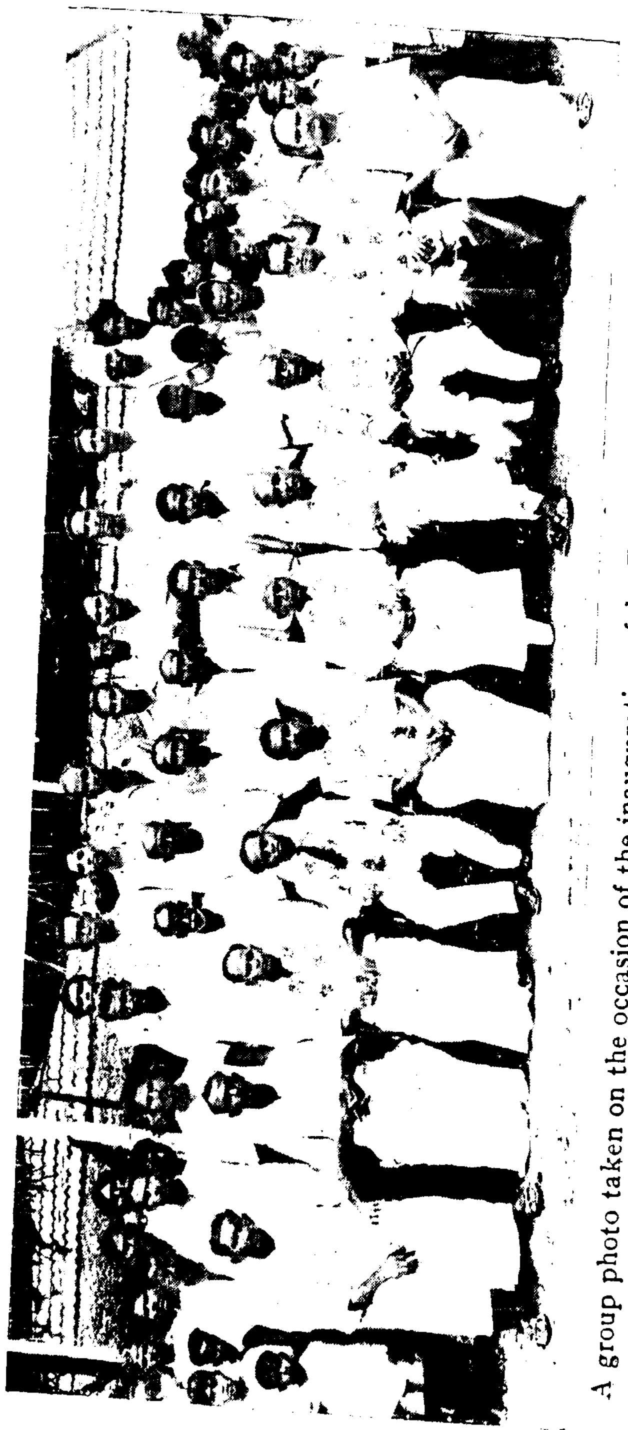
Photo taken on the occasion of the inauguration of the Pandya Nadu Co-operative Training Institute at Tiruparankunram by Sri A. B. Shetty, Minister for Co-operation, on 4-10-1956.



Sri K. Kamaraj, Chief Minister, laid the foundation stone for the construction of a godown by the Theni Co-operative Sale Society at Chinnamanur in Madurai District on the 10th October, 1956.

Sri A. B. Shetty, Minister for Health and Co-operation visited the South Kanara Dt. Supply and Marketing Society, on 3-9-1956.

Thayalpatti Agricultural Bank.



A group photo taken on the occasion of the inauguration of the Thayalpatti Agricultural Bank, Ltd., Sattur taluk, on 26th August, 1956.

Mudaliar, Registrar of Co-operative Societies, Madras State, while addressing the inaugural meeting of the Commerce Association of the Annamalai University at the Senate Hall.

Mr. T. M. Narayanaswamy Pillai, Vice-Chancellor, who presided, spoke on the vital role the co operative movement has to play in the new socialist order. Prof. S V. Aiyar welcomed the guests.

After briefly tracing the growth of Co-operative movement in India as well as in various countries, Mr. Palaniappa Mudaliar observed that Co-operation had developed on the agricultural credit side in India and it was above political ideologies. But now the movement had come to be regarded as an instrument of general economic advancement, particularly in undeveloped countries.

Adverting to the agricultural credit side of the movement, the speaker said that in the Second Plan provision had been made for adequate finances to help cultivating tenants. Of course, rural indebtedness was large in the country, but the co-operative movement should not be judged by the quantum of loans, but by the moral influence it exercised on the moneylending class, since Government and the movement were able to meet only about seven percent of agricultural credit and the other ninety-three per cent was met by the mony-lenders.

He added that it was imperative that there should be a sort of "democratic compulsion". By democratic complusion, he meant that if some co-operative organisations found certain economic activity useful to the majority of the people, it should be made obligatory and binding on the part of the others also in that locality to join it.

Agricultural Credit.

Continuing, Mr. Mudaliar referred to the 'recommendations of the Co-operative Survey Committee and said, on the basis of the recommendations, Madras would start about 400 large sized societies, otherwise called agricultural banks, during the Second Plan period. During the next fifteen years India hoped to cover about 50 per cent of rural credit through co operatives and during the next five years about Rs. 225 crores or roughly 10 per cent, would be issued as loans. The Planning Commission also laid emphasis on the fact that every member in a village should become a member in one of the co-operative societies. The loan to be issued to the cultivating tenants would be on the security of the anticipated crops. Provision of loans would be followed up by arrangements for marketing the produce also. But credit was not an end in itself. The Co-operative movement should be an integated one, whereby agriculturists would be helped not merely to get funds on a reasonable rate of interest, but to reap the full benefits of the loan.

Proceeding, he referred to the co-operative housing scheme for urban rural and industrial workers and said that they had made good progress and Rs. 2 crores had been set apart for this during the five year period. An industrial housing scheme at a cost of Rs. 80 to Rs. 90 lakhs was envisaged for financing co-operative housing societies and 25 per cent of the cost would be given as subsidy by Government.

Referring to introduction of Co operative farming, Mr. Mudaliar said the crux of the probelm was cultivation on a co-operative or collective basis. In this connection, the Madras Government had recently sanctioned a scheme in Madurai district where various small land-holders had agreed to carry on cultivation on a co operative basis and, if they succeded in the experiment, Government proposed to step up that kind of thing. In conclusion, he pleaded for more trained personnel for the success of the movement.

CO-OPERATIVE COLLEGE FOR MADRAS

CENTRAL INSTITUTE TO BE UPGRADED

Mr. A. B. Shetty, Minister for Health and Co operation, said on October 4th that the State Government had under its considera- tion a proposal to upgrade the Central Co-operative Institute in Madras into a College.

The Minister was inaugurating the Pandyanadu Co-operative Training Institute at Tirupparankunram.

He said that while the four mofussil institutes in the State were training subordinate personnel needed by co-operatives, the Central Co-operative Institute provided training to men recruited in the Department as Junior and Senior Inspectors of Co-operative Societies. The proposal was that besides providing training to these men, who constituted the subordinate personnel of the Department, the College should undertake the training of personnel belonging to Intermediate and higher levels required by the Department as well as by co-perative institutions.

In the intermediate and higher courses, the emphasis would be more on practical training. The idea was that the college should

work under the guidance and control of the Central Committee for Co-operative Training. The proposal had been referred by the Government to the Central Committee, and he hoped the Committee would consider the proposal sympathetically, and sanction it.

Integrated Credit and Marketing

Earlier, the Minister said a major scheme of co-operative deve- lopment in the Second Five Year Plan was that relating to the pro- motion of integrated credit and marketing. The aim of the scheme was to reorganise rural credit by the formation of large-sized socie- ties, and the development of the activities of the existing societies, so as to cover 75 per cent of the villages and serve 50 per cent of the rural population in terms of families by providing loans to the extent of Rs. 21 crores, representing roughly 30 per cent of the total credit needs of cultivators in the State.

The Minister said the starting of the Institute in Madurai marked another milestone in the progress of co-operative education in the State. The co-operative organisation had been recognised by the Planning Commission as an indispensable machinery for planned development, and there was an urgent need for creating the required personnel to manage co-operative institutions efficiently.

He pointed out that Madras State was one of the earliest States to train co-operative personnel. Two Institutes at Tanjore and Coimbatore were doing useful work. The Union Government and the Reserve Bank, in conjunction with the State Governments, had constituted a Central Committee for Co-operative Training to train personnel at all levels. The attainment of stupendous targets called for a large number of trained workers.

Trained Personnel

It was estimated that about 2,000 trained personnel would be needed to man several posts in the Department and in co-operative institutions at all levels. As part of the Second Plan, a scheme for upgrading the two Institutes at Tanjore and Coimbatore, and for starting two more Institutes at Kozhikode and Madurai was finalised. Five hundred and sixty-nine candidates were undergoing training in the three Co-operative Institutes at Tanjore, Ciombatore, and Kozhikode.

The Minister said there would be no justification in future for employing or continuing untraining men. He hoped Co-operative

Central Banks, and big co-operative institutions in the State would take steps to get their employees trained.

He said co-operative organisations had to play a notable part in the socio-economic development of the country. Co-operative workers should be imbued with a missionary zeal and spirit, and propagate the high ideals of co-operation.

Earlier, Mr. P. T. Rajan, President of the Board of Management, welcoming the Minister, said it was his desire that the Institute should de located in a rural atmosphere. He hoped the students, who would go out of the institution, would create a tradition worthy to be followed by others.

Mr. R. Nagulasami Nayudu, and Mr. Ponnusubbiah, Secretary of the Students' Union, read address of welcome.

Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies, explained the need for more technical personnel.

Mr. T. Thinnappan, Principal of the Institute, said the scheme proposed to train 160 students.

The Deputy Registrar proposed a vote of thanks.

. DAIRY TECHNICIANS CONFERENCE

Sri M. Bhakthavatsalam, Minister for Agriculture made a suggestion to the Devasthanam to organise dairies, whenever possible. This would not be inconsistent with the original objects cf these institutions. Thus observed the Minister, when he addressed the first anniversary celebration of the Dairy Technician's Association held at Government Press Buildings, Mount Road, Madras on 12th October, 1956. Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Sri D. Pattabiraman, Director of Animal Husbandry, Sri K. Nachchinarkinia Sivam,, President, the Madras Milk Supply Union addressed the gathering. Earlier Sri P.R. Pillai, President of the Association welcomed the speakers, Sri M. N. Krishnaswamy read the annual report. Sri Kesava Chandran proposed a vote of thanks. An attractive Souvenir was brought out on the occasion.

CO-OPERATIVE FARMING AT SIVAGIRI

In Sivagiri village, Chengleput District about 25 miles from Madras, an experimental scheme of co-operative farming, sponsored by the State Government is to be tried on a 100 acre plot. A Co-operative Society has just been formed in the village and the land

will be jointly cultivated by the members, the members bearing the expenses. About 20 members have contributed Rs. 500 each towards the working capital of the Society. The Society is expected to receive the usual financial assistance available to land colonization schemes. The Society shall also avail itself of the services of Extension Staff. The management of the Society will be in the hands of five Directors nominated by the Registrar and it will meet the kist and other expenses. The net surplus in production will be divided among the members, partly in proportion to the land contributed by them and partly in proportion to the wages earned by the members. Agricultural labourers will be admitted as 'B' class members. Sri A. Palaniappa Mudaliar, Registrar visited Sivagiri and inspected the lands to be jointly cultivated.

FISHERMEN'S CO-OPERATIVE INAUGURATED

Sri S. Aruldoss, Additional Director of Industries and Commerce inaugurated on 26th September 1956, the Parvathirajakula Inland Fishermen's Co.operative Society at Chengleput, Dr. Sundararaj, retired Director of Fisheries, presiding. Sri S. Aruldoss said that Government were examining a proposal to give expansive nets to inland fishermen. Messrs. Natesa Nattar, Sri Vedachala Nattar and others participated in the function.

CO-OPERATIVE CORPORATION IN ANDHRA TO PROVIDE CREDIT TO TRIBALS

The Andhra Government have ordered the constitution of the "Andhra Scheduled Tribes Co-operative Finance and Development Corporation" with a view to provide credit facilities and other amenities to the tribals living in the Agency areas in the State.

(Source : *Indian Express* dated 22-10-1956.)

NATIONAL PLAN FOR CO-OPERATIVE FARMING

"We shall shortly give you a national plan for development of Co-operative farming" declared Sri A. P. Jain, Union Minister for Food and Agriculture, in the course of an address at the Indian Agricultural Research Institute at New Delhi on 22nd October 1956 to a gathering of 300 farmers of Andhra,

AGRARIAN CO-OPERATIVES IN CHINA

Sri R. K. Patil, leader of the Study Team on Chinese Agricultural Co-operatives and other members of the Team met the Planning

Commission at New Delhi on 22nd October 1956 and conveyed their impressions. They are understood to have also discussed the outlines of their report, which is expected to be submitted shortly.

I.L.O. TRAINING COURSE ON SMALL SCALE INDUSTRIES AT MYSORE

The contribution, which co-operation can make by the organisation of handicrafts and cottage industries to the development of employment opportunities in Asian countries is to be the theme of month-long training to be given under the auspices of the Asian Regional Centre of I.L.O. from the middle of November 1956 to about 30 representatives from different countries at Mysore.

(Source: *Indian Express* dated 24–10–1956.)

CANADIAN EXPERT ON CO-OPERATIVE FISHERIES GOES TO INDIA

Kenneth Harding, General Manager of Prince Rupert Fishermen's Co-operative Association, last month left on a United Nations F. A. O. Mission to India.

After a week visiting British Co-operatives, he will spend 10 days at F. A. O.'s Rome Headquarters. From there he flies to India, where he will aid India's fishing co-operatives. A Swedish specialist will help him and remain in charge after Hardings return.

(Source : *I.C.A. Co operative News Service.*)

SILVER JUBILEE CELEBRATIONS OF THE UTHAMAPALAYAM CO-OPERATIVE LAND MORTGAGE BANK

The Silver Jubilee Celebrations of the Uthamapalayam Co operative Land Mortgage Bank was celebrated with great eclat on 10th October, 1956. The entire town was gaily decorated with Co-operative flags and festoons. There was a large gathering of Co-operators from Madurai and other parts of the District. Janab Hajee P. Allapichai welcomed the distinguished visitors. Sri K. Pandyaraj read and presented a Welcome Address to Sri K. Kamaraj, Chief Minister. Sri S. L. K. Rajagopal, President of the Bank read the Silver Jubilee Report. Sri K. Kamaraj, Chief Minister inaugurated the celebrations. Sri N. S. Ramalingam, President of the Madras Co-operative Central Land Mortgage Bank presided over the celebrations. Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies delivered the Silver Jubilee Address. Sri V. Alagappan, Secretary, the Madurai District

Co.operative Central Bank unveiled a Photo of Sri M. S. Tirumalai Pillai. Sri K. S. Suriyavelu Thevar proposed a vote of thanks.

COST OF MILK PRODUCTION.

PLAN FOR COLLECTING DATA.

The I. C. A. R Milk Costing Committee met at Allahabad under the chairmanship of Prof. J. N. Warner, Head of the Department of Dairying, Allahabad Agricultural Research Institute.

The Committee discussed a scheme for evolving a technique to ascertain cost of milk production in the urban and suburban areas of Madras City and Chidambaram taluk of Souch Arcot District. This scheme has been included in the Second Five Year Plan and it is proposed to commence the field work in this direction from January next year. A house to house enumeration will first be conducted in selected number of villages in rural areas and in the entire urban area to collect information regarding the number of cattle. A random selection would then be made of cattle sheds. Enumerators would visit them weekly to collect data on milk yield and quantity and composition of feeds.

Another new scheme for collection of data on milk in respect of production, consumption, surplus and survey of economics of milk supplied for the twin cities of Hyderabad and Secunderabad was also examined.

The Committee discussed the second years report on the scheme for milk costing in urban and rural areas of Delhi State which was started in October 1953, and suggested some further investigation for amplifying the results already obtained.

(Source: '*The Hindu*' dated 20-10-56).

Book Review

THE MADRAS CO-OPERATIVE CENTRAL LAND MORTGAGE BANK LTD., SILVER JUBILEE SOUVENIR 1929—1956.

The Madras Co-operative Central Land Mortgage Bank is an unique co-operative institution, of which Madras can justly be proud of. For the last quarter of a century, it has been dispensing long term credit to the cultivators at cheap rates and has built up a fine credit structure, that has earned for Madras a high reputation in Co-operative Circles for having successfully evolved a neat and scientific procedural framework to discharge long term credit service on the security of lands, the only available hypotheca of the peasant community. The story of this successful co-operative endeavour has been vividly portrayed in this brilliantly got up Souvenir. There are colourful pictures of the pioneers like Dr. Swaminathan, Mocherla Ramachandra Rao, V. Ramdoss Pantulu, T. A. Ramalingam Chettiar, C. S. Rathnasabapathy Mudaliar and others. On 25th December 1955, the Silver Jubilee of the Bank was celebrated under the distinguished chairmanship of Sri P. T. Rajan M. L. A., the author of the Madras Co-operative Land Mortgage Banks Act. Sri N. S. Ramalingam, the President of the Bank narrates the service of the Bank during the quarter of a century in a lucid article. Bhogaraju Venkatarathnam, the former President, has recorded his reminiscences in a vivid article. Sri A. Palaniappa Mudaliar, Registrar has given three practical and constructive suggestions regarding (1) Joint loans (2) Dismortgaging Insurance and (3) Mobilisation of rural savings and has given a lucid picture of the role of land mortgage banking under the Second Five Year Plan.

Sri J. C. Ryan, Chief Officer, Agricultural Credit Department, Reserve Bank of India has made a brilliant survey of the growth and development of land mortgage banking in India and has made a pointed reference to the new trends observable in the long term credit sector. Sri Vaikunth L. Mehta peeps into the past history; while Sri M. Dattareyulu, an experienced officer has given a first hand report of the deep insight, administrative ability and the dedicated zeal of the early co-operators, Mocherla Ramachandra Rao, Sri T. A. Ramalingam Chettiar, Sri C. S. Rathnasabapathy Mudaliar, Bogharaju Venkatarathnam and

Sri S. Nithyanandham, Joint Registrar of Co-operative Societies, who passed away on 22-9-1956, while on tour at Courtallam.

others. It is an elegant and informative piece of biography of co-operative leaders. Sri K. Madhava Das describes the role of the Reserve Bank of India in relation to long term credit; while Miss Margaret Digby narrates the working of agricultural co-operative finance in Great Britain. Sri V. G. Ramakrishna Iyer and Prof. S. V. Ayyar have contributed articles on the several economic aspects of rural credit; while Dr. R. N. Poduval and Sri K. S. Sonachalam, the Economists examine the problem of rural indebtedness in relation to variation in agricultural prices. Sri P. P. I. Vaithianathan makes an assessment of our agricultural resources; while Sri K. G. Sivaswami makes a study of the conditions and factors that would lead to the satisfactory evolution of land reform legislation. Land mortgage banking has not only attracted the attention of public workers, administrators, co-operators, and economists, but also of technicians like the Engineers and Programme Administrators. Sri V. Ananda Rao, Chief Engineer for Irrigation has written about the Irrigation Programme of the Madras State; while Sri V. P. Appadurai, Chief Engineer, Electricity has contributed a valuable article on Power Projects. Irrigation and Electricity are intertwined in any programme of agricultural production and as such these articles would be of immense value to those, who are in charge of developing land-mortgage banking in our State. In any programme of Co-operative Development, co-operative education must play an important part and Sri A. P. Balasubramaniam details the work in an article. Sri N. E. S. Raghavachari has very rightly emphasised that the people's programme of Community Development programme should be implemented by People's Organisations like Co-operatives and the Panchayats. He has further stated that only through co-operative action can rural India march forward to prosperity.

Packed with the thought-provoking articles from the pen of eminent co-operators, planning officers, outstanding economists and engineers and replete with illuminating blocks, charts and graphs, printed on attractive art paper, the "*Souvenir*" is undoubtedly one of the finest and the most outstanding co-operative publications of recent times.

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