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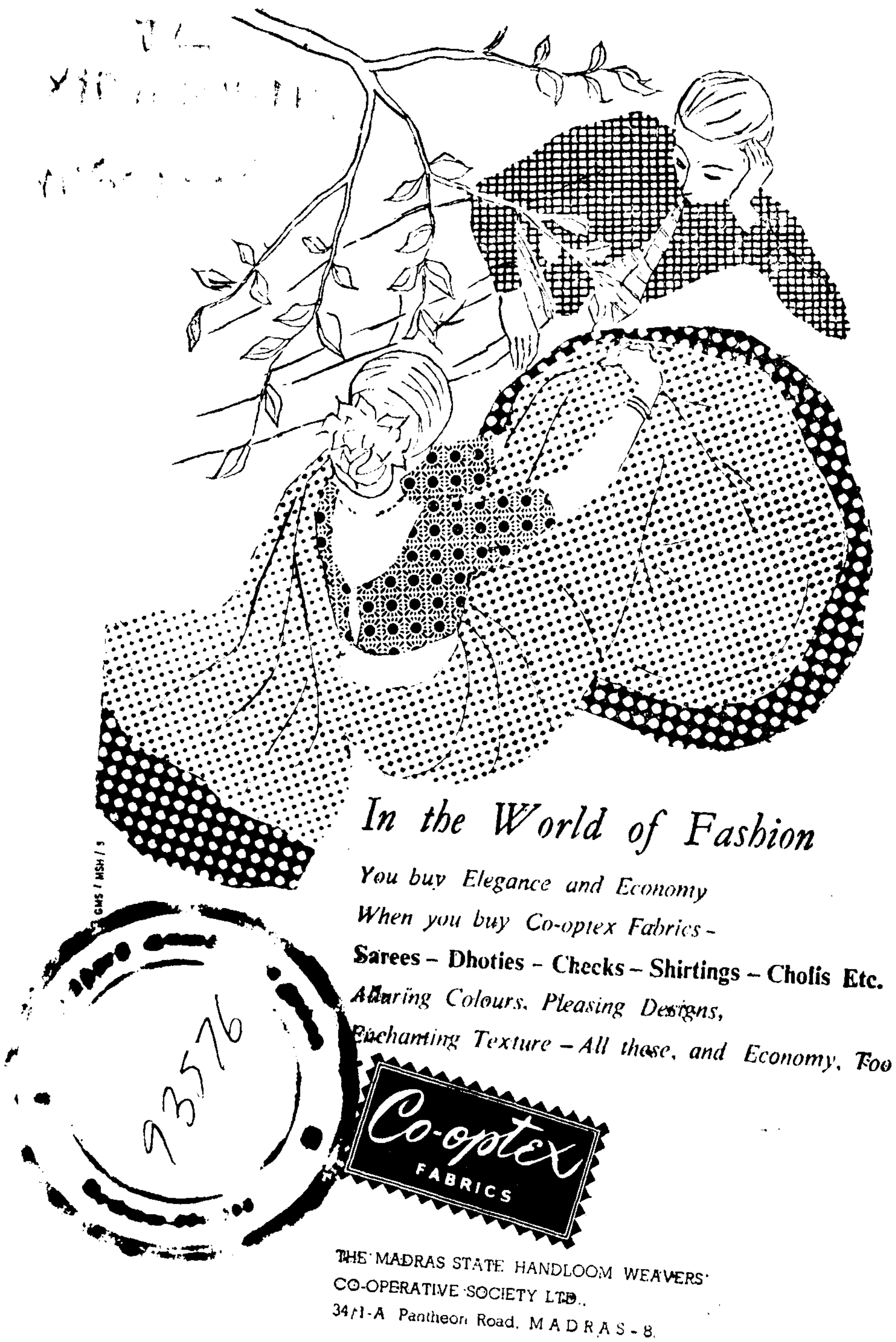

THE

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EACH FOR ALL AND ALL FOR EACH

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Thought for the Month

EVER ONWARD!

The time never comes in a real co-operative, when it can say, " we have arrived. " Co-operation is forever on the way. When one thing is accomplished, there will still remain other goals to reach. There is no end, for the aim of co-operation is perfection and perfection never comes.

DR. J. P. WARBASSE.

Editorial Notes

RING OUT THE OLD, RING IN THE NEW!

The year 1956 has ended; the year 1957 has begun. The end and the beginning of a year are vital dates in the Movement's history. Many new developments have been envisaged: Many old methods have been discarded. We look forward to the new year full of hope, faith and vigour.

During the past twelve months, we have had hectic activity in the economic field, in general and the co-operative field in particular. The Five Year Plan ended in March, 1956. It has laid the foundation for achieving the socialist pattern of society. On the 2nd May 1956, the Second Five Year Plan was finalised. Our Second Five Year Plan seeks to rebuild rural India, to lay the foundations of industrial progress and to secure to the greatest extent feasible opportunities for weaker and underprivileged sections of our people and the balanced development of all parts of the country. 'The building up of a co-operative sector as part of the scheme of planned development is, thus, one of the central aims of national policy'. The key note for co-operative development has been expressed in the above dictum of the Second Five Year Plan.

Co-operative Development occupies a much more significant place in the Second Five Year Plan than in the First. The financial provision for co-operation excluding the resources to be provided by the Reserve Bank, amount to Rs. 47 Crores in the Second Plan, as against Rs. 7 Crores provided in the First Plan. The comparatively greater emphasis of this aspect of rural development is to a very large extent, due to the acceptance by the Government of India, the State Governments and the Co-operators at large, of the far reaching recommendations made in the Report of All India Rural Credit Survey Committee, appointed by the Reserve Bank and published in December, 1954. The Report placed before the nation a penetrating and comprehensive analysis of the baffling problem of rural credit together with an integrated scheme of rural credit, which was suggested as the solution of the problem. The Report and its scheme immediately became the centre of attention and eager discussion among co-operators. The Second All India Co-operative Congress, which was held at Patna, while accepting the basic

principles of the Report stressed the view that nothing should be done to jeopardise the autonomy and the democratic values of the Co-operative Movement. At the State Ministers Conference, which met at New Delhi in April 1955, the Integrated Scheme was approved and accepted as the basis for future co-operative development. For more than 20 months, there has been considerable activity both at the Centre and the States, with regard to the implementation of the recommendations of the Report of the All India Rural Credit Survey Committee. The Imperial Bank of India has been nationalised. Amendments to the Reserve Bank of India has been made to provide for the creation of the National Agricultural Credit (Stabilisation) Fund and the National Agricultural Credit (Long Term Operations) Fund. The States have formulated the schemes for co operative development to be fitted into the Second Five Year Plan. The Mussorie Conference, which met in July 1956, had revised the targets and accelerated the programme, in respect of co operative credit marketing and warehousing, so as to achieve the increased agricultural production of 25 per cent.

Many other new developments have also taken place. The Co-operative Marketing Conference held at Hyderabad in November 1955 had laid down a plan of action to develop marketing on orderly lines. A Conference of State Officials and representatives of Central Banks, which met at Bombay discussed the methods of financing the handloom industry, so that the industry may be enabled to reach the target of 3000 million yards. The Karve Committee have drawn up a Rs. 260 Crores scheme for the development of village and small scale industries, so as to fit in into the framework of the Second Five Year Plan. By far the most important event in the non credit sector has been the enactment of the Agricultural Produce (Development and Warehousing) Co-operation Act, 1956 and the establishment of the National Co-operative Development and Warehousing Board. Equally important has been the constitution of the Co-operative Law Committee to rationalise and reorient the co operative Laws to suit the dynamic needs of a growing Movement. Thus it may be seen that in the past year, attempts have been made to overhaul and strengthen the co-operative credit and marketing mechanism; arrangements have been made to impart fresh vigour in the weaving and other small scale industrial sectors; efforts have been made to codify co-operative laws so as to help the growth of a people's movement; last, but not the least, the great expansion in co-operative training facilities by the Central Committee for Co-operative Training, the Government of India and the State Governments have increased the chances of getting proper trained men to man the ever-growing, ever expanding Co-operative Movement. In short, during the past year, the base for an expanding co-operative economy has been firmly laid.

Coming near home, the year 1956 witnessed a steady growth of the Movement in Madras State. The Second Five Year Plan for the Madras State drawn up by our Registrar Sri A. Palaniappa Mudaliar has been discussed and accepted by the co-operators. The plan is estimated to cost Rs. 11.93 crores. The Movement in the credit sector would cover 50 per cent of the population and would provide 21 per cent of the total agrarian credit requirements. The credit marketing link-up would be rendered effective; 50 per cent of the 5.6 lakhs looms would be brought into co-operative fold. Milk Co-operatives would produce 60,000 M. M. per diem. Nearly 13,660 new houses would be built; 1.5 lakhs of tappers would be provided with alternative employment; 2,000 co-operative workers would be trained; besides 9,000 Panchayatdars would be given a fundamental co operative training. Thus, in all, the Movement is bound to go forward with greater momentum, at the end of the Second Plan Period.

During the year many outstanding events have happened. We witnessed the devastating effects of a heavy cyclone in Southern Tamil Nad and we were happy to note that co-operatives came forward to the rescue of the afflicted with generous donations. In the credit sector, the starting of Rural Banks and the agricultural banks were important events. The implementation of the Pilot Scheme is bound to be an effort of great revolutionary character.

The Central Land Mortgage Bank celebrated its Silver Jubilee on the last week of December 1955. It is an important landmark in the history of the Co-operative Movement in Madras State. The Life Insurance Nationalisation Act took away from our fold a premier institution of its kind.

The Co-operative Employees Societies Conference held at Madras paved the way for the orderly progress of credit union wing; The Second Madras State Co-operative Milk Supply Societies Conference streamlined the importance of co-operative dairying. The Second Madras State Co-operative Housing Conference pleaded for the strengthening of the Co-operative Housing Movement and suggested

the establishment of a Central House Mortgage Financial Organisation.

Though Consumers' Co-operation recorded a climbdown, yet efforts were made to vivify and strengthen the Central Wholesale Stores by converting them into Marketing and Supply Co-operatives: the picture was not entirely gloomy in the Consumer sky. There were some brilliant patches like the Chandrasekarapuram Co-operative Stores, which for the past ten years had blazed a trail in the Consumer firmament. The handloom industry has been stabilized and the tone has become bouyant.

By far the greatest and outstanding event of the year has been the submission of the Report of the Committee on Co-operation, in April 1956. It is a monumental document and we hope that the Co-operative Movement would march forward to greater success, if attempts are made to implement the several recommendations. The Twelfth Tamil Nadu Co-operative Conference, which met at Coimbatore had reviewed the progress achieved so far and had thrown out several suggestions for expanding the Movement during the Second Plan Period.

Our survey of last year's achievements must certainly give us hope and faith for our efforts during the coming year. But our failures or shortcomings should not deter us or depress us. We must throw overboard techniques, which have become old and more so, attitudes, which lead to friction, inefficiency and stagnation. We must bend our energies to make Co-operation, the most successful social experiment of this century. Let us, therefore, dedicate ourselves with renewed vigour to reach the goal of the "Socialist Co-operative Commonwealth", to which the nation has pledged itself in the recent Indore Congress, a goal so dear and near to us, the co-operators of India.

Co-operative Housing Schemes in Madras State*

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

Housing is next in importance only to food and clothing. There can be no civilised life without proper housing facilities. Housing means provision for comfortable shelter with such surroundings and services as would keep the persons fit and cheerful. It includes the development of new building sites in well laid out areas and improvement of the existing localities with suitable arrangements for amenities like water-supply, drainage, roads, lighting, means of communication, medical relief, education, shopping etc.

2. The number of dwellings available is definitely smaller than the number of families requiring them. Though this feature was noticeable in urban areas even during prewar times, the shortage of housing accommodation assumed the proportion of a major problem everywhere during the war period and subsequent years. There has been a steady migration of people from villages to towns and cities in search of more attractive livelihood and owing to the growing industrialization of the country. The rapid growth in population has outstripped all available housing accommodation and has caused overcrowding in towns. The increase in the number of houses has not kept pace with the increase of population. Apart from the increase in the number of Government offices with their attendant increase in the number of employees, their families and dependants etc., there has been a marked increase of the professional classes like lawyers, teachers, doctors, the student population etc., in urban areas. The uneconomic wage structure in the villages and the lure of town life with its attraction for better services in the matter of water supply, medical relief, market facilities, better recreational activities like public parks, cinemas, theatres, hotels etc. keep back the people who have already migrated to towns from returning to their villages.

3. The normal agencies which can tackle the problem of the house construction in urban and industrial areas are (i) the Government, (ii) Municipal Councils, (iii) private capitalists and (iv) employers. Employers can and do, on a limited scale, undertake housing schemes both in their own interest and in the interest of their employees. In big towns, where there is always a demand for houses,

*Source: A. I. R. Talk dated 17-11-'56; with Courtesy to A. I. R., Madras.

both individuals and corporate bodies invest capital in the construction of houses and let them out on hire. But investment in houses is not so remunerative a proposition as investment in many other businesses and naturally less attention is given by private capitalists to this activity than to others, which promise higher dividends. The Municipal Councils are responsible for the health of their citizens and one of their duties is to improve housing; but with their limited resources and lack of staff they have not been able to tackle the problem on any large scale. Another agency is the Government and in fact, it is the Government that have undertaken to finance through co-operative housing societies the poorer and middle class people to construct houses in important places in the State.

4. The pioneer attempt at organising a co operative housing society was made at Coimbatore as early as 1913-14 when the Municipality cleared some congested areas and opened out extensions. Though the first co-operative building society was organised then, real progress in the activities of co-operative building societies began only after 1923 onwards when Government began to finance them direct. It was in that year that Government decided that financial help to building societies in the shape of loans was not only essential but also proper representating a legitimate contribution by Government towards the solution of the building problem. When the problem became more acute after the war, Housing Committees were constituted by Government in 1947 in Municipal and major panchayat areas with officials and non-officials as members for the selection of house sites in centres where the scarcity of houses was accute. After the Committees had selected suitable sites for house construction, co-operative housing societies were organised in these centres. Many of these societies were based on the individual ownership system providing finance to their members leaving the construction to the members themselves, while a few put up colonies by constructing houses and making them over to their members on hire purchase system. Some societies have recently been formed for purposes of constructing houses for being let out to their members, the ownership always resting with the societies. Such types of tenancy societies are required by educational and other institutions in order to provide accommodation for their staff.

5. There are at present four types of Housing Schemes, *viz.*, the Urban Housing Scheme, the Rural Housing Scheme, the Industrial Housing Scheme and the Low Income Group Housing Scheme,

in operation in this State. The first two schemes are State sponsored Housing Schemes, while the third and the forth are schemes formulated by the Central Government for implementation through State Governments. Under the State Housing Scheme, the Government loans are made available to individuals through housing co-operatives upto 4 times their paid up share capital subject to a maximum of Rs. 10,000 per house. The loan carries a reasonable rate of interest (the rate for the current year being 4½ per cent) and the loan is repayable in a period of 20 years, in instalments. Under the Low Income Group Housing Scheme, Government loans not exceeding 80 per cent of the cost of construction of the house inclusive of the site value, subject to a maximum of Rs. 8,000 per house are given to persons, whose annual income does not exceed Rs. 6,000 per annum. These loans carry the same rate of interest as that charged by the State Government on loans made by them to societies. Persons desiring to avail themselves of the assistance provided under the scheme should join a Co-operative Building Society and apply for loans. The procedure in regard to the application and sanction of loans under the scheme is the same as that followed under the State Housing Scheme.

Under the Rural Housing Scheme, members of Rural Housing Societies are eligible for loans upto 4 times their paid up share capital as in the case of urban society and also upto 7 times their paid up share capital, if they can offer agricultural land of value equal to the loan amount as collateral security subject to a maximum of Rs. 5,000 per house. Under the subsidised Housing Scheme of the Government of India for industrial workers, when the workers form themselves into a co-operative society, the scheme provided that 25 per cent of the cost of construction including the value of the site is given as subsidy and 50 per cent of the cost as a loan provided the remaining 25 per cent is contributed by the workers concerned and provided the house conforms to the standard laid down by the Government of India in regard to the specifications, accommodation and the cost. The loan carries interest at the rate of 4¼ per cent and is repayable in a period of 25 years.

6. At present there are 200 urban housing societies, 103 rural housing societies and 3 industrial housing societies in the State. The Urban Housing Societies implement besides the State Housing Scheme, the Low Income Group Housing Scheme of the Government of India. The Industrial Housing Societies are meant to implement

the Government of India subsidised Industrial Housing Scheme. Housing is one of the major Schemes in the Second Five Year Plan of this Department. The Rural Housing Scheme is not one of the schemes included in the Second Five Year Plan but it is still treated by the State as on indispensable scheme and the State Government are therefore continuing to provide necessary allotment for its implementation.

7. While there are a good number of housing societies providing finance for the construction of new houses, there are not many co-operative institutions for providing long term funds to house owners for renewals, repairs, remodelling or redeeming their houses. There are only four Houses Mortgage Banks at Madras, Tanjore, Erode and Coimbatore. The maintenance of existing houses in a state of good repair is as important as the construction of new houses. It is, therefore, proposed to organise one House Mortgage Bank in every important town, so that there may be such institutions functioning throughout the State. With a view to raise funds by the issue of debentures backed up by house mortgages and Government guarantee to finance these primary banks, proposals for the organisation of a Central House Mortgage Bank at State level are under the consideration of Government.

The several housing schemes outlined are expected to ease the housing shortage and improve the housing conditions in the State.

A Plan for Co-operative Education and Propaganda through All India Radio

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

The Second All India Co-operative Congress, which was held at Patna had appealed to all State Co-operative Unions, "to organise arrangements for propaganda about the Movement, especially in rural areas as an integral part of the programme of social education".

In pursuance of this Resolution and in furtherance of the policy of the Government to develop co-operative technique as an instrument of democratic planning, it has been decided by this Union to make a vigorous effort to disseminate the principles and practice of Co-operation to the vast millions residing in rural area and thus bring home to them the efficacy of the co-operative method in winning for them the battle of a higher standard of living.

Radio is an acknowledged and powerful medium not only to propagate the ideals of co-operation but also to build up better rural communities and what is more important, to build a people, who are devoted to the cause of co-operative democracy.

Co-operators, have always looked forward to the Radio for disseminating the message of co-operation. In Canada, Farm Radio Forums have become vital centres of Co-operative Education. According to Dr. M. M. Coady, "Farm Forum is an instrument, that will enable Canada to reach its destiny of a great Civilization."

Having regard to the importance of the Radio as an instrument of co-operative education, the Madras State Co-operative Union puts forward the followings suggestions to the All India Radio for consideration and implementation.

(i) Talks on Co-operative subjects should be arranged in both English and Tamil at least once in a fortnight.

(ii) Co-operative Forums or Study and Discussion Groups should be convened once in a month, in which high level Co-operative workers both official and non-official should be invited to participate; Stress should be laid on subjects like Co-operative Credit, Marketing, Industrial Co-operatives, Co-operative Farming, Consumer Co-operative, Housing Co-operative, Co-operative Education, etc. and the results of such discussions should be published and made available to a larger circle of co-operative membership.

(iii) On the eve of co-operative festivals and celebrations like ' International Co-operators Day ", " Handloom Week " "Milk Day", etc. besides general co-operative educational programmes, special recreational programmes like Radio Plays, Folk Songs and Music may be organised.

(iv) Co-operative dramas, playlets etc. should be broadcast at frequent intervals.

(v) A special " Farmers Forum ", emphasizing the application of co-operative technique in solving the farmers' problems may be initiated.

(vi) A series of talks on co-operative subjects should be arranged for the Secondary School and College listeners, at appropriate intervals.

(vii) In children's and women's broadcasts, suitable programmes, whether of talk, discussion, quizz or stories explaining the the concept of co-operation should be dovetailed.

(viii) Periodical Book Review on co-operative publications may also be arranged.

Education is the life's necessity for Co-operators.

—PROF. JAMES STUART.

We are building a civilisations, not a factory or a workshop. The quality of a civilisation depends not on the material equipment or the political machinery but on the character of men. The major task of education is the improvement of character.

—Dr. RADHAKRISHNAN'S Report.

The Recommendations of The Committee on Co-operation in Madras,

1955—56.

[In G. O. Ms. No. 294, Industries, Labour and Co-operation, dated 1st February 1955, the Government of Madras appointed a Committee on Co-operation " to review the progress made by the Co-operative Movement in the Madras State since the Report of the Vijayaraghavachariar Committee on Co-operation, to enquire into its present needs, difficulties and problems and to make recommendations regarding its consolidation, development and reform". The members of the Committee were: Sri T. M. Narayanaswami Pillai, Chairman, Sri R. Balakrishna, Dr. P. Natesan, Sri T. M. Chinnaiya Pillai, Sri M. Shiva Rao, Sri P. Vasu Menon, Sri B Venkataratnam and Sri A. Palaniappa Mudaliar. Sri V. K. Appandarajan was the Secretary of the Committee. The Committee completed its labours on the 12th April 1956 in a period of about 15 months. The Committee after a thorough and elaborate study of the conditions and problems of the Co-operative Movement has made 335 valuable recommendations on the various aspects of Co-operation. We have great pleasure in publishing the recommendations fully.—*Editor.*]

Recommendations of the Rural Credit Survey Committee.

1. The State, apart from investing token amounts as share capital in the State Co-operative Bank and the Central Banks, need not compel them to receive share capital irrespective of their wishes.

2. If and when the State Co-operative Bank and the Central Banks are in a position to retire the share capital of the Government, they must have the option to do so. State partnership need not continue indefinetely.

3. The village credit societies should be permitted to advance out of the State derived capital, loans to their members, if necessary, and only in necessary cases, towards part of the share capital to be paid by them, in relation to the loans required by them.

4. So far as the share capital of the primary societies which is channelled through the apex and the central banks is concerned, the State should be eligible only for such dividend as is declared by the primary societies which ultimately receive the State's share capital. If the total of such dividend received from all societies in a year is in exess of the amount payable to the Reserve Bank in

that year, the excess may be added on to the State Co-operative Development Fund.

5. The State's share capital invested in the primary societies may be dividend free for a period of five years.

6. In the event of loss of State's share capital invested through the Central Bank in the primaries, it is not fair that the central bank should be called upon to make good the loss; for to do so might impair the financial stability of the central bank which has merely passed on the money to the village credit societies.

7. The recommendations of the Rural Credit Survey Committee regarding the direct investment of State's share capital in the primary marketing societies, establishment of large-sized societies with limited liability, issue of loans on the security of anticipated crops, integration of credit and marketing, administration of societies by trained personnel, are endorsed generally. So far as Land Mortgage Banking system is concerned, the scheme of State partnership is not necessary.

8. The National Co-operative Development Fund and the National Warehousing Development Fund should be administered solely by the State Goverment instead of by a Central Board. The Central Board should have the power of merely allocating the share of these funds for this State on the basis of its population. A State Co-operative Development Board analogous to the National Co-operative Development and Warehousing Board may be set up in the State with the Minister in charge of Co-operation as the Chairman. The members of the Board may be the representatives of the Apex Co-operative institutions, village credit societies, marketing societies, one or two eminent non-official co-operators, a representative each of the Board of Revenue and Finance Department, Director of Agriculture, Director of Animal Husbandry, Chief Engineer (Buildings), and Registrar of Co-operative Societies as Member Secretary of the Board. When such a Board is constituted, the present Co-operative Advisory Council may be abolished.

Village Credit Societies

9. The reorganization of the village credit societies into large-sized units is recommended.

10. In determining the area of a large-sized society, the over-riding consideration should be, generally, the possibility of developing the loan transactions of the institution within a resonable time

so as to make it possible for it to have a loan business of at least Rs. 2 lakhs eventually and to realize the other objectives for which its tranformation was effected.

11. Such of the existing societies as have scope for developing their transactions on the above lines may be left undisturbed.

12. Section 13 of the Co-operative Societies Act, which prescribes the procedure for amalgamation, may be amended providing for an element of compulsion to be vested in the Registrar.

13. Instead of continuing as separate agencies for the issue of medium term loans the rural bank should function as large sized primary societies

14. The central banks and the Department should ensure that no discrimination is made against men of small means and members residing outside the headquarters of large-sized societies.

15. Tenants should be provided with cultivation finance by loans by the village credit societies.

16. There is a need for the institution of a Guarantee and Relief Fund, out of which possible losses arising from the issue of loans to tenants may be made good.

17. Section 21 of the Co-operative Societies Act may be amended, creating a first charge on the crops, etc., instead of merely "priority" as at present and making the charges effective and enforceable easily and quickly.

18. The purpose in view will be served if the rural credit co-operatives are able to supply 50 per cent of the credit needs of the rural population. This objective may be achieved in the course of about 15 years.

19. When borrowers are unable to pay the dues on account of causes beyond their control such as drought, cyclone, etc., extension should be granted. Fresh finance should not be denied to them especially for cultivation purposes and purchase of domestic necessities.

20. The extended period should syncronize with the period of the next harvest.

21. Even though the village societies are in overdue to the central banks, they may be granted loans by the central banks for financing new members and non-defaulting members, provided the

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societies concerned have taken action to realize the overdues in the members' loans.

22. Provision may be made in the Co-operative Societies Act for the creation of a charge on immovable property by a declaration made by the borrower (i.e., without mortgaging the same).

23. The grant of takkavi loans by the Government may be discontinued. They may be given through the credit societies by placing necessary funds at the disposal of the Registrar.

24. The collection of dues in members loans should receive equal attention with the collection of dues in loans due by the societies to the central banks.

25. Penal interest collected from members of village credit societies on the overdues instalments may be limited to 25 per cent of the usual rate of interest.

26. The State Co-operative Bank may consider the desirability of effecting in due course a further reduction of ½ per cent in the rate of interest charged by it on loans to central banks of financing agricultural operations and marketing of crops.

27. When the central banks are not in a position to effect a reduction in the interest charged by them, on the loans to village credit societies, corresponding to the reduction effected by the State Co-operative Bank, the savings accruing from the increased margin available to them, consequent on the reduction in the rate of the State Co-operative Bank, may be passed on to the village credit societies.

28. The central banks should at the same time aim at lending to village societies at 4 per cent in due course and work purposively towards that end.

29. The maximum remuneration permissible for scriptory work to a panchayatdar under by-law No. 30 might will be reduced.

30. The suggestion that the Reserve Bank should lend directly to the central bank is not supported.

31. The suggestion that the central banks should get all their credit requirements from the Reserve Bank and not go in for deposits at higher rates of interest is not desirable.

32. There is not much scope at present for reducing the ultimate rate of interest to the borrower from 6¼ per cent.

33. Sustained efforts should be made to popularize the system of chit funds and home-safe deposits.

34. The share capital of a member should not be allowed to be adjusted to the balance of his loan; but the outstanding loan should be collected in full. When a next loan is taken, fresh share capital should be collected. This process may go on till the share capital of a member reaches at least Rs. 50.

35. Unlimited liability may be replaced by guarantee liability in the large-sized societies of the future. The liability of the existing societies may be left undisturbed till they are transformed into or merged with the large-sized societies. Section 4 of the Co-operative Societies Act may be suitably amended permitting the registration of village credit societies with limited liability also.

36. There should be a provision for appeal against the decisions of the panchayat rejecting admission to membership. The appeal should be to the Executive Committee of the Central Bank.

37. There should be a provision for appeal against the decision of the general body expelling a person from membership. The appeal should be to the Executive Committee of the Central Bank.

38. The system of electing panchayatdars in ordinary rural credit societies annually may continue. For large-sized societies however the period of the panchayat may be three years.

39. General body meetings should be held in the presence of an official of the central bank or an office-bearer of the union after giving due notice to all the members.

40. Large-sized societies will be eminently suited, to take up other activities in addition to credit such as joint purchase and distribution of the agricultural and domestic requirements, etc. They may undertake running of demonstration plots.

Non-Agricultural Credit Societies.

41. The Registrar may be empowered by the rules to fix the number of directors in urban banks who shall hold fixed deposits and the minimum amount of fixed deposits to be held by them. This rule may be made applicable only to big urban banks—with a working capital of Rs. 1 lakh and more.

42. To ensure that members of an urban bank residing in the several wards of its area of operations are given reasonable facilities

to excercise their voting power, polling booths may be opened at convenient centres (and not merely in the office of the bank).

43. Provision for representative general body should be made in societies having more than 1000 members and area extending over a taluk. The Registrar must be empowered by rule to direct the constitution of such representative assemblies.

44. Urban banks should not normally lend for periods exceeding 5 years. Where, however, the surplus long-term resources of any urban bank justify the grant of such loans, it can move the Registrar for relaxation of the relevant rule. It is not desirable to permit such relaxation in places where house mortgage banks are functioning.

45. Renewal of jewel loans after collecting interest should not be permitted.

46. There is no objection to urban banks issuing loans on the pledge of agricultural produce with a view to help their agriculturist members.

47. Penal interest charged by the urban banks may be kept at a rate which is only 25 per cent above their normal lending rates.

48. Urban banks may issue loans to non-members on the security of their deposits and central land morgage bank debentures. But discounting of cheques should be restricted to members only.

49. Urban banks may be allowed to take 90 per cent of the market value of Government securities instead of 80 per cent for purposes of fluid resources. The may be permitted to take 80 per cent of the value of the Central Land Mortgage Bank debentures for this purpose.

50. The urban banks may run chit funds with a view to develop habits of thrift among people of limited means.

51. Rule XII (*a*) may be amended making it obligatory for the urban banks to carry one-third of the net profits to the reserve fund till their reserve fund and other reserves equal their paid-up share capital and thereafter one-fourth of their net profits to the reserve fund.

52. It is desireable to associate the heads of offices with the management of employees' credit societies.

53. Government may advise the heads of offices to agree to function as ex-officio presidents.

54. It is highly necessary that the maximum of the pay security loan which a member can take from an employese' society is limited to 25 per cent of the basic pay of the employee.

55 The indlvidual maximum borrowing power in an employees' society may be limited to five times the basic pay and dearness allowance of a member.

56. Provision should be made In the Madras Co-operative Societies Act to make it mandatory on the part of the employers to recover the loan instalments due to societies from their employees.

57. The Employees' societies may be permitted to allow withdrawals from thrift deposits of members for the purpose of paying premia in respect of all life policies.

58. The continuance of the system of joint purchase and distribution in employees' societies is recommended subject to proper accounting, etc.

Societies for Harijans and other Backward Communities.

59. The policy should be not to start separate societies for Harijans and other backward classes.

60. Membership of the existing societies may be thrown open to all classes of people in their area of operations. But such re-organization of these societies should not be allowed to operate as a bar against special State help, if any, in force or intended. The only criterion should be whether these societies serve large numbers of the communities eligible for State help.

61. Existing societies for Harijans need be allowed to function as separate ·tities only when they are working successfully and where otherwise the Harijans will not get credit facliities easily or adequately

62. Harijan societies should affiliated to supervising unions for purposes of supervision. Government may distribute as subsidy to the Central Banks, the amounts now spent on the special staff for supervision which will become unnecessary, so that the Central Banks can strengthen their supervisory staff.

63. The suggestion that Goverment should finance the Harijan societies is not supported. A scheme of Government finance would encourage the demand for the formation of separate societies. The financing of Harijan credit societies should be continued to be done by the Central banks.

64. Central banks should make special efforts to secure admission of Harijans in the common societies.

65. Annually a week may be observed and celebrated as the Harijan Admission Week during which period concentrated efforts should be made by the co-operators to secure the admission of Harijans in the common co-operatives.

66. The Central Bank, Madurai, should take up the financing of Kallar societies. Government may give a guarantee to the Central bank in respect of the loans issued to these societies up to an overall limit of 20 per cent of the loans issued by the Central bank and 50 per cent in the case of individual societies for a period of ten years.

67. Government may give a subsidy to the Central bank to enable it to maintain supervisory staff at the rate of one for 10 societies for supervising the Kallar societies, for a period of ten years.

68. The services of Co-operative Housing societies may be utilised by the Government for the construction of houses for Harijans on subsidised basis, if they come forward to undertake this work.

Central Banks

69. Individual members in central banks need not be eliminated.

70. The present system of electing individual directors may be continued.

71. Fixation of a share qualification for the Directors of central banks, may be left to the discreation of the central banks. The minimum deposit qualification of the directors who have to hold fixed deposits may be not less than Rs. 2,000.

72. The present system of representation to societies affiliated to Supervising Unions on the Board of Managements of central banks may continue.

73. It is desirable to lay down that delegates of societes which are overdue to the central banks for a period of more than 3 months are not eligible for election as directors of the bank or for continuance as directors.

74. The present system of electing one representative for each supervising union irrespective of it size may continue; but the supervising unions should be re-organised on a rational basis.

75. The following types of societies may each be given separate representation on the Board of Management of the central bank if the number in each category is at least 25 :—

(1) Weavers' societies, (2) Stores societies, (3) Jaggery and other cottage industries societies (4) Marketing societies and (5) Milk supply societies.

76. Where the number in each class exceeds 25 the representative may be elected seperately by themselves. Otherwise two or more classes of societies combined for this purpose to suit local conditions.

77. Opening of branches by central banks is not recommended as a policy to be pursued necessarily by them. The central banks should make use of urban banks, rural banks and large sized societies proposed to be formed, in an increasing measure to facilitate remittance of moneys by the several credit societies.

78. There is no justification for recommending Government subsidy for the opening of branches by the central banks.

79. The normal maximum borrowing power of the central banks may be raised from 10 to 12 times their paid up share capital plus reserve fund. It is not necessary to have an additional borrowing power exclusively for marketing societies as at present. (To the extent of this enhancement, the need for Government taking share capital indirectly in the central banks will be obviated).

80. Government may permit local bodies to invest their fixed deposit in central banks without any limit.

81. Regarding current account, each local body may be permitted to invest up to Rs. 25,000 in a central bank instead of the present limit of 10,000.

82. There is no practical need to abolish the distinction between 'inside' and 'outside' liabilities for purposes of maintaining fluid resources.

83. Only the amount withdrawable readily from a savings bank account should be taken into account for purposes of fluid resources.

84. Regarding postal cash certificates, the amount that will be realized on their encashment on a particulars date, which is noted on the reverse of these certificates, may be reckoned for this purpose.

85. The second proviso to Rule VIII-A fixing a limit of 50 per cent for the issue of loans exceeding 3 years out of the total loans that can be issued for periods exceeding one year may be deleted.

86. Rule VIII-A may be amended enabling the Registrar to include other objects also for which loans for more than 3 years could be issued.

87. The total loan amount given by the central bank to a village credit society may be limited to 15 times the share capital invested by the latter in the former.

88. The Executive Committees of central banks may meet twice a month with a view to eliminate delay in the sanction of loans.

89. The system of forecast loans which is now in force to a limited extent may be introduced extensively.

90. The supervisors should verify the borrowers regarding disbursement of loans independently of the office bearers.

91. Regarding the grant of extension, the limit of 30 days from the due date fixed for the receipt of application in the central bank may not be strictly insisted upon. It is enough if the application is received in the central bank in time for the Executive Committee to take a decision.

92. When an extension is granted to the society, the period may be fixed with reference to the period of the next harvest in the area of the society.

93. The amount lent by the central banks to the urban banks should be limited to 50 per cent of the amounts lent by the latter to their members.

94. It is necessary for the central banks to arrange for the periodical verification of the securities in jewel loans and commodity loans issued by the urban banks. A test verification of the loans other than these loans also may be arranged by the central banks.

95. The relationship between share capital invested in the central banks by the non-agricultural societies and loans to be issued by the central banks may be similar to what has been recommended for the village credit societies.

96. The borrowing power of a marketing society may be fixed at 50 times its paid up share capital plus the reserve fund and one

fourth of its paid up share capital should be invested in the central banks.

97. It is necessary that the central banks arrange for a physical verification of the stock in the weavers societies once in a half year (preferably in the intervals between departmental verifications at the end of each half year).

98. The cess fund should be channelled through the State Co-operative Bank and not directly through the central banks to the weavers societies as suggested by some representatives of Weaver's Co-operative Societies.

99. The State Government may agree to bear 50 per cent of the loss, arising out of the non-recovery of the loans issued to weavers societies, subject to a maximum of 5 per cent of the total loans sanctioned by the Government of India. (The remaining 50 per cent of the loss subject to a simlilar limit has been agreed to be borne by the Government of India)

100. The State Government may guarantee the loans issued by the central banks to the cottage industries societies.

101. The loan applications of societies must be considered by the central banks at their committee meetings and only in exceptionally urgent cases circulation may be resorted to.

102. Levy of panel interest on overdue instalments due by the societies is not necessary.

103. Formation of separate central banks for different classes of societies is not desirable.

104. In view of the need for cheapening the cost of credit to agriculturists, the possibility of reducing the rate of interest on loans issued to village credit societies may be kept in view by the central banks and the position reviewed from time to time.

105. Central banks should not grant advances on the security of Government Paper except to their regular constitutents, i.e., those who keep accounts with them.

106. Each central bank should appoint a full time Executive Officer with the same status as that of the Secretary, with his duties and responsibilities clearly defined.

107. Both the Executive Officer and the Secretary should be co-ordinate officers, as far as status is concerned.

108. The Executive Officer should be invested with powers now conferred on the Secretary under the model by-laws to deal with the field staff and the staff in the administrative section.

109. The central banks should continue to be charge of supervision work over the village credit societies.

110. Ordinarily, central banks need not take over supervision of non credit societies. However, in respect of any particular type of societies, if the central bank thinks that it can undertake supervision, and the department also feels that this can be allowed without deteriment to efficiency, Government may grant subsidy to the central bank as the employment of special staff by the department to that extent will be obviated.

111. The practice of the Deputy Registrars recommending the loan applications of non-credit societies to the central banks, may continue.

112. The abolition of the committees of Supervision in central banks is recommended.

113. The minimum and maximum pay of the supervisory staff may be fixed at Rs. 50 and Rs. 90 if the finances of the central banks permit such upgrading.

114. A certain number of the posts of Supervisors may be converted into higher scale posts (Rs. 90 to 120).

115. The qualifications prescribed for Secretaries, Executive Officers, etc., viz, B.A., B.Com., B.Sc., may be waived with the approval of the Registrar in the case of senior scale supervisors found fit for promotion to these posts.

116. Certain number of posts of Junior Inspectors may be reserved for supervisors of the central banks.

117. The central banks may hold half-yearly refresher courses for supervisors for about a week.

118. The powers of the central bank and the supervising unions with regard to control over supervisors obtaining at present may continue.

119. A committee consisting of the President of the State Co-operative Bank, Registrar of Co-operative Societies and one of the Presidents of the Central Banks elected for this purpose by the Board of Management of the State Co-operative Bank, may be constituted. The Committee will be the appellate authority so far as major punishments such as suspension and dismissal imposed by the central banks (on secretaries and executive officers) are concerned. The same Committee may also arrange to transfers of officers with the concurrence of the banks concerned.

120. The present procedure with regard to the allocation of reserve fund from out of the net profits may continue.

121. The maximum rate of dividend, namely, 5 per cent allowed for central banks is reasonable and may continue.

122. The by-law relating to the distribution of net profits in a central bank may be amended so as to provide for carrying 5 per cent of the net profits necessarily to the bad debt reserve.

123. Central banks having interest overdues of not more than 2 per cent of the demand may be also brought under "A" class. The principal over dues in respect of an A class bank should not exceed 20 per cent (instead of the present 25 per cent). In the case of B class central banks, the principal overdues should not exceed 40 per cent (instead of the present 50 per cent.)

State Co-operative Bank.

124. The elimination of individual members by adopting special measures in this regard is not recommended.

125. The State Co-operative Bank should insist on the central banks investing at least a certain percentage of their share capital (say 20 per cent) in the State Co-operative Bank according to a phased programme.

126. There is no need for the formation of an Executive Committee.

127. The provision for plurality of votes may continue but the provision for proxy voting may be abolished.

128. The State Co operative Bank may issue loans on Government paper only to their regular constituents.

129. The State Co-operative Bank need finance only the central banks and the apex co-operative institutions and such of those primary co-operatives as cannot in the opinion of the Registrar be financed adequately by the central banks.

130. The maximum rate of dividend which the State Co-operative Bank may pay to the share holders may be reduced from 9 to 6 per cent. There is, however, no objection to the State

Co-operative Bank paying a rebate to the central banks on the interest collected from them to compensate for the loss by way of reduced dividend.

131. The special staff of the State Co-operative Bank which will be inspecting the central banks may be given a short course of training in the Agricultural Credit Department of the Reserve Bank.

132. The maximum borrowing power of the State Co-operative Bank may be raised from 12 to 15 times its paid up share capital plus reserve fund.

Land Mortgage Banks.

133. The basis of valuation of the hypotheca may be pre-war value plus 40 per cent instead of pre-war value plus 25 per cent.

134. In the case of loans given for land improvement, the value adopted should be the anticipated value of the land and not the existing value. The difference between the anticipated value and the existing value should be guaranteed by the Government.

135. It is not desirable to dispense with any of the existing stages through which a loan application passes before its final sanction and disbursement by the Central Land Mortgage Bank.

136. It is not desirable to lay down a general rule that the scrutiny of the title of the borrower to the hypotheca should be restricted only to a period of 23 years prior to the date of the application and that entries in the resettlement and survey registers may be ignored. Every application has to be judged on its own merits.

137. The incorporation of a provision similar to section 7 (1) of the Land Improvement Loans Act, 1883 in the Land Mortgage Banks Act is recommended with a view to facilitate issue of loans for land improvement.

138. Disbursement of productive loans after a preliminary investigation of title, is not recommended.

139. An enhancement in the scale of legal advisers' fee is recommended.

140. There should be one Co-operative Sub-Registrar for every two land mortgage banks. Pending the appointment of staff on this basis, the services of co-operative sub-registrars may be taken temporarily by the primary land mortgage banks when work is heavy and their cost shared equally by the primary bank and the central land mortgage bank.

141. The provision made in the Second Five-Year Plan for subsidising the appointment of additional supervisors is supported.

142. In the case of loans issued for land improvement purposes the land mortgage banks may be allowed to fix the payment of the first instalment from the third year of the loan, the interest alone being paid by the borrower till the third year. The total period of the loan should not, however, exceed 20 years. Suitable modifications to the Trust Deed may be made regarding the annual payment towards sinking fund, etc.

143. A grant of subsidy of 3 per cent by the Government to meet the difference between the usual lending rate to the ultimate borrower ($6\frac{1}{2}$ per cent) and the rate to be charged for productive loans ($3\frac{1}{2}$ per cent cent) is recommended.

144. Intensive and purposive propaganda about the functioning of land mortgage banks should be made in the villages by all the departments of Government—particularly Revenue, Community Projects, National Extension Scheme Administration, Agricultural and Co-operative Departments.

145. The central and primary land mortgage banks in the State should plan their working so as to reach the smaller classes of people in a greater measure.

146. There is no objection to the issue of subsequent loans for productive purposes, but care should be taken to see that such loans are really utilized for productive purposes.

147. The entire cost of the Deputy Registrars and Co-operative Sub-Registrars and their staff may be met by the Government to enable the central land mortgage bank to reduce its lending rate by half a per cent. This half per cent is to be passed on to the ultimate borrower.

148. The State Government may withdraw from the field of normal financing of agriculturists (both long term and short term) except in times of distress and for special reasons. The cost of the special staff maintained by Government for the issue of land improvement loans may well be given as subsidy to the central land mortgage bank to enable it to reduce its lending rate to the extent possible (and pass on the reduction to the ultimate borrowers through the primary land mortgage banks).

149. In the case of loans not exceeding Rs. 1,000 full exemption from the payment of registration fee may be given.

150. The concession of collecting single fee for grant of encumbrance certificates irrespective of the number of owners may be extended to loans exceeding Rs. 5,000 also

151. It will not be possible to link the loans of land mortgage banks to insurance compulsorily. However, the staff connected with the land mortgage banks may do propaganda among the borrowers, for their taking up insurance voluntarily.

152. Government may take steps by appointing special staff to effect subdivisions of lands in areas where single survey numbers have been given for big blocks with several owners. This work may be considered as part of the development work in the interests of the expansion of agricultural credit, instead of considering it as part of the work relating to the record of rights.

153. There are a number of untapped villages. The primary land mortgage banks should draw up programmes for reaching such villages.

154. The tendency to ignore the overdues of members to primary land mortgage banks and to concentrate on clearness of overdues by primary land mortgage banks to central land mortgage bank only is cautioned against.

155. Penal interest may not be collected on overdue instalments of loans due by primary land mortgage bank to the central land mortgage bank. Penal interest may be collected in respect of overdue instalments of loans due by members to the primary land mortgage banks.

156. It is safe to go by the banking principle of co-relating the period of lendings with the borrowings till the central land mortgage banks builds up Reserve Fund and other reserves to a considerably larger extent than at present. The issue of loans now for periods shorter than the periods for which the debentures are floated is not recommended.

157. The State Bank of India may recognise the debentures issued by the central land mortgage bank as good enough security for purposes of loans and advances and also purchase the debentures as part of their investment. The matter may be taken up by the State Government with the Government of India.

158. The central land mortgage bank may be permitted to purchase its debentures after the expiry of three years from the date of floatation instead of five years as at present.

159. Rural debentures may be issued for denominations of Rs. 50. To reduce clerical and other work involved in the issue of such debentures interest may be made payable once in a year.

160. The present method of constituting the Sinking Fund is satisfactory and may be continued.

161. No change is recommended with regard to the maximum borrowing power of the primary land mortgage bank or the individual maximum borrowing power of the member.

162. Provincialization of supervisors and paid Secretaries of primary land mortgage banks is not recommended.

163. The central land mortgage bank and the primary land mortgage banks may set apart 10 per cent of their net profits towards a stabilization fund (to be pooled into the central land mortgage bank), to give advances to the borrowers of the primary land mortgage banks to meet their obligattons in times of distress.

164. The maximum prescribed at present for the rate of dividend in the central land mortgage bank may continue.

Co-operative Farming Societies.

165. The dry farm run at Neikulam village by the Lalgudi-Sivagnanam Agricultural Co-operative Society (Thiruchirapalli district) may be taken over by the Government itself and run as a demonstration form.

166. The existing societies for consolidation of holdings may be liquidated if they have no chances of realizing the object with which they were formed. Where they have prospects of working successfully, Government may liberally aid them by giving the free services of staff and also full concessions in respect of registration charges, etc.

167. Agricultural improvement societies may be amalgamated with the marketing societies or liquidated.

168. Separate irrigation societies (including Kudimaramath societies) may be formed only if local village credit societies cannot be entrusted with the work of these societies.

169. The Revenue department may effectively help the irrigation societies in the enforcement of recovery of contribution from non-members towards the cost of repairing and maintaining waterways, tanks, etc.

170. In each taluk at least half a dozen village credit societies must run demonstration plots. Government may, besides giving

technical help through their officers for this purpose, also give liberal subsidy.

171. Government may themselves reclaim the lands before assigning them to the colonization societies.

172. In every scheme of co-operative colonization in which cultivation is dependent on monsoon, long-term loans may be given by the Government for sinking of wells.

173. The colonists in a land colonization society may be given full rights of ownership after a period of 20 years.

174. Joint farming on a co-operative basis is not likely to be popular and capable of implementatation on an extensive scale.

175. The general future pattern of farming should be in the direction of evolving peasant proprietorship.

176. There is no objection to the formation of collective farming societies where people come forward to work on such lines and Government may, in such cases, give all the assistance required for the successful working of the societies such as free services of administrative and technical staff, subsidy and loans for the purchase of agricultural implements, bulls, etc. Such experiments may, in the first instance be tried when large blocks of Government lands are assigned to co-operatives for colonization.

Marketing Societies.

177. The limit of individual maximum borrowing power in Marketing Societies may be reduced from 100 times the paidup share capital of a member to 50 times.

178. It is not desirable for marketing societies to issue cultivation loans or loans on standing crops to their individual members.

179. With a view to effectively work the controlled credit scheme, several suggestions are made.

180. The present system of having a common marketing society to deal with all commodities grown in its area may continue. But there is no objection to the formation of a separate society at the regional level (i.e., exceeding district limits for particular crops).

181. The present policy of allowing marketing societies to make out-right purchase of commodities under certain safeguards may be continued.

182. In the present conditions there is no scope, generally speaking for the introduction of grading and standardization of agricultural produce except in respect of a few commodities like potatoes. The societies may, however, keep this objective in view.

183. Marketing societies may pay bonus out of net profits to their members on the value of the produce sold by them through the society.

184. There is no need to transform every central stores into a district marketing federation. Such of these central stores as are able to work usefully may be allowed to continue as such and separate district marketing federations may be started.

185. The policy should be in the direction of opening branches by the district marketing federations instead of starting new primary marketing societies.

186. The District Supply and Marketing Federations may do well to appoint conjointly a representative at the foreign markets to study trend of demand, prices, etc., and to report to them in time, and to be in contact with the merchants at the importing centres.

187. Export quotas to co-operatives may be increased from 20 per cent to 50 per cent of the total quota allotted to the State.

188. There is no ground to suggest that as a general rule, regulated markets should not be established at all places where the co-operative marketing societies are in existence.

189. Where, however, marketing societies have already demonstrated their ability to bring producers and merchants together in their marketing yards and have ensured fair dealings between the two, the establishment of a regulated market is unnecessary. Co-operatives may be exempted from the provision of the Commercial Crops Marketing Act prohibiting sale in notified crops.

190. It is not the legitimate business of co-operatives to take over the management of regulated markets. The former are mainly concerned with the sale of their members' produce.

191. The Market Committees may allow the co-operatives to occupy their godowns within the regulated markets and permit them to issue loans on the pledge of produce (whether notified or not.)

192. There should be no area-wise restriction for construction of godowns by the co-operative societies as suggested by the Rural Credit Survey Committee.

193. The need for compulsory contributions from members towards their share capital, as recommended by the Rural Credit Survey Committee is agreed.

194. At least one-third of the members of the present Market Committees or the future advisory committees when the corporations take over the regulated markets, may be nominated in consultation with the Registrar. The Deputy Registrar also may be an ex-officio member of the committee just as the District Agricultural Officer.

195. The present restriction on the maximum amount of subsidy admissible towards the cost of construction of godowns may be removed.

196. Fifty per cent of the rent paid by the Marketing Societies for godowns hired by them may be given as subsidy by the Government.

197. The financial assistance proposed by the Registrar for the establishment of processing plants and the starting of processing societies is recommended, in view of the large capital outlay required for running these factories and the enormous benefits which will accrue to the agriculturists of the localities concerned.

198. The provision for State assistance by way of the free services of staff, provided for in the Second Five Year Plan by the Registrar, is supported in principle.

Milk Supply Co-operatives.

199. The restriction on the grant of Government loans to milk supply societies which have already availed themselves of such loans for three consecutive years, may be removed. If need be, persons who have obtained Government loans consecutively thrice may be made ineligible for such loans.

200. The rate of interest on Government loans to members of milk supply societies for purchase of milk animals may be reduced to 3 per cent.

201. Government may, in deserving cases, give financial assistance for the construction of milking sheds to milk supply societies by way of loans and subsidies in the proportion of 50 : 50.

202. Liberal financial assistance may be given by Government to big milk supply unions such as those at Coimbatore, Madura, if they choose to instal the machinery required for bottle washing and filling.

203. The Dairy Assistants in the mufassal may test samples of milk at distribution ends to a greater extent. The Unions also should arrange for effective check at the distribution ends by their own supervisory staff.

204. Government may sanction 50 per cent of the cost of the machinery required for the pasteurisation of milk as subsidy and the remaining 50 per cent as loan repayable in 10 years to the milk supply unions. The cost of technical staff needed for working the pasteurisation plants may be met fully by the Government for a period of 2 years.

205. With regard to the problem of surplus milk, the suggestion that the members of milk co-operatives should be educated to adopt a programme of spaced calving is not capable of implementation in the village conditions. The suggestion that the issue of loans for purchase of milk animals should be restricted during the surplus season can be adopted. Milk supply co-operatives may also adopt a flexible price policy lowering the prices during the surplus seasons. Regarding the manufacture of milk powder out of surplus milk, it is suggested that an expert committee may be asked to examine fully the economics of such conversion.

206. Seventy-five per cent of the cost of the stud bulls may be given as subsidy by the Government to milk supply co-operatives (instead of the present 50 per cent).

If any milk supply union comes forward to work the scheme of artificial insemination, it may be allowed with the approval of the Animal Husbandry department and the services of a Veterinary Assistant Surgeon may be given to the union, free of cost, to work the scheme.

207. With a view to render prompt and timely veterinary aid against cattle diseases, mobile veterinary units and first aid veterinary posts may be established by the Government for big milk supply unions in the State as in the case of the Madras Milk Supply Union.

208. The implementation of the schemes regarding salvage of dry animals proposed by the Registrar in the Second Five-Year Plan is recommended.

209. Milk Supply co-operatives may be exempted from the payment of sales tax at all points. (At present sales tax is levied at the stage of sales to the actual consumers.)

210. In places where milk co-operatives work efficiently and can fulfil the contracts satisfactorily, Government institutions may take their requirements of milk, from these institutions, on the recommendation of the local Deputy Registrar without calling for tenders, subject to a ceiling which may well be the retail selling rate of the society. The same procedure may be adopted by the Local Bodies also.

211. Ban on the production of toned milk is not recommended.

212. The staff for supervision of milk supply co-operatives may be increased at the rate of one Senior Inspector for every milk supply union and one Senior Inspector for every 16 milk supply societies and one Dairy Assistant for every Deputy Registrar's circle.

213. Government may subsidise the cattle breeding societies to the full extent of the cost of the stud bulls and may continue this help for a period of at least 10 years for each society to enable it to replenish the studs periodically.

214. Veterinary first aid posts and technical personnel may be provided for the cattle breeding societies.

215. Government may subsidize fully the loss in raising fodder crops by the cattle breeding societies for a period of three years.

Co-operative Stores

216. The Stores societies may be permitted to sell to non-members also for a period of five years.

217. Bonus may be paid to non-members at half the rate allowed for members. However, bonus to non-members need not be paid in cash, but credited to their accounts till the total accumulates to the value of a share. Payment of such bonus to non-members need be given only in primary stores and not in wholesale stores.

218. Credit sales in primary stores may be allowed with circumspection and care; the provisions governing the same may be strictly enforced.

219. No credit need be allowed by the wholesale stores for the purchase made by primary stores.

220. Insistance on personal undertaking by a director in the case of credit sales by the primary stores is not quite practicable and may be modified.

221. The rate af bonus on credit purchases may be 75 per cent of the rate of bonus on cash purchases.

222. Generally speaking there is no future for the rural stores. Their working may be examined individually and such of those as have definitely no prospects of revival may be liquidated.

223. Wholesale stores should undertake the opening of retail branches only in areas where there is absolutely no immediate prospect for the successful functioning of the primary stores.

224. It is not desirable to entrust supervision of the primary stores to the wholesale stores.

225. The Inspectors posted for supervision of stores may be given practical training for about a month in primary and wholesale stores run on sound and successful lines.

226. The supervision over stores may be done by Government free of cost.

227. In the matter of acceptance of tenders for the supply of diet articles to medical institutions, the concessions allowed to the stores in the matter of supply of articles by stores to jails, may be adopted (i.e., the stores should supply articles at a maximum profit of 5 per cent over the cost price including the margin for transport handling charges, etc. The present concession with regard to the supplies made to medical institutions is that their tendered rate should be within the margin of 5 per cent over the lowest valid tender rate).

228. The Students' Co-operative Stores should be run as genuine democratic organisations and the students should play an active role in their management.

Housing Societies.

229. The instalment payable by a borrower in urban housing societies may be fixed with reference to the Government loan alone, treating share capital loan as repayable by adjustment in one lump-sum after the Government loan is discharged. No dividend need be paid on the share capital given as loan.

230. In urban housing societies Government loans may be allowed to societies up to 5 times their paid up share capital instead of 4 times and to members up to 6 times their paid up share capital instead of 5 times.

231. The rate of interest on Government loans to housing societies may be 4 per cent.

232. The half fee concessions in the matter of payment of registration and encumbrance certificate fees may be extended for loans up to Rs. 10,000 issued to borrowers who belong to low income group.

233. It will not be desirable to restrict Government loans in all cases only to persons who do not own any house. However, it is desirable that only one loan is given to a person during his life time by Government.

234. In the Co-operative Housing colonies where all the amenities except water supply have been provided by the society at its cost, such of the houses in the colony as have been built with Government loan not exceeding Rs. 8,000 in the City and Rs. 5,000 in the mofussal may be exempted from property tax for a period of 2 years from the date on which the house become liable to the levy of the property tax.

235. Government timber may be supplied to housing societies at a price concession of 10 per cent.

236. Government may continue their present policy of providding the long term finances required by the housing societies.

237. So far as House Mortgage Banks are concerned they may be financed by the Nationalised Insurance Corporation (as they were financed hitherto by the Co-operative Insurance Society.) A central co-operative house mortgage bank with powers to float long term debentures may be formed.

238. Government may guarantee the repayment of the principal and interest of the debentures floated by the Central House Mortgage Bank. Government may also provide this organisation with other assistance such as the free services of staff, etc.

239. The area of operation of a Rural Housing society may extend up to a Firka.

240. In the case of Rural Housing societies members may be permitted to borrow from the society up to 6 times their paid up share capital (in case where agricultural land is not offered as collateral security.)

241. The scheme of subsidized housing proposed in the Second Five Year Plan for agricultural artisans and labourers may be extended to other rural workers also. However, this help need be given only to persons who own immovable property valued at less than Rs. 1,000.

242. In Industrial Housing schemes, the workers may be required to contribute only 10 per cent of the cost of the houses, Government meeting the balance as loan and subsidy.

243. The subsidy admissible to workers who organize themselves into co-operatives must be definitely higher than that admissible to employers who undertake the execution of Industrial Housing schemes. The subsidy to the former may be $12\frac{1}{2}$ per cent more than the subsidy given to the latter.

244. In Industrial Housing co-operatives, in the event of death of a member, his heirs need not be asked to quit the house provided they agree to pay the balance of loan regularly. The conveyance may be effected to the heir or nominee at any time after the loan is discharged in full. However, the heirs need have only limited ownership till the expiry of 25 years.

245. In the case of retirement after ten years, the member in an Industrial Co-operative Housing may be permitted to pay the prescribed instalments even thereafter and acquire limited ownership after paying the loans due in full at any time thereafter. He will, however, acquire full ownership only after 25 years.

246. The condition relating to insurance of houses in the Industrial Housing co-operatives may not be insisted.

247. Government loans may be made available through housing societies for the purchase of house-sites also up to 50 per cent of the cost of the sites on the mortgage of the sites. The loan may be made repayable within a period of seven years.

Weavers Co-operative Societies

248. Government may arrange to survey the extent of indebtedness of the weavers who work under the master weavers and draw a phased programme designed to relieve them of their indebtedness and join as members of the co-operatives.

249. Weavers societies may issue special advances to their members, limited to a month's wages on festive occasions recoverable in six months.

250. Looms may be supplied to the loom-less weavers on subsidized basis. Fifty per cent of the cost of the loom may be given as subsidy and the remaining 50 per cent recovered as loan over a period of three years. This aid may be recognized as one of the purpose for which Cess Fund could be utilized.

251. Financing of weavers societies should be undertaken by the central banks only.

252. An interest-free loan of Rs. 20. lakhs may be advanced to the State Handloom Weavers Society from the Cess Fund to build a buffer stock of yarn. Losses arising in the sale of the buffer stock may be subsidized from the Cess Fund.

253. Arrangements may be made to set apart a certain number of looms in every society for the production of standard cloth. Special concessions may be shown to weavers undertaking standardized production, by way of small bonus on wages from out of the Cess Fund.

Cottage Industries Societies (other than Handloom Weavers societies).

254. In selecting cottage industries for organization on co-operative basis, the criterion should be whether the industry has chances of survival, having regard to the competition of factories and the tastes of the consumers.

255. Government may, as a matter of policy, agree to guarantee the repayment of the loans (principal and interest) issued to the cottage industries societies provided the loan is recommended by the department. Goverment may in deserving cases provide the required share capital and reserve fund to these societies, the former as loan, and the latter as grant.

256. Loans for equipment may be given by Government free of interest repayable over long periods not exceeding ten years.

257. Government may give subsidy to cottage industries societies based on their production.

258. Government may employ technical assistants and depute them to help groups of cottage industries societies.

259. Steps may be taken to organize cottage industries emporium for each district with liberal subsidies from the Government.

260. Goverment and local bodies may confine their purchase of article such as shoes, boots, knives, carpets, cumblies etc., to the products of cottage industries societies.

261. The administrative and statutory control over the working of cottage industries societies may be retransferrd to the Co-operative department.

Societies for Fishermen.

262. Government may give long-term loans free of interest or at very low rate of interest to the fishermen societies for purchase of craft and tackle, repayable in five to ten years. Such long-term loans may as far as possible be in kind and not in cash.

263. Government may subsidize the purchase of yarn by Federations of fishermen societies for a period of five years. Other requisites such as logs, tools etc., may also be supplied by the Fisheries department on subsidized rates.

264. Government may assign foreshore or poramboke lands to the fishermen societies to serve as curing yards and drying ground and for construction of sheds, etc.

265. Government may provide facilities such as cold cabinet or insulated boxes in all landing or market centres at nominal rates on hire for the societies to save fish from spoilage.

266. Fishermen societies or Marketing Federations of societies may be provided with transport vans with necessary equipment at a subsidized cost by Government recoverable in instalments.

267. It is desirable to connect the hamlets of fishermen with the main highways by motorable roads to facilitate quick transport of fish.

268. Liberal assistance may be given to Marketing Federations of fishermen societies by way of subsidies and loans and also by way of free services of departmental and technical staff.

269. Mechanization of fishing operations by introducing power fishing may be done in stages.

270. One Senior Inspector may be appointed for the supervision of every ten fishermen societies. Big fishermen societies may be given the exclusive services of Inspectors to work as their Secretaries and Managers.

271. Fishermen societies should be placed under the administrative control of the Co-operative department.

Other Types of Societies.

272. There is no scope for starting cattle insurance societies.

273. The prospects of the ex-servicemen workshops stabilizing themselves as economic units may be thoroughly examined and steps taken to wind up the uneconomic ones.

274. Civilians may be admitted in the co-operative workshops for Ex-servicemen up to 40 per cent of their sanctioned strength.

275. Formation and development of labour contract societies should receive encouragement. The limit of Rs. 2,500 now fixed as the value of the works that may be entrusted to the labour contract societies without tenders may be raised to Rs. 5,000. The technical staff required by them may be given to them free of cost. The administrative staff may be given free of cost for a period of five years.

Supervision. Propaganda, Education and Training.

276. Supervising Unions are necessary and should be continued.

277. It is desirable that only delegates of A and B class societies are chosen as chief office bearers in the governing body of the supervising unions.

278. The Executive Committee of the Central Bank may be empowered to nominate to the governing body of each union, a person whose services, in their opinion, will be useful to the Movement. The nominated person need not, however, be eligible for election as a President or Secretary of the union or as director of the central bank.

279. The unions may be re-constituted so as to have 40 to 60 societies and 4 to 5 supervisors in the jurisdiction of each.

280. Even when the Madras State is reorganized more or less into a Tamil State, the *Madras Journal of Co-operation* may be continued to be published in English, so as to serve as a media of publicity for people here and abroad.

281. Government may give a block grant of Rs. 5,000 to the State Co-operative Union and Rs. 1,000 as recurring grant annually to enable it to extend its library service. For libraries maintained by the Central Banks, a block grant of Rs. 1,000 and an annual grant of Rs. 300 may be given.

282. Statutory provision may be made for collecting "Educational fund" from out of net profits of societies by the State Co-operative Union. Fifty per cent of the amount so collected should be distributed to the central banks for purposes of Education and Training, propaganda, etc.

283. The Tamil Nad Co-operative Federation may be amalgamated with the State Co-operative Union when the area of operations of the latter becomes more or less coterminus with the Tamil area.

284. The State Co-operative Union may organize study circles to spread the knowledge of co-operation and connected subjects. Similar study circles may be organized in the districts by the central banks and big urban banks.

285. With a view to acquaint women with the ideology and methods of the movement, students' stationery stores may be formed in all girls' schools and colleges.

286. Provision may be made in the by-laws of stores societies, housing societies, big milk supply societies and unions and urban banks for the co-option of women directors to their boards, in certain circumstances.

287. Cottage Industries societies for women may be given liberal State help by way of subsidies for the maintenance of staff, equipment, overhead charges, etc.

288. The text-books in High Schools and Colleges may well include topics on co-operation suited to the standards of the students.

289. The State Co-operative Union, central banks and big urban banks may well arrange annually for awarding prizes to students in their areas by holding essays competition and oratorical contests on co-operation

290. Efforts may be made to secure the participation of students in the study circles.

291. The stipend of Rs. 45 per mensem to Junior Inspectors undergoing training in the Central Co-operative Institute may be raised to Ro. 65 per mensem.

292. The Management of the Co-operative college may be entrusted to a Committee consisting of the Vice-Chancellor of the Madras University as the Chairman, Registrar of Co-operative Societies, President of the State Co-operative Bank, Secretary of the State Co-operative Union, Professor of Economics, Madras University, representaive of the Central Committee on Co-operative Education and Training and the Principal of the College. The Principal will be the Member-Secretary.

293. The Principal of the college may be a Joint Registrar of Co-operative Societies or a qualified person with experience in Co-operation with the status of a Joint Registrar.

294. The staff of the college should be treated as on a vacation basis.

295. The lecturers in the Central Co-operative Institute and the mufassal institutes who are Senior Inspectors be replaced by Co-operative Sub-Registrars.

296. The Madras University may undertake the function of Research and Evaluation in respect of the working of the co-operative societies, and Government may extend to the University the necessary financial assistance.

297. No change is recommended in the duration of the course in the mufassal training institutes.

298. The candidates in these training institutes may be taken by the lecturers themselves for practical training to institutions at convenient intervals (if possible on alternate days) in the course of the whole term, instead of reserving practical training to the very end.

299. No change in the minimum educational qualification of candidates for admission into the mofussil training institutes is necessary.

300. The medium of instruction in these training institutes should be the regional language.

301. The State Co-operative Union may address itself to the task of bringing out suitable text-books in regional languages for this purpose.

302. The State Co-operative Union may play the part of an Employment Exchange for persons who have had training in the Co-operative Institute.

303. The schemes included in the Second Five-Year Plan for the training of panchayatdars and members of societies are supported.

Set up of the Co-operative Department—Audit and other statutory functions of the Department.

304. The following modification in the proportion of direct recruitment to promotees is suggested :—

Co-operative Sub-Registrars—1 by direct recruitment and 3 by promotion (instead of 2 by direct recruitment and 3 by promotion);

Deputy Registrars—1 by direct recruitment and 3 by promotion (instead of 1 by direct recruitment and 2 by promotion).

305. The enhancement in the pay scales of the different categories of the staff is supported in principle. It is particularly urged

that the minimum pay for the Junior Inspectors and Senior Inspectors may be raised to Rs. 75 and Rs. 100 respectively and the maximum pay of Senior Inspectors to Rs. 140.

306. Twenty-five per cent of the number of posts of Junior Inspectors may be reserved for supervisors of central banks. The present age limit of 30 years in their case may be raised to 32.

307. The other non-official employees of co-operative institutions who have similar qualifications and have served at least five years in co-operative societies may also be made eligible for selction as Junior Inspectors.

308. The abolition of the territorial scheme of Inspectors is recommended.

309. When Departmental Officers are deputed to serve in co-operative societies the additional remuneration should be limited to 20 per cent of the pay. An officer should not be deputed to the same institution on foreign service ordinarily for more than two years. On no account should a person be on deputation in the same institution for more than three years.

310. In districts where the number of employees' societies exceeds 30, a post of a Co-operative Sub-Registrar may be sanctioned for supervision of such societies.

311. A scheme of separation of Audit from Administration on the following lines is recommended :—

(i) The entire staff of Junior Inspectors, Senior Inspectors and Co-operative Sub-Registrars should be divided into two : Audit and Administration ;

(ii) The auditors in the district should be under a District Co-operative Audit Officer of the grade of a Deputy Registrar. There should be a Chief Audit Officer under the statutory control of the Registrar. He should be a senior officer of the Indian Audit and Accounts Service and not an officer of the Co-operative department ;

(iii) Senior Inspectors, Co-operative Sub-Registrars and Deputy Registrars of the Department working in the Audit section should be made eligible for promotion to the posts of Co-operative Sub-Registrars, Deputy Registrars and Joint Registrars arising in the department as a whole.

312. The number of agricultural credit societies in charge of each auditor may be reduced from 50 to 45. The number of marketing

societies, weavers' societies and milk supply societies in charge of an auditor may be reduced from 25 to 20.

313. No modification in the basis or scale of levy of audit fees is recommended.

314. Audit unions may be abolished.

315. The Industrial Disputes Act may be suitably amended excluding from its scope disputes touching the business of co-operative societies arising between the societies and its employees. Section 51 of the Co-operative Societies Act may be also amplified to bar all references by the parties concerned to the civil courts in respect of disciplinary cases against employees. The period of limitation for claims under section 51 (1) (*c*) may be raised from 2 to 3 years from the date on which the act or omission, etc., took place.

316. Statutory provision may be made empowering the Registrar to transfer arbitration references entertained by the Deputy Registrars from one Deputy Registrar to another.

317. Statutory provision empowering the Registrar to order stay of arbitration proceedings may be made.

318. Provision may be made in the Co-operative Societies Act empowering the Registrar to determine the liability of the members of the committee for expenditure incurred contrary to the Act, rules, and by-laws, for loss caused due to their negligence, etc.

319. Senior Inspectors may be appointed as sale officers instead of Junior Inspectors.

320. Statutory provision may be made empowering the department to effect delivery of properties in the course of execution proceedings.

Frauds in Co-operative Societies and other Miscellaneous Subjects.

321. In detailing auditors to particular societies, care should be taken to see that competent persons only are deputed to big societies having a variety of transactions and manned by influential persons for a number of years.

322. Auditors should not be frequently changed. They should be in charge of audit of the same institutions normally for a period of three years.

323. Where it is established that the remissness or contributory negligence on the part of auditors has facilitated the perpetration of

frauds or their non-detection in time, adequate punishment should be meted out to them. The disposal of the charge relating to such remissness on the part of the auditors should be looked into during inspection of the Deputy Registrars' offices and also other visits to the circles by the Registrars and Joint Registrars.

324. The practice of nomination by the Registrar to the committees of societies may be resorted to only where it is absolutely necessary; but the period of nomination need not be extended beyond the first term.

325. Co-operatives may be exempted from the provisions of the Shops and Establishments Act subject to certain conditions which are now imposed by Government for granting temporary exemption.

326. Where the workers have organised themselves into industrial co-operatives, such co-operatives may be exempted from the provisions of the Factories Act except with regard to the provisions relating to the technical aspect concerning machinery etc. Where such organizations employ non-member workers exceeding 10 in the case of factories working with power, and exceeding 20 in the case of factories without power, such exemption need not be granted.

327. Before applying the provisions of the Employees' Provident Fund Act, 1952, to a co-operative institution, the Registrar of Co-operative Societies may be consulted.

328. Before applying to any society the provisions of the Employees' State Insurance Act, 1948, the Registrar of Co-operative Societies may be consulted.

329. It is not desirable to allow proprietory concerns, partnerships, joint stock concerns, etc., to form themselves into co-operatives. However, there need be no objection to admitting organizations such as devasthanams, hostels, etc., to membership in the co-operatives which are not profit seeking institutions.

Co-operation and Planning.

330. The annual subsidy towards the cost of additional supervisors to be employed by the central banks, as provided for in the Second Five-Year Plan should not be reduced.

331. The assistance provided for the construction of godowns in the Second Five-Year Plan should not be reduced. No ceiling limit need be fixed for the grant of 50 per cent subsidy for the construction of godowns.

332. The scale of assistance provided for the development of handloom in the Second Five-Year Plan should not be curtailed in any manner.

333. Before implementing any scheme, special efforts should be made to evoke and foster local initiative and enthusiasm. Arrangements should be made to evaluate the results of the schemes at every stage. The success of the scheme should be judged by the enthusiasm of the people and their willingness to participate to the required degree in the successful implementation of the schemes and not by the quantum of money spent.

334. Greater attention should be paid to the way in which Extension Officers do their work at present; both the co-operative and the Community Project Administrations should see to it that the Extension Officers do their job more effectively and usefully.

335. Issue of Takkavi loans in the Community Development areas should be stopped.

A Review of the Working of the Co-op. Movement in the Madras State for the year 1954-55*

During the year under review, the Co-operative movement continued to maintain its steady progress. The number of societies rose from 14,885 to 15,100 and their membership from 26.22 lakhs to 26.62 lakhs. The total working capital of all the societies rose from Rs. 62.00 crores to Rs. 64.72 crores. The increase was contributed by agricultural credit societies, rural co-operative banks, land mortgage banks, marketing societies, milk supply societies, wholesales stores, weavers' societies and housing societies.

An event of far-reaching importance for the progress of the Co-operative movement was the publication towards the end of 1954 of the recommendation of the All-India Rural Credit Survey Committee. Two of the important principles laid down by the Committee are State partnership in co-operative institutions at all levels and integration of credit with other economic activities such as marketing and processing. The committee has also stressed the need for adequately trained personnel. These recommendations have generally been accepted by the Government and form the basis of the planned expansion of the co-operative movement contemplated during the Second Five-Year Plan period.

The general set up of co-operative financing agencies remained unchanged during the years. The State Co-operative Bank is at the apex with 16 Central Co-operative Banks and 152 individuals as its members. It held deposit amounting to Rs. 380.92 lakhs of which Rs. 196.17 lakhs was from inside the movement as against Rs. 194.13 lakhs in the previous year. It rediscounted hundies of the Central Co-operative Banks to the extent of Rs. 458 lakhs. Its working capital was Rs. 587.95 lakhs. It advanced loans to the Central Banks to the extent of Rs. 312.83. lakhs. The Bank made a net profit of Rs. 2.87 lakhs.

Below the State Co-operative Bank are 16 District Central Co-operative Banks with 14,442 members of which 12,226 are co-operatives. Their paid-up share capital was Rs. 96.86 lakhs, the working capital being Rs. 1,207.12 lakhs of which a sum of

*Source: G.O. Ms. No. 1604, I.L.C., dated 5th April 1956.

Rs. 787.18 lakhs represented the deposits of members and non-members. During the year, they issued loans up to Rs. 12.97 crores as against Rs. 16.58 crores in the previous year, the fall being due to reduction in dealings of controlled foodgrains. The Reserve Bank of India sanctioned credit limits to the Central Banks to be drawn with the second signature of the State Co-operative Bank. The amount drawn from the Reserve Bank of India against these limits was Rs. 2.40 crores while the amount outstanding to the Reserve Bank of India was Rs. 61.75 lakhs. The Central Banks obtained funds from the apex Bank at 2½ per cent and lent at 4½ per cent to their affiliated societies which now lend to the members at 6½ per cent which is the lowest rate charged by co operatives in the whole of the Indian Union. For medium-term funds required for purposes like sinking or deepening wells, erecting pump-sets, constructing farm houses, the Parliament has amended the Reserve Bank of India Act to enable the Reserve Bank of India to provide Co-operative Banks in India with medium-term funds, up to 5 crores in the aggregate. The Reserve Bank of India sanctioned a medium-term loan of Rs. 40 lakhs to the Madras State Co-operative Bank on Government guarantee. The Central Banks drew a sum of Rs. 22.18 lakhs from the Reserve Bank of India. On the whole, the Central Banks have worked satisfactorily and reduced their overdues under principal from 10.94 per cent to 10.76 per cent and under interest from 0.46 per cent to 0.27 per cent.

The number of agricultural credit societies increased slightly from 10.295 to 10,489 the membership rising from 9.81 lakhs to 10.12 lakhs. Their share capital rose from Rs. 130.20 lakhs to Rs. 140.76 lakhs and their working capital from Rs 765.65 lakhs to Rs. 823.38 lakhs. They issued loans to the extent of Rs. 435.00 lakhs of which a sum of Rs. 420.18 being 96.6 per cent of the total loan-issue represented loans issued for productive purposes. The percentage of overdues under principal and interest recorded a slight increase from 31.68 per cent to 34.65 per cent and from 25.73 per cent to 28.13 per cent respectively. Of the rural credit societies, 116 full-fledged multi-purpose co-operative societies undertook the supply of agricultural, industrial and domestic requirements and the sale of finished products.

A new development in the sphere of credit co-operation was the starting of 26 Rural Co-operative Banks in select areas for dispensing medium-term loans. The Government have encouraged

these institutions by giving departmental staff free and also by offering to give subsidies subject to certain conditions. During the year under review, 12 Rural Co operative Banks with 4,690 members and a paid up share capital of Rs. 3·60 lakhs issued loans to the extent of Rs. 35,357 on the mortgage of immovable properties, pledge of jewels, etc.

There were 676 non agricultural credit societies with a membership of 5.52 lakhs and a share capital of Rs. 200·45 lakhs. They held deposits amounting to Rs. 590.13 lakhs from members and non-members and issued loans to the extent of Rs. 11.23 crores. In the sphere of long-term credit the Madras Co-operative Central Land Mortgage Bank with 73 primaries affiliated to it issued loans amounting to Rs. 37·40 lakhs against Rs. 43·84 lakhs in the previous year. The fall in the issue of loans is mainly attributable to the operation of the Madras Indebted Agriculturists (Temporary Relief) Act, 1954. It obtained from the open market in the 50th series of debentures Rs. 40 lakhs bearing interest of 4½ per cent. It is gratifying to note that the debentures continue to be popular among the investing public and the issue was over-subscribed before the due date. The value of debentures in circulation at the end of the year was Rs. 4·29 crores. The Central Land Mortgage Bank charged interest at 5½ per cent to the primary banks which charged 6½ per cent to the ultimate borrower. The Special Officer appointed to examine the working of the Bank with reference to the effects of partition has submitted his report.

Co-operatives of different types made notable contribution to agricultural production. In reclaiming lands, they applied for the lease of 897·62 acres of Government fallows of which 567·55 acres were under cultivation. The co-operative societies for civilians and ex-servicemen reclaimed 8,118·51 acres of land. Thirty-five land reclamation societies (in Pattukkottai taluk) reclaimed 6,884·11 acres of land in the Cauvery-Mettur Project area. Eighteen irrigation societies provided facilities for irrigating 7,153 acres of land. In addition, 66 rural credit societies granted Rs. 2·58 lakhs of loans to their members to purchase 124 pump-sets. Up to the end of the year, 798 pump-sets had been installed. In addition, Primary Land Mortgage Banks issued Rs. 5·39 lakhs for sinking of wells, installation of pump-sets, etc. One hundred and fourteen marketing societies sold seeds worth Rs. 1·23 lakhs, chemical manures worth Rs. 33·57 lakhs, agricultural implements worth Rs. 3·34 lakhs and compost ma[illegible]re worth R[illegible]·27 lakhs. The Co-operative Wholesale Stores in [illegible] the districts exce[illegible]

Tanjore, and the Tanjore Co-operative Marketing Federation continued to function as stockists and wholesaler-cum-retailers in respect of "Sindhri Fertilisers" and imported manures and distributed 27,373 tons of manure through the primary stores, marketing societies, rural credit societies, etc. and through their own retail depots. Co-operatives handled milk and milk products to the value of Rs.147·01 lakhs, eggs to the value of Rs. 16,562 salt, to the value of Rs. 47,677 and jaggery worth Rs. 81·42 lakhs.

In the field of industrial production, 1·34 lakhs of handlooms were included in the co-operative organization. They produced Rs. 3·56 crores worth of handloom cloth and sold Rs. 4·88 crores worth of cloth. The Madras State Handloom Weavers' Co-operative Society supplies yarn and undertakes disposal of finished products to its several selling units. The various schemes for the rehabilitation of handloom weavers financed from the Cess Fund and the reservation of certain lines of production for handlooms bore fruit in the year under review and the economic condition of the handloom weavers improved considerably.

In respect of other industrial goods, as many as 160 cottage industrial co-operatives produced Rs. 5·72 lakhs worth of metalware, coir, leather, etc., and sold goods worth Rs. 11·95 lakhs. Proposals to start several co-operatives of small-scale industries under the scheme sponsored by the Government of India are under consideration.

Owing to decontrol, consumers' co-operatives went through a bad phase during the year. Their turnover declined from Rs. 9·99 crores to Rs. 6·83 crores. They, however, undertook to distribute chemical manures and were appointed as thc State stokists. They handled 74,719 tons of manure.

Co-operatives played an important part in the Community Projects and National Extension Schemes areas. There were 3,669 co-operatives in these areas at the end of the year. Three Deputy Registrars, three Co-operative Sub-Registrars and fifty-five Senior Inspectors are working in the Community Project and National Extention areas. Eighty societies have been selected for taking up local development works and some of them have already amended their by-laws for enabling them to undertake the works. The value of the various items of work undertaken by the societies is estimated approximately at Rs. 80,000.

There were 1,584 palm jaggery co-operatives which produced jaggery worth Rs. 81.42 lakhs and sold jaggery valued at

Rs. 36.80 lakhs. They provided employment for 1.58 lakhs of ex-toddy tappers.

Resettlement of ex-servicemen was done through 6 land colonization societies, 7 workshops and 8 motor transport societies which in all provided work for 1,410 ex-servicemen.

Housing co-operatives were called upon during the year to implement the Low Income Group Housing Scheme of the Government of India. The number of urban housing societies rose from 170 to 175. They completed the construction of 456 houses during the year. The number of rural housing societies increased slighty from 23 to 29. During the year, certain conditions impeding the progress of rural housing were relaxed. The response to the modified scheme is being watched. Two industrial housing co-operatives were registered—one at Peelamedu in the Coimbatore district and the other at Koilpatti in the Tirunelveli district.

(By order of the Governor)

C. G. REDDI,
Secretary to Government.

CASE STUDY

S. I. Ry. Employees' Co-op. Credit Society, Ltd., Tiruchirapalli.

SRI A. MARAMA REDDY, G.D.A., (EXAM.) A.C.I.S. (LOND.), D. COM., (I.M.C.)

Secy., S.I.Ry. Employees' Co-op. Credit Society, Ltd., Tiruchirapalli.

A SHORT HISTORY OF THE SOCIETY

The S. I. Ry. Employees' Co-operative Credit Society, Limited, Tiruchirapalli was started in the year 1919 with the object of helping the Railway employees by assisting them financially in times of their difficulty and to encourage thrift, self help and co-operation among the share-holders with a membership of 1,750. Since then, it has grown from strength to strength and it is now one of the biggest Co-operative Institutions in India with a membership of over 42,500, a Working Capital of about Rs. 2 crores and with a sound financial position.

2. Area of opearation :—The Society's area of operation extends over the entire limits of the Ex. S. I. Railway.

3. Share Capital :—The capital of the Society consists of an indeterminate nnmber of shares of Rs. 5 each and the present paid-up capital of the Society exceeds. Rs. 25 lacs.

4. Working Capital :—The present Working Capital of the Society consisting of Share Capital, Reserve Fund, Deposits etc. is about Rs. 2 crores.

5. Deposits :—With the object of making provision for members on their retirement and for family provision in the event of the death of the members during their service, a compulsory savings system called the MUTUAL RETIREMENT BENEFIT FUND was introduced in the year 1941 and a minimum contribution to this Fund based on the salaries drawn is compulsory in the case of all loan drawers. Non-borrowers can also contribute to this Fund upto a maximum of Rs. 50 per mensem. At present there are over 41,000 members subscribing to this Fund and the amount at the credit of the Fund on date is about Rs. 80 lacs. The interest allowed on this Fund is 3 per cent per annum compound. Apart from this compolsory system, there are other voluntary deposits scheme such as Savings Deposit, Recurring Deposit and Fixed Deposit for the benefit of the members. The rate of interest allowed on these Deposits vary from 2 per cent to 4 per cent annum. Fixed Deposits are accepted from the public also and the Society's sound financial position has attracted the bulk of its Deposits both from individuals

and Institutions. Fixed Deposits on date amount to about Rs. 66 lacs.

6. Loan :—Loans are granted to members on one or two sureties upto a maximum of Rs. 3,000 repayable in 12, 24 and 36 instalments and the present rate of interest is 5½ per cent per annum. The loans are sanctioned in circulation and paid on the 4th or 5th date from the date of receipt. Recoveries towards loans are regularly made from the salaries of the members by the Railway Administration and remitted to the Society. The bad debts incurred for the past 36 years, since the starting of the Society, amount to only about Rs. 3,000, which is a very negligible percentage. Loans outstanding against members on date amount to about Rs. 180 lacs. The Society is helping the Railway employees to a considerable extent by lending money at a cheap rate of interest and on easy terms and thus they are saved from the usurious money lenders.

7. Benefits to Members :—Besides giving loans to members at a low rate of interest the Society has been affording other benefits to members. Scholarships to their children for technical education and grants to T. B. patients on sick leave without pay are sanctioned from the Society's Common Good Fund. Grants sanctioned for the current year amount to Rs. 6,160. Grants from this Fund are also given to the Railway Institutes for the purchase of library books, Sports activities etc.

Contributions from this Fund have also been made to deserving causes like cyclone relief, flood relief, fire relief etc.

8. Administration of the Society :—The Administration of the Society is carried on by the Committee of Management consisting of:—

The General Manager of the Southern Railway as Ex-officio Chairman

a Senior Accounts Officer of the Southern Railway nominated by the General Manager as Ex-officio Vice-chairman,

one member nominated by the General Manager, Southern Railway and

7 other members elected by the General Body.

Sri T.C. Krishnan, Senior Accounts Officer, Sothern Railway is the present Ex-officio Vice-chairman and the following are the elected and nominated members of the Committee—

1. Sri T. M. Nagarajan
2. ,, T. Govindan Nair
3. ,, S. Thandapani

4. Sri N. Ganapathy
5. ,, P. Thomas
6. ,, M. Thangavelu
7. ,, M. Shaik Ahmed Hussain and
8. ,, L. Ramachandra Rao (nominated).

As the members are spread over a vast area, a proposal for the introduction of the Representative General Body system in the Society for the sake of convenience and with a view to give the members in the different parts to have a voice in the management and to have a Committee of Management of a more representative character is now under consideration and it is expected that the same will be introduced shortly.

Interest of members in the management of the Society: —The members of the Society are spread over the entire Ex. S.I.Ry. system. In spite of the distance and other difficulties, a record number of 5,250 members exercised their franchise in the election of the Committee of Management held at the Headquarters last year. It can be said without fear of contradiction that this was a unique election in the annals of the Co-operative history in this Country.

9. Staff: Secretary: —At the initial stage, the Society had an Honorary Secretary and since 1922 the Society has been having a full time paid Secretary. The present Secretary, Sri A. Marama Reddy, G. D. A. (Exam.), A. C. I. S. (Lond.), D. Com., I. M. C., joined the Society in the year 1940. His status is equal to that of a Gazetted Officer of the Railway.

Other members of the staff: —The total strength of the staff now is 95. The staff are given the scales of pay and other benefits almost as on the Railway, (i. e.) the employees are given the same pay as the employers.

10. General: —The Society has in recent years invested a sum of Rupees 5½ lacs in Government Securities and has thus given its contribution to the Government for the implementation of the 1st and 2nd Five Year Plans.

11. Conclusion: —It has to be acknowledged here that the Society has been enjoying the privilege of active co-operation and assistance from the Railway Administration in running its business in an efficient manner for the welfare of its members, who are Railway employees.

A statement showing the progrees of the Society from its starting is appended.

S. I. RY. EMPLOYEES' CO-OP. CREDIT SOCIETY, LTD., TIRUCHIRAPALLI

Statement showing the Progress of the Society from its starting

Year	No. of members	Share Capital divided into shares of Rs. 5 each	Deposits	Working Capital	Reserve Fund	Net profits	Interest on loans %	Dividend %
		Rs.	Rs.	Rs.	Rs.	Rs.		
1919—0 ...	1760	42,178	50,000	93,000	762	3,050	7½	9
1920—21 ...	2456	67,018	1,79,000	2,50,000	2,687	5,528	8½	8
1921—22 ...	3398	1,14,588	3,47,105	4,72,000	5,425	9,822	8½	8
1922—23 ...	4961	1,74,853	5,62,665	7,56,000	11,331	19,082	9	9
1923—24 ...	5858	2,05,463	4,76,155	7,08,000	20,145	21,426	9	9
1924—25 ...	6490	2,38,091	6,61,639	9,47,000	28,511	27,627	9	9
1925—26 ...	7197	2,82,028	5,73,578	9,26,000	36,912	33,605	9	9
1926—27 ...	8637	3,46,395	5,72,660	10,09,000	47,939	44,107	9	9
1927—28 ...	9229	3,95,276	6,16,814	11,16,000	67,322	51,792	9	9
1928—29 ...	8672	4,26,370	6,10,268	11,55,000	82,655	51,714	9	9
1929—30 ...	9905	5,11,811	6,57,236	13,37,000	99,570	67,047	9	9
1930—31 ...	10835	5,94,690	6,96,710	14,75,000	1,19,066	73,151	9	9
1931—32 ...	12239	6,97,422	6,92,730	15,91,000	1,40,730	86,630	9	9
1932—33 ...	13947	7,47,144	6,94,324	16,86,000	1,63,839	92,430	9	9
1933—34 ...	16389	7,66,728	10,82,745	21,32,000	1,86,785	91,784	9	9
1934—35 ...	17932	7,66,508	12,06,409	22,67,000	2,09,370	90,342	9	8
1935—36 ...	18860	7,57,197	11,74,256	22,44,000	2,28,978	78,428	7½	7½
1936—37 ...	19235	7,31,694	12,34,517	22,94,000	2,48,321	77,370	7½	7
1937—38 ...	19840	7,12,860	14,63,716	25,04,000	2,72,712	74,454	6¼	7½
1938—39 ...	20814	7,22,485	18,16,682	29,25,000	2,91,247	74 138	6¼	6¼
1939—40 ...	21592	7,42,846	19,61,653	31,32,000	3,09,003	71,024	6¼	6¼
1940—41 ...	22868	7,79,507	22,58,286	35,01,000	3,26,755	71,010	6¼	6¼
1941—42 ...	24074	7,94,545	24,30,734	37,83,000	3,46,626	79,485	6¼	6¼
1942—43 ...	24426	7,75,630	25,35,234	38,97,000	3,64,554	71,704	6¼	6¼
1943—44 ...	24519	7,75,595	24,27,9[illegible]0	38,02,000	3,88,939	58,538	5½	6¼
1944—45 ...	24451	7,69,320	24,10,000	37,89,000	4,01,943	52,015	5½	5
1945—46 ...	24101	7,54 350	26,75,100	40,47 000	4,09,740	31,187	5½	3½
1946—47 ...	24109	7,47 105	27,84,000	41,92,000	4,18,612	35,487	5½	3½
1947—48 ...	24551	8,15,765	32,25,000	50,36,000	4,2[illegible],317	38,819	5½	3½
1948—49 ...	26583	9,97,560	41,90,000	68,43,000	4,39,467	44,600	5½	3½
1949—50 ...	29063	11,46,445	53,75,400	74,24,000	4,57,746	73,114	5½	4½
1950—51 ...	32772	13,89,550	64,56,825	98,20,000	4,82,099	97,414	6	6¼
1951—52 ...	33456	16,50,140	70,63,363	107,69,000	5,13,616	1,26,069	6	6¼
1952—53 ...	34184	16,79,720	82,79,720	117,06,000	5,45,814	1,28,790	6	6¼
1953—54 ...	35537	18,77,340	95,65,614	133,97,000	5,85,905	1,60,364	5½	6¼
1954—55 ...	38893	22,03,430	119,18,030	154,05,752	6,24,609	1,54,817	5½	.

Silver Jubilee of the Annamalai University Co-operative Stores, Ltd.

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

Your Excellency and Gentlemen,

I am deeply grateful to the President, the Vice-President and the other Directors of the Annamalai University Co-operative Stores for the opportunity they have given me to participate in the Silver Jubilee Celebrations of the Stores and the kind invitation which they have extended to me to deliver the Silver Jubilee address of the Stores this evening. The occasion is unique in many respects. The presence of His Excellency, the Governor, in our midst on the occasion is a source of great encouragement to us all engaged in the Co-operative Movement. It is a matter of no small pleasure to us that he has been taking keen and sympathetic interest in the promotion of the co-operative movement in our State. In Mr. T. M. Narayanaswamy Pillai, the Vice-Chancellor, Annamalai University and the ex-officio President of the Stores, we have a veteran co-operator with many decades of practical association with co-operative organisations at all levels and whose contribution to the development of the Co operative Movement in this State is by no means inconsiderable. As Chairman of the Committee on Co-operation constituted by the Government of Madras in 1955, he has rendered valuable services to the cause of the Co-operative Movement in our State and it is the good fortune of the stores to have him as its President.

2. It is no small achievement for an institution to have served its clientele for 25 years and I sincerely congratulate the Directors of the Stores on the good and useful work, which it has been doing. Though the stores was registered in November 1931, its origin goes back to 1929, when a small unregistered trading society was founded to cater to the requirements of the students of Sri Meenakshi College. On this occasion, I recall with pleasure my association with Sri Meenakshi College as lecturer before I entered Government service in the Co operative Department. That the Stores has risen from its humble beginnings to its present position is a tribute to the wise and the for-sighted stewardship of the Stores by successive Vice-Chancellors, who were at the helm of its affairs and to the support and fostering care bestowed on it by the Pro-Chancellor Dr. Raja Sir M. A. Muthia Chettiar. From a small trading society under the

care of a student and a lecturer with a part-time call boy selling only a few necessaries like kerosine, stationery and a few other sundry articles, the institution has developed into a full-fledged primary Co-operative Stores supplying to the residents of the University campus a variety of consumer goods comprising 400 major items of articles such as grocery stationery, books, toilets, firewood and cloth both handloom and mill-made. I understand that the Stores was the sole distributor of controlled commodities in the area and it acted as the wholesale procurement agent during the period of controls. I am pleased to note that thanks to the facilities provided by the University authorities, the stores has expanded its business so as to increase its usefulness to the Members. It has opened a book-binding section, a tailoring section and a book-stall of Messrs. Higgin Bothoms and has undertaken processing activities. The value of supplies made by the Stores to the University Hostel during the Co-operative year 1955-56 was Rs. 2.08 lakhs. It has installed a Wardha Ghani to produce and sell Ghani oil under the rebate system of the All India Khadi and Village Industries Board. Its annual turnover which was Rs. 10,000 in the beginning is now more than 4 lakhs. The stores has now 302 A class members and 803 B class members on its rolls with a paid-up share capital of Rs. 5,672.

3. A pleasing feature of the working of the Stores is the association of the students with its management. I understand that there is a specific provision in the by-laws of the Stores for election of 3 Directors from Men-students and one Director from women-students, thus giving an opportunity to the students to have a good grounding in the practice of co-operation. Today, the co-operative movement has acquired a special significance in the context of the economic development of the country. The Planning Commission has envisaged the building up of a Co-operative Sector in our National economy and several schemes of co-operative development have been drawn up for being implemented during the period of the Second Five Year Plan. If the Co operative Movement should play the vital role assigned to it in the economic reconstruction of the country, there should be a constant flow of co-operative enthusiasts and the students of the University should be made to take an active interest in co-operation, or they are the future leaders of the country. In Western countries, like England, Scotland and Sweden, the youths are participating in the Co-operative Movement. In Britain, the Youths Co-operative Movement had a membership of about 25,5000 in 1952. The Co-operative Youth Leagues are actively

engaged in propagating the principles of co-operation among the people and they have achieved unique success in this direction. In Madras, the formation of students' co-operative stores was encouraged with the object of giving the students a practical demonstration of the co-operative method of doing business and instructing them in the ideals and philosophy of co-operation. Co-operative stores have been formed in Schools and Colleges for the purpose of purchasing jointly the books and stationery required by the students in their school and college work. There are at present 366 students Stores for the Schools and 12 stores for Colleges. They purchased books and stationery articles to the value of about 17½ lakhs and sold articles about Rs. 18 lakhs during the year 1954-55. Having regard to the importance of initiating the students in schools and colleges in the principles and practice of co-operation, it is necessary that there should be a Students' Co-operative Stores in each School and College. In cases where there is no scope for forming a separate society for each school owing to the smallness of the number of students over the age of 18 in the schools, societies may be formed for groups of schools working in compact and manageable areas. There are at present about 800 High Schools and 130 Colleges of several types in the State. I appeal to the authorities of the Colleges and Schools to actively encourage the formation of Students Co-operative Stores in their institutions and thereby contribute to the building up of a strong and growing co-operative youth movement in this State. The motto of all co-operative organisations is "service to fellowmen" and the co-operative movement affords ample opportunities for social service. Participation in co-operative societies can, therefore, be a useful part of social service activities among the students in Schools and Colleges. This will ensure a steady flow of workers, equipped with a knowledge of co-operation, for running and administering the affairs of the several types of co-operative organisations in the country. The progress and development of co-operative institutions in the country depend upon the availability of workers acquainted with the co-operative method of doing business. The number of students passing out of the Schools and Colleges in the Madras State every year is about 60,000 and 70,000 respectively and if all of them have acquired a knowledge of the working of the co-operative stores much of the difficulties experienced in expanding the co-operative movement will disappear and a strong and healthy youth co-operative movement will have been formed in this State.

It seems to me, that if sufficient response is forthcoming a Central Students Co-operative Stores could be formed to facilitate the work and development of primary students' co operative societies throughout the State. Such an organisation was formed in 1939 but it had to be liquidated in 1944. A Central organisation is necessary in order to purchase in bulk the requirements of the primary societies in the open market at cheap rates. I hope that with the co-operation of co-operators in charge of Students' Co-operative Stores in the State, it would be possible to bring into being a Central organisation ere long.

5. The success of co-operatives depends ultimately on the persons in charge of the management. In the hands of the right type of men, who are imbued with spirit of service to their followmen, the success of the co-operatives is assured. It will be easier to secure the services of such men to work in institutions in due course, if the youth of today are properly trained in the formative period of their lives. The virtues of selfhelp and mutual-help, on which the co-operative movement rests could be inculcated in our young men and women and this can best be done if the value of joint endeavour is brought home to them through practical demonstration. The most effective way of achieving this objective is, as I have already stated by forming Co-operative Stores in every high school and college in which the students-men and women will have an opportunity to work and learn for themselves, the ideals and practical utility of co-operatives.

6. There are also some other ways by which boys and girls may be made to interest themselves in co.operation. One suggestion is that text books in the high schools and colleges may include topics on Co-operation suited to the standards of the students. Biographies of really eminent co-operators ought to instil into the youthful minds a desire for emulation. Another suggestion is that the co operative organisations engaged in the propagation of the principles of co-operation —The State Co-operation Union at the State level and the Co-operative Central Banks at the District level—may arrange annually for awarding prizes to students by holding essay competitions and oratorical contests. These institutions may also organise study circles for spreading the knowledge of co-operation and connected subjects and stimulating interest in co-operation among the general public. We are told that one of the ways by which co-operation and social progress has been furthered in America and other countries is

by the formation of study circles. In these circles, select persons gather periodically and discuss matters of moment and consequence. When similar study circles are formed here, special efforts should be made to make the students participate in their working.

7. If these suggestions are implemented, I am sure the way will be paved for the gradual assimilation of co-operative principles and practices by the youth of our Nation, who are the heirs of the past and the leaders of the future. To them goes the responsibility of carrying forward the work of the co-operative movement in the years to come.

I thank the President and Directors of the Stores once again for having invited me to deliver the Silver Jubilee address of the Stores. I wish the Stores continued progress and prosperity in the years to come.

Registrar's Orders on the Resolutions passed at the Employees' Societies Conference at Madras on 3-6-56.

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

SRI A. PALANIAPPA MUDALIAR, M.A.,
Registrar.

Rc. 132529/55-S2
Dated 13-11-1956.

SUB :—Conference—Conference of Representatives of Employees' Credit Societies in the City of Madras held on 3-6-1956—regarding.

REF :—(1) Letter dated 3-7-56 from the Secretary, Madras District Co-operative Central Bank, enclosing the resolutions of the Conference.

(2) Letter Rc. 30770/55D, dated 29-6-56 from the Deputy Registrar, Madras.

A Conference of the representatives of the Employees' Co-operative Societies at Madras was held on 3-6-56 in the State Co-operative Bank Buildings, when resolutions were passed on various subjects relating to Employees' Co-operative Societies. The Registrar has examined each of the resolutions and is pleased to issue the following orders on the resolutions *seriatim*.

Resolution No. 1

Resolved to request the Registrar to fix Rs. 1,000 as the maximum amount that can be held by any member as Share Capital in a society;

According to Section 6(b) of the Madras Co-operative Societies Act VI of 1932, a member can hold shares upto Rs. 1,000. Hence, no action is necessary on this resolution.

Resolution No 2

Resolved that the Individual Maximum Borrowing Power be fixed at eight times the basic pay or six times the paid-up Share Capital whichever is less subject to a maximum of Rs 2,000.

The Registrar desires that the Individual Maximum Borrowing Power be fixed at five times the basic pay or five times the paid up share capital whichever is less subject to a maximum of Rs. 2,000. However, each case will have to be decided on its merits with reference to the financial condition of the society.

Resolution No 3

Resolved that the rate of interest on Recurring deposits be enhanced from $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent.

The Employees' Co-operative Societies are permitted to increase the rate of interest on thrift deposits from 4 to 4½ per cent per annum according to their finacial condition. The question of increasing the rate of interest on recurring deposits is left to the societies themselves. But they should adopt the model by-law 4A which permits conversion of thrift subscriptions into thrift deposits.

Resolution No. 4

Resolved to request the Registrar to fix the following scale as minimum to be adopted for compulsory thrift fund subscription.

	Pay for the month.	Subscription.
1	Rs. 1—50	Rs. 0 8 0
2	,, 51—100	,, 1 0 0
3	,, 101—200	,, 2 0 0
4	,, 201 to 300	,, 3 0 0
5	,, 301 to 400	,, 4 0 0
6	,, 401 to 500	,, 5 0 0

The Registrar considers that the existing rates of thrift subscriptions as prescribed in the model by-laws, with option to enhance them to the maximum as suggssted in the Registrar's Circular Rc. 132529/55 S2, dated 7-3-56, may be adopted.

Resolution No. 5

Resolved that a member can stand surety at 8 times of his substantial pay or 6 times of the paid up share capital whichever is less.

As the Individual maximum borrowing power is fixed at 5 times the basic pay and Dearness Allowance or 5 times the paid up share capital whichever is less subject to a maximum of Rs. 2,000, the member will be eligible to stand surety to that extent only.

Resolution No. 6

This Conference suggests that in societies, where the directors are not easily available to sanction loans, a sub-committee be formed by the Board of Management of such societies delegating powers to sanction loans and that emergent loans be sanctioned by the President and the Secretary subject to the ratification of the Board.

Necessary provision may be made in the by-laws of the societies authorizing the sub-committee to sanction loans subject to the condition that such loans sanctioned by the sub-committee should be got ratified by the Board at its next meeting.

Resolution No 7

Resolved that the period for repayment of loans be fixed ordinarily as 30 months and in special cases, 36 months.

The Registrar considers that the existing model by-laws may continue.

Resolution No. 8

Resolved to request the Registrar to examine the position of consolidation of loans and issue instructions in as favourable a manner as possible.

By law No. 42 of the model by-laws of the Public Servants Societies, permits grant of a second loan provided the member has repaid at least 1/3rd of the previous loan or after the expiry of four months from the date of disbursement of the previous loan. By-law No. 47 permits the grant of extension of instalments payable for satisfactory reasons. The Registrar feels that the existing provisions are enough and that a new provision for consolidation of loans is not necessary.

Resolution No 9

Resolved to request the Registrar, to examine the possibility of granting of loans on the security of Thrift Deposits where the thrift depositor is now indebted to the society either as principal borrower or as surety.

Members, who are not borrowers or sureties, but who have accumulated to their credit, a good sum under thrift deposit, may be granted loans on the security of thrift deposits. However, there is no guarantee that they will not take further loans after having taken a loan on the security of thrift deposit. Hence, provision for preventing such members from taking any other kind of loan should also be made.

Resolution No. 10

Resolved that the Government be requested to make suitable provision in the Act to allow recovery from salary of members on account of societies.

This has been suggested to Government, and the subject will be taken up by them along with the other amendments to the Madras Co-operative Societies Act suggested by the Committee on Co-operation.

Resolution No. 11

Resolved to request the Registrar to arrange for condensed course of training at the Central Co-operative Institute for the benefit of the untrained personnel, who are already employed by the various societies.

The matter is under correspondence with the Madras State Co-operative Union.

Resolution No. 12

Resolved that the Registrar be requested to get the Co-operative Societies Act amended to provide for reciprocal execution of decrees in Andhra and Madras State.

The Committee on Co-operation has recommended necessary amenment to section 57 of the Madras Co-operative Societies Act VI of 1932. This will be taken up by Government in due course.

Resolution No. 13

Resolved to request the Registrar of Co-operative Societies to issue instructions to all primary societies to make provision in their by-laws for non-admission of persons, who have dismembered themselves just for the purpose of taking back thrift deposits until the expiry of two years from the date of their ceasing to be members. Such members may, however, be admitted at the discretion of the Board of Directors provided they remit to the society the entire amount of the thrift deposits taken back by them from the society.

The suggestion is commended for adoption by all Employees Co-operative Societies in the State. A circular is being issued to all Deputy Registrars to give effect to the resolution by adding a note to the relevant by-law.

Resolution No. 14

Resolved that the periodical confirmation of assets and liabilities of members be obtained once a year.

Resolution No. 15

Resolved that the Registrar be requested to adopt uniformity in the by-laws relating to different Employees Societies.

The model by-laws adopted for all the Employee's Societies are the same but the borrowing power, maximum Share holding etc vary from society to society. These cannot be the same for all societies. These are fixed according to the constituency and circumstances under which the societies are working. The societies may therefore, be asked to adopt the model by-laws.

Resolution No. 16

Resolved that every Employees' Society be permitted to have a House Construction Scheme on co-operative basis as a part of its activities.

In Registrar's circular No. Rc. 132529/55 SII dated 7—3—56, a model by-law has been suggested for adoption by the Employees' Societies to enable them to advance loans to their members for purchase of land and buildings. According to this bylaw, loans may be granted up to a maximum of Rs. 5,000 repayable in a period of five years subject to the conditions mentioned therein. The societies may adopt this by-law and take advantage of the housing scheme provided therein.

Resolution No. 17

Resolved that the Conference of the representatives of Employees' Societies in the city of Madras be convened every year.

Convening of the Conference of this kind is left to the Madras District Co-operative Central Bank. The Bank is being requested to amend its by-laws (as per model in the manual) for holding such conferences.

Resolution No. 18

Resolved to request the Registrar to request all commercial employers in the city of Madras.

(a) to accept their moral obligation in recovering the societies' demands from their employees' salaries;

(b) to give utmost priority in the matter of recovery from the employees' salaries, gratuities, etc., due by them to the employers when employees retire, resign or otherwise leave the services prior to the liquidation of the loans taken by them from the societies;

(c) to adopt uniform procedure in the percentage of recovery towards the societies' demands from their employees' salaries.

(d) to provide all requisite facilities to the societies for their proper maintenance such as accommodation etc.

18. (a) —Vide orders on resolution No. 10.

(b) —This is a matter between the member, the society and the employer concerned and the Registrar, cannot intervene in it.

(c) Regarding the percentage of recovery of dues from members to the society, the suggestion is commended for adoption.

A new clause may be introduced in the by-laws of the societies to the effect that the monthly recovery towards loan instalments should not exceed 50 per cent of the pay plus Dearness Allowance per mensem.

(d) The Employees' Societies themselves may arrange to get the facilities from their employers.

Resolution No. 19

Resolved to request the Registrar to issue instructions to all the Employees Societies in the city of Madras to adopt an uniform procedure in the matter of issuing receipts for all moneys received by them as under:

(a) for all moneys collected and remitted to the societies by the employers, receipts shall be issued only to the employers.

(b) for all moneys received by the societies directly from the members, receipts shall be issued to the members.

(c) all members shall be provided with a pass book and entries shall be made therein then and there whenever transactions take place or adjustment receipts should be made.

(d) Certificates must be obtained from all the members annually, certifying to their assets and liabilities with the societies at the end of June every year and these certificates should be produced to the Departmental Officers at the time of final audit.

(a) As regards the issue of receipts to employers for collections recovered from the salaries of members, the society should issue a consolidated receipt to the employer, keeping the amount so received under suspense liability. This should be adjusted subsequently to the dues of the members and individual adjustment receipts issued to the members concerned.

(b) The society should issue receipts to the members for recoveries effected directly from them.

(c) It will be a good practice to issue pass books to all members. All the Employees Societies may arrange for the issue of pass books to their members.

(d) As for obtaining confirmation of assets and liabilities of members once a year, separate instructions will be issued.

The Deputy Registrar, Madras is requested to bring to the notice of the Employees' Co-operative Societies, the above orders.

A. PALANIAPPAN,
Registrar.

G.O.'s and Circulars

MULTI-UNIT CO-OP. SOCIETIES ACT, 1942—AMENDMENTS

Copy of letter No. F. 10-18/56-Co-op. I, from the Under Secretary to the Government of India, Ministry of Agriculture, addressed to the Secretary in charge of Co-operation (*All State Govts.*)

SUB:—Multi-Unit Co-operative Societies Act, 1942, Amendment of.

I am directed to say that the Government of India had under consideration the proposal for amending the Multi-Unit Co-operative Societies Act, 1942, so as to make it applicable to the whole of Indian Union.

2. The Multi-Unit Co-operative Societies Act is an Act to provide for the incorporation, regulation and winding up of Co-operative Societies with object not confined to one State. At the time of passing of the Act there were a few societies registered in particular States which had extended their activities to other States also. These societies had to be validated and future societies with similar activities had also to be given recognition under Law. The Multi-Unit Act was, therefore, passed in order to cover such societies. The Act does not provide for registration of such societies, but has made the provision that a society registered in a State under the Law relating to Co-operative Societies in force in that State shall be deemed to be so registered in any other State to which its objects extend (*vide* section 3(1) of the Act). This Clause covered the needs of all India Societies and separate registration under the Multi-Unit Act is not, therefore, provided for.

3. The Multi-Unit Act as it stood then did not extend to Part 'B' and all the Part 'C' States as Clause 1 (2) of the Act restricted its application to only British India.

4. Co-operative Societies with objects extending over more than one State are now being formed in Part 'B' and Part 'C' States, like societies of the Posts and Telegraphs, Railway workers, National Co-operative Union of Railway workers, etc. etc. It, therefore, became necessary to amend this Clause so as to make the Act applicable to those States as well.

5. Parliamentary legislation relatable to entry 44 of the Union List in this behalf has already been undertaken and Clause 1 (2) of the Act has been amended to read as in the following page.

"It extends to the whole of India except the State of Jammu and Kashmir." The State of Jammu and Kashmir has to be excluded because entry 44 of the Union list is not included in the constituation (Application to Jammu and Kashmir) order, 1954.

6. The above amendment has been published as the "Multi-Unit Co-operative Societies (Amendment) Act, 1956 (34 of 1956)" in the Gazette of India Extraordinary, Part II, Section 1, dated the 28th August 1956.

7. I am to add in this connection that the reorganisation of States from the 1st November 1956, will not in any way affect the working of this Act.

8. I am to request that the amendment may kindly be given wide publicity in your State for the information of Co operative Societies.

(True Copy)

Office of the Registrar of Co-operative Societies, Madras.
Dated : 28—11—1956.

Endt. Rc. 202598/56-B

Copy communicated.

U.K. Abdul Kadir,
For Registrar.

QUICK DISPENSATION OF CREDIT

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

Sri A. Palaniappa Mudaliar, M.A.,
Registrar.

R.C. 115961/56-A2.

Dated 13-7-1956.

Sub :—Co-operative Credit—Quick Dispensation of Credit by Co-operative Credit Societies—Revised procedure suggested.

A complaint often made, not without justification, against the rural credit societies is that they are not prompt in the grant of loans to their members. This is perhaps one of the main reasons why the volume of credit dispensed by them is still low, inspite of the fact that the interest charged by the societies is comparatively lower than that charged by other private agencies providing credit to the agriculturists. The private moneylenders and the mundi merchants still dominate the sphere of agricultural finance and this is mainly due to the fact that the agriculturists get the money needed by them immediately, when they approach these agencies. If, therefore, co-operative credit is to be popularised and made to

play its role more effectively in the agricultural economy of the villages, it will be necessary to evolve a system by which the credit required by the agriculturists for their seasonal agricultural operations is made available to them at the proper time. The recent conference of State Ministers for Co operation held at Mussori has laid great emphasis on the need for the co-operatives for liberalising their loan policies as to avoid all elements of delay in providing production credit to their members.

2. Various measures have been suggested and adopted from time to time to eliminate delays in the issue of loans by the co-operatives viz. the system of forecast loans, the post sanction system, controlled credit system etc. While these systems have no doubt helped in minimising delays where they were adopted, it cannot be said that their adoption was as wide spread or effective as to bring about the desired results. We are now in the threshold of a new era in rural co-operative credit. A scheme for reorganising the credit structure and expanding the movement so as to bring within the co-operative fold the large body of agriculturists, big and small, who are still outside the movement, is to be implemented immediately during the Second Five Year Plan. The target proposed under the scheme is to serve 50 per cent of the rural families and meet their credit needs to the extent of 21 per cent which itself is nearly thrice as much as what is being done. If this stupendous task has to be achieved, that can be done only by creating the necessary confidence among the cultivators provided that they have the repaying capacity, they can always look up to the credit society for the finance they require for production and have it when they need it. That confidence can only be created in them if the societies are in a position to lend to them at the time when they require the loan. If the credit societies should replace the moneylenders, as they are expected to do ultimately, they can do so only if they also meet their credit needs promptly and function just like any other bank granting loans to their clients as and when they need them subject to there being security and repaying capacity.

3. The Registrar considers that an effective combination of the salient features of the forecast system and post sanction system of loans which have already been tried piece-meal in certain parts of this State with some success, will help to evolve a suitable system for ensuring quick dispensation of cultivation finance by the agricultural credit societies. The societies should assess sufficiently in advance

of each cultivation season and in any case, at least two months before the cultivation season, the maximum credit requirements of each member with reference to the acreage of land owned or cultivated by him and the nature of the crops usually raised by him on his lands. The societies should then make out a statement containing the names, address, etc., of each member who may borrow, his net assets as per the latest property statement, the extent of land cultivated by him as owner and/or lessee, the crop or crops which he proposes to raise or normally raises, the amount needed by him for the cultivation of each crop and for other incidental expenses, the probable yield from the crop, his repaying capacity and the nature of security which will be expected from him before disbursing the loan and showing, with reference to these particulars, the total estimated credit requirements of the members in respect of that cultivation season. While estimating the total credit requirements, the amount, if any, that the society can meet from its own resources, such as share capital, deposits etc., should be indicated separately with details and the net balance required as loan from the Central Bank should be shown in the statement. This statement should be forwarded to the Central Bank through the supervisors and the supervising union concerned, together with a resolution of the Board of Directors or Panchayat of the society, applying for a credit limit to the extent shown in the statement, care being taken to see that the statement reaches the Central Co-operative Bank at least one month in advance of each cultivating season. The supervising unions and the Central Banks will do well to see that on no account there is any delay in the Central Bank getting the statement before the time aforesaid. The Central Co-operative Banks should gather particulars of the cultivation season, harvest season, the nature of crops cultivated in the various parts in its jurisdiction and lay down, on the basis of the cost of cultivation of each crop in the respective areas, a standard for giving loans for raising each crop. Most of the co-operative banks have already fixed the amount that may be lent for cultivation of each crop under the controlled credit schemes. They may re-examine the limits where necessary and revise them suitably. Along with the statement referred to, the society should be required to send such particulars about its financial position and working as are usually obtained at present along with loan applications. On receipt of the statement and the particulars the Central Co-operative Bank should, with reference to the standard for each crop fixed by it, sanction a credit limit to the society, subject to the

society's maximum borrowing power. The society should then be provided with a cash credit accommodation, the amount of which being determined with reference to the needs of the society and the capacity of the Central Bank. The fixation of the credit limit to the society and the sanction of cash credit should be done by the Central Bank simultaneously at least a fort-night before the commencement of each cultivation season. When once this credit limit is fixed by the Co-operative Central Bank, the society should be at liberty to lend to its members subject to that limit and should be in a position to draw against the limit for disbursement of loan to its individual members subject to the credit limit as assessed in their case as and when their loan applications are made to the society. No deviations from the approved list will be made by the society except with the previous permission of the Central Bank. The loans sanctioned by the society to its members will be met by drawing upon the cash credit account allowed by the Central Bank. When a few members have been given loans and the cash credit is about to be exhausted, the society should send to the Central Bank through the supervisor concerned a statement of loans disbursed out of the cash credit, furnishing names of the borrowers, the amount, the security, the period etc. and a formal loan application for a like amount. The Central Bank, having satisfied itself that the loans have been properly disbursed, would replenish the cash credit account by converting the amount into short term loans from time to time. If this system is adopted, the delay incidental to the preparation of loan application and the obtaining of sanction can be avoided.

4. The above system may be immediately introduced in all the agricultural co-operative banks formed or to be formed under the scheme of integrated rural credit and also in all the rural credit societies, selected for linking with the marketing societies for integration of credit with marketing. The agricultural co-operative banks will be able to work the system successfully as they will have experienced and competent supervisors functioning as paid secretaries. In the case of the rural credit societies the Central Banks may arrange for the appointment of group clerks, or if it is not feasible, for any reason, arrange for the supervisors themselves attending to the preparation of the forecast statement on the lines suggested above. There will ordinarily be no difficulty for the central bank to adopt the above system as they can with the aid of the special staff who will be appointed for implementing the scheme and also the

increased supervisory staff contemplated under the scheme, ensure that there is proper security for the loans and that there is no misapplication or misuse of the funds drawn by the societies from the cash credit accomdation sanctioned to them.

5. While the above system may be followed as a rule in all the agricultural co-operative banks and the rural credit societies linked with the marketing societies, effective arrangements should be made for the prompt disbursement of cultivation credit by other rural credit societies also. In their case, forecast loan applications should be obtained by the central banks through the co-operative unions concerned and they should be sanctioned in good time so that the loans can be disbursed by the societies to their members when they need them.

6. In this connection, it would be worthwhile to mention that one of the pre-requisites for the successful working of the above system is the complete removal of the existing restrictions that no society with overdues to the Central Bank to the extent of more than 25 per cent of the outstanding and members overdues exceeding 33-1/3 per cent of the outstanding shall be eligible for loans from the funds of the Central Co-operative Bank and the State Co-operative Bank. These restrictions, no doubt, constitute a wholesome principle; but it very often operates against deserving members getting credit for cultivation purposes. Sometimes it has the effect of discouraging even members who are punctual in repayment from paying their dues, because, they are not sure they will get a loan again from the society. Consequently, default persists and the societies get from bad to worse. Its members can be assured that they will have loans when they need for the next cultivation season, they may be expected to repay their arrears of their own accord and avail themselves of a new loan at the proper time. If, on the other hand, they do not have this assurance, they hesitate to repay and look to others for credit accomodation. It is a vicious circle and acts to some extent, as a stumbling block for the agricultural credit societies being an effective agency, for the provision of agricultural finance. It is, therefore, suggested that the aforesaid restrictions be dispensed with by the Central Co-operative Banks and the State Co-operative Bank, atleast in respect of the loans for cultivation expenses. They may however be imposed in respect of other kinds of ordinary loans.

7. It needs no emphasis that the process of reorganisation of the co-operative credit structure envisaged under the scheme calls for

a new look on the part of the co-operative financing banks, which admittedly constitute the pivot of the co-operative credit organisations in the districts. The Central Co-operative Banks, have to play a vital role in helping the State in its endeavours to promote within the range and framework of the co-operative credit system the greatest good of the greatest number of the cultivators. And, the Registrar trusts that the Central Co-operative Banks, of this State, which have enough resources, and have a proud record of service will rise to the occasion and initiate immediate action for adopting and working successfully, the above system of sanctioning cultivation loans to agricultural credit societies.

A. PALANIAPPAN,
Registrar.

CO-OP. MARKETING SOCIETIES—PAYMENT OF T.A. ETC.

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

Dated 23-11-1956.

Rc. No. 103397/56-C. 1

SUB: Co-operative Marketing Societies—Payment of travelling allowance and daily allowances or sitting fees by primary co-operative marketing societies—amendment to by-laws—instructions issued.

REF: 1. G. O. Ms. No. 75 Department of Industries Labour and Co-operation dated 10-1-55.

2. Registrar's proceedings R. C. 103397/56 C. 1. dated 23-11-56.

Rule XXVIII A of the rules framed under the Madras Co-operative Societies Act VI of 1932 regulates the payment of travelling allowance to members and directors of Co-operative Societies Clause V of the said rule empowers the Registrar to prescribe the maximum rates for travelling allowance and daily allowance or sitting fees for any registered society or class of such societies and also the form of bill in which the claim for travelling allowance should be preferred and each registered society is required to fix the rates in its by-laws with reference to its financial resources. Accordingly the Registrar has prescribed the maximum rates of travelling allowance and daily allowance or sitting fees in respect of primary co-operative marketing societies in the proceedings cited as item 2. The Registrar considers that model by-law 30 of the by-laws of the marketing society communicated in Registrar's Circular R. C. 94575/56 C. 1. dated 11-9-1956 should be amended so as to bring it in conformity with the provisions of Rule XXVIII A. The following amendment is therefore suggested for adoption.

Recast model by-law 30 as follows :

(a) " The services of the members of the Board of Directors shall be gratuitous except as provided for in by-law 81 or 82. Members of the Board may be given travelling allowance to and from their usual place of residence, as well as daily allowance or sitting fees for attending the meetings of the Board or other committees. They may also be paid travelling allowance and daily allowance in respect of tours undertaken on the business of the society.

(b) Members of the society representing the society at the general meeting of another registered society may be paid travelling allowance to and from their usual place of residence and daily allowance, but they shall not be given any sitting fees.

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

(d) The scales of travelling allowance, daily allowance and sitting fees shall be laid down by the general body subject to the maximum fixed by the Registrar. The claim for the travelling allowance shall also be made in the formed prescribed by the Registrar.

(3) The rates of travelling allowance, daily allowance and sitting fees shall be the following..

....

2. The Deputy Registrars are requested to advice the primary marketing societies to amend by-law 30 as suggested above and also to fix the rates of travelling allowance, daily allowance sitting fees subject to the maximum laid down, in the Registrar's proceedings cited as No. 2.

A. PALANIAPPAN,
Registrar.

News and Notes

SIR MALCOLM DARLING TO ADVISE INDIA ON CO-OPERATION

Sir Malcolm Darling, a former member of the Indian Civil Service and chairman of the British Federation of Agricultural Co-operatives from 1949-51, has left the United Kingdom for a three-month visit to India at the request of the Government of India.

He will act as consultant to the Planning Commission, reviewing recent developments in the field of co-operation with reference to programmes in the Second Five Year Plan, and making recommendations for strengthening the organization of co-operative departments in Indian States and for training programmes for co-operative personnel.

The British Government is making Sir Malcolm Darling's services available to the Government of India under the Technical Co-operation Scheme of the Colombo Plan.

CONGRESS DEFINES ITS GOAL AS " SOCIALIST CO-OPERATIVE COMMONWEALTH "

The Subjects Committee of the Congress unanimously adopted on the 3rd January 1957 an amendment to the Congress Constitution, defining the objective of the Party as attainment of a "Socialist Co-operative Commonwealth" at the Indore Congress.

RESERVE BANK'S SURVEY : SMALL CULTIVATORS DEBT BURDEN

The Survey Report of the Committee of Direction of the All-India Rural Credit Survey appointed by the Reserve Bank of India says that the level of debt at the time of the Survey for all districts together was Rs. 283 per family. About 63 per cent of the rural families, the Report says were found to be in debt. Among cultivators 63 per cent were indebted and the debt per family was Rs. 364 whereas, among non-cultivators only 52 per cent were indebted and the debt per family averaged only Rs. 129.

RADIO TRANSFORMER CO-OPERATIVE HELPS AGRICULTURISTS.

A new departure to help the partially employed agriculturist was initiated recently at Poona, with the Foundation of a Co-operative

Society to manufacture Radio Transformers. Founded with an initial capital of Rs. 1 lakh, Rs. 81,000 was granted as a loan, repayable in 10 years to the Central Government. The rest was provided by the State Government, but every member of the Society had to purchase a share. The Radio Transformer Society now employs 40 workers and pays them a minimum wage of Rs. 100 a month.

POONTHOTTAM AGRICULTURAL BANK.

The Poonthottam Agricultural Bank was registered and started on 9th December 1956. Sri R. Krishnamoorthi Iyer, President of the Kodavasal Union presided on the occasion. Sri T.P. Loganathan, Deputy Registrar, Kumbakonam inaugurated the Bank. Sri S. Kandaswamy, Special Deputy Registrar for Credit and Marketing, Tiruvarur explained the objects of the Bank.

TIRUPATTUR TOWN CO-OPERATIVE BANK— ANNUAL MEETING.

The Annual General Body Meeting of the Tirupathur Town Co-operative Bank was held on 23rd December 1956. Mr. G. Swami Naidu presiding. The Bank has completed 39 years of service. The Annual Report and Audit Report for the year ending 30th June 1955 was read and adopted. It disclosed a membership of 1,400 a share capital of Rs. 8,000, a deposit position of Rs. 4.59 lakhs, a loan amount of Rs. 5.88 lakhs, a net profit of Rs. 12,463 and a dividend of 6¼ per cent. The President explained the small savings scheme of the Bank.