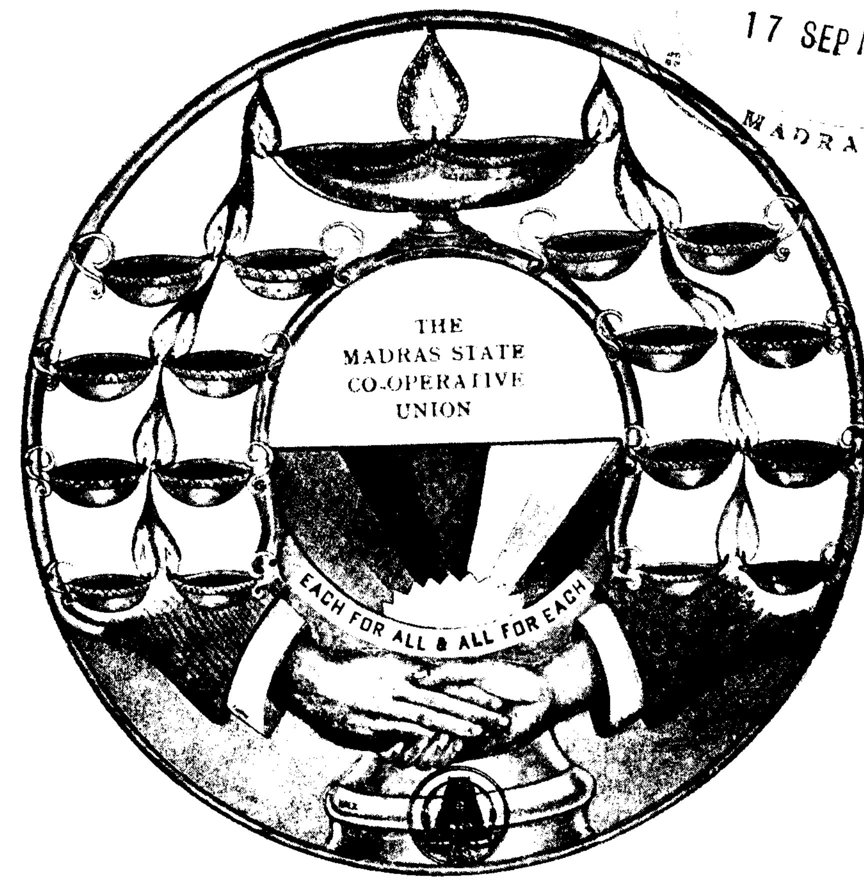
The Madras Journal of Co-operation



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

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

VOL. XLVIII JUNE, 1957 No. 12.

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THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

Journal of the Madras State Co-operative Union, Esplanade, Madras 1

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Thought for the Month

MILL'S REFLECTIONS ON CO-OPERATION

In the Co-operative Movement, the permanency of which may now be considered as ensured, we see exemplified the process for bringing about a change in society, which would combine the freedom and independence of the individual, with the moral, intellectual and economical advantages of aggregate production; and which, without violence or spoliation or even any sudden disturbance of existing habits and expectations, would realize, at least in the industrial department, the best aspirations of democratic spirit, by putting an end to the division of society into the industrious and the idle, and effecting all social distinctions but those fairly earned by personal services and exertions.

—John Stuart Mill.

Editorial Notes

SECOND ALL-INDIA CO-OPERATIVE EDITORS' CONFERENCE

In a stirring message to the Second All-India Co-operative Editors' Conference, convened by the All-India Co-operative Union at New Delhi on the 31st May 1957 and 1st June 1957, Sri K. D. Malaviya, President, All-India Co-operative Union and Union Minister for Fuel and Resources said that the Conference augured well for securing the expansion of the Co-operative Movement under the Second Plan. He was confident that the successful implementation of the schemes of expansion of the Movement embodied in the Second Five Year Plan was largely dependent upon the ability of the Co-operative Journals to create the necessary atmosphere.

Dr. Punjabrao Deshmukh, Union Minister for Co-operation, who inaugurated the Conference, observed that it demanded the skill and the powerful pen of Co-operative Journalists to bring home in an apposite manner the message of co-operation, the potentialities of co-operation to everyone. He dwelt on the necessity to improve the standard of the Journals and also hinted that the Government of India would consider with sympathy any suggestions for assistance to improve the quality and the effectiveness of the Journals. Lastly, he struck a buoyant note, when he said, "I have every hope that by endeavouring to the best of our ability, we would be able to advance rapidly towards making this great Movement a much better success than what it has been in the past." We are sure that every delegate present at the Conference would do everything in his power to realise that "Hope" of Dr. Punjahrao Deshmukh.

Sri B. J. Patel, in his Welcome Address referred to the difficulties and handicaps faced by the Editors of Co-operative Journals, and emphatically added that the conditions under which these Journals were being produced were the most difficult and would break men and institutions of less solid worth. He explained that the Conference had been convened to examine these difficulties to make the Co-operative Journals more purposive and thought-provoking and to set-up an efficient and well co-ordinated publicity machinery.

Dr. P Natesan, Hony. Editor, THE MADRAS JOURNAL OF CO-OPERATION" who presided over the Conference delivered a very comprehensive and thought-provoking address. Stressing the role of the Co-operative Press he said, "It is the guardian of co-operation values. Its role is to increase and foster member-society relationship, to improve the business efficiency of co-operatives and to build up a co-operative democracy." He made many valuable suggestions to

improve the standard of the Journals and made an appeal to the Government of India and the State Governments to render all possible technical and financial assistance to the Journals, as they served to spread the message of co-operation among the masses. He suggested that a high-level training course for Working Journalists should be organised under the auspices of the International Co-operative Alliance. He concluded with the optimistic note :

> "Let us by our concerted efforts help to make a free, efficient and energetic Co-operative Press. I am sure that the Co-operative Press in India has the necessary vigour, vitality and willingness to play a very noteworthly part in ushering into existence a truly Co-operative Commonwealth."

The Conference was unique in the sense that all the problems of Co-operative Journalists were discussed threadbare in a very orderly and planned manner. There were three panels, lead by Resource Leaders. The discussions of each Panel were marked by a high sense of realism and seriousness of purpose and the Reports of the three Panels were replete with constructive suggestions and, together, they verily constitute a land mark in the history of Co-operative Journalism. A very important resolution of the Conference was the one relating to the request to the Planning Commission to treat Co-operative Journals not only as a media of co-operative publicity but also to consider and recognise the very valuable role played by Co-operative Journals in publicising the Second Five Year Plan in entirety and extend such technical and financial help to the Co-operative Journals as may be necessary for their efficient conduct.

We are glad to know that the Honorary General Secretary of the All-India Co-operative Union has assured the Conference that the Union will, in future, convene the Editors' Conference once in a year to review the progress made from year to year in the field of Co-operative Journalism. We welcome the proposal and we hope that such Conferences would provide a very useful forum for exchange of thoughts and pooling of experience and thus contribute to the progress of Cooperative Journalism in our land.

Letter to the Editor

MANCHESTER,
5th July, 1957.

Dr. P. Natesan, M.B., B.S.
Editor,
Madras Journal of Co-operation,
Madras State Co-operative Bank Buildings,
Esplanade, Madras, India.

Dear Dr. Natesan,

I was very interested indeed to find in the May issue of the MADRAS JOURNAL OF CO-OPERATION an excellent report of the Second National Conference of Co-operative Editors, held at Madras. I must congratulate you on the splendid way in which you are tackling the press business generally and the care you are taking to see that all the ideals are maintained.

I was especially glad to know your belief in education abroad for co-operative journalists, for I was the Principal of the school which you mentioned in 1949 and I am certain that the forthcoming International Co-operative Press Conference at Stockholm will deal with this important subject of education, as well as the establishment of some International Co-operative Press Agency with an adequate degree of freedom. I am trying to deal with the latter in one section of the general subject which is—"Work for the International Co-operative Alliance press committee and press conference." The next issue of the International Co-operative Alliance Review should be of interest to you, because it is completely devoted to co-operative press subjects. The articles, which I contributed at the invitation of the International Co-operative Alliance is the one entitled "Co-operative Press in Relation to the Policy of the Movement."

In view of your interest in the freedom of the press, you will perhaps be interested in the following quotation from that article:

> "But the most important duty which in my view, the official type of journal could do, is to be the guardian of co-operative principles and examine their application (or non-application) in the changing trade, commerce and production of our time. Is such and such a practice in conformity with the Rochdale principles of open membership? Is the payment of differential dividends a breach of the Rochdale code? *Are the requirements of a five year co-operative plan in full conformity with the principles of the Co-operative Movement?* These are only three

> of scores of instances of the enormous services which an official journal can do, in preserving the co-operative principle. There is little doubt that the commercial consequece of disregarding the Rochdale co-operative principles are certain, even when they are not swift."

The allusion to a five year plan is in point of fact directly inspired by India's Five Year Plan for I noted the promptitude with which the Indian Co-operative Movement, and particularly the INDIAN CO-OPERATIVE REVIEW had drawn the attention of the authorities to the practical difficulties which might arise from a departure from recognised procedure.

I hope that India will have as full a representation as possible at the International Press Conference at Stockholm and the subsequent International Congress.

Yours sincerely,
E. TOPHAM,
Editor.

Co-operative Union Ltd.,
Holyoake House, MANCHESTER—4,
England.

OFFICE OF
THE MADRAS STATE CO-OPERATIVE UNION,
(THE MADRAS STATE TAMIL NADU-MALABAR
SOUTH KANARA CO-OPERATIVE UNION),
"M.S.C. BANK BUILDINGS"
379, NETAJI ROAD, MADRAS,
DATED, 13th June 1957.

NOTICE

A Meeting of the **General Body** of the MADRAS STATE CO-OPERATIVE UNION (The Madras State Tamil Nadu-Malabar South Kanara Co-operative Union) will be held on **Sunday the 14th July 1957 at 2-30 p.m. in the premises of the Madras State Co-operative Bank, 379, Netaji Road, Madras-1.**

The Agenda for the meeting is given below.

All Members are requested to be present.

(Sd.) P. NATESAN,
GENERAL SECRETARY.

AGENDA

1. Consideration of the Annual Report and the Audit Review of the Union for the year 1955-56.
2. Sanction of the Annual Budget for 1956-57.
3. Amendments to by-laws—Consideration of.
4. Resolutions and motions, if any, of which due notice is given.
5. Amalgamation of the Madras State Tamil Nadu Malabar South Kanara Co operative Union and the Tamil Nadu Co-operative Federation, Ltd.—Consideration of.
6. Any other subject.

Union Minister for Co-operation's Visit to Madras.

Dr. Punjaba Rao Deshmukh, Union Minister for Co-operation was entertained to a Dinner by the Board of the Madras State Co-operative Bank on the 18th June 1957.

Reserve Bank Governor's visit to the Madras State Co-operative Bank.

Sri H.V.R. Iyengar, Governor, Reserve Bank of India visited the Madras State Co-operative Bank and had a discussion with the Board members on the 30th May 1957.

Opening of Playground by Local Administration Minister.

Srimathi Lourdammal Simon, Local Administration Minister opened the Children's Playground organised by the Madras Co-operative House Construction Society on the 9th May '57.

Rural Credit—An Aspect of Its Problem

G. M. LAUD,

Hon. Secretary, The Bombay State Co-op. Banks' Association, Ltd.

A little over two years and a half ago, the Rural Credit Survey Committee had set out its proposals in the form of an Integrated Scheme of Rural Credit. These had been based on the view that rural credit was an extraordinary complex of needs, purposes, fulfilments and frustrations and that no one scheme could solve the problem. The recommendations of the Committee have been accepted by the Government as well as the co-operative movement and are being implemented.

At such a juncture, reports are current that a certain degree of re-thinking about the solution has been going on in the Government of India. The Industrial Correspondent of THE HINDU at New Delhi has forecast that a major attempt to integrate the credit structure in the country will be made by the Government of India in the immediate future. According to him, the structure and functions of the Reserve Bank of India and the State Bank of India are to be rationalised so that they are enabled to concentrate on their real field. The Government of India, he says, is of the view that agricultural credit is not a subject on which the Reserve Bank should expend its energies, specially after the emergence of the State Bank of India in its present dress; but the State Bank should be effective in its major sphere of rural credit, the Life Insurance Corporation and the Industrial Finance Corporation should handle industrial finance, a new credit institution should be set up with the assistance of the counterpart funds of the U.S. and the providing medium-term industrial finance and the Reserve Bank should remain as the Apex Bank.

The proposals regarding the re-organisation of rural credit are indeed revolutionary inasmuch as they cut at the very root of the approach, which had prompted the national leaders to press for the creation of the Agricultural Credit Department within the Reserve Bank under the Reserve Bank of India Act and of which the fruits are now being reaped after twenty-two years of a series of experiments. They also raise vital issues of far reaching importance to the rural economy of the country, the co-operative movement with the help of which it is to be strengthened and to the development programme of the country based on the Directive Principles of the Constitution and on the view that rural strength holds the key to national prosperity.

Agriculture continues to make the largest single contribution to the national output and accounts for 47.7 per cent of the total national income. From the viewpoint of the pattern of living, its importance is still greater because of the 10.44 crores of self-supporting persons in the country, as many as 8.57 crores live in the rural area. The cultivable land per head has declined by as much as 25 per cent during the three decades, 1921–51, and is now as low as 84 cents. Underlying this average are wide variations. The large cultivator first 30 per cent in the village) cultivates 58 per cent of the total sown area and within this group, the big one representing the top 10 per cent cultivates 30 per cent. The medium cultivator. numerically two-fifths of the total number, has less than a third of the sown area under him and the small cultivator constituting 30 per cent has just a little more than a tenth of the total area sown. Although food grains are grown on three-fourths of the sown area, their gross value roughly equals that of cash crops. Less than a fifth of the total cultivated area is under irrigation with the result that the labour of the farmer has to depend by and large for its annual fruition on factors beyond his control. Broadly, about 35 per cent of the total production is sold by the cultivator, a large part—about 24 per cent of the total—to traders and commission agents; 15 per cent disposed of in kind as wages or rent; and nearly 8 per cent utilized as seed.

These distinctive features of Indian agriculture brought out by the Rural Credit Survey Committee prompted it to emphasise that a business like way of assessing the credit worthiness of the agriculturist may be relevant from the point of the lender; but it may not make the borrower fully eligible for the crop loan when he is judged by commercial standards. At the same time, both in the interests of the largest section of the population and of the national economy, the view that "before credit can become freely available to the farmer, he must be made creditworthy" (Statutory Report of the Reserve Bank. 1937) can no more be tenable in its bald and negative form. Therefore, the provision of adequate credit for production must itself be an integral part of the programme for making the agriculturist creditworthy by encouraging him to use better technique of production, better implements and improved seeds and fertilisers, to work harder and to raise the productivity of the land. The Committee, was therefore, prompted to observe that this would be possible only when an effort was made to develop an institutional system not only enjoying a powerful support from the State but intimately associated with the developmental policies of the State. Further more, since it has to operate under a variety of handicaps ranging from the indebtedness of the farmer and his uneconomic holding to the vagaries of nature and marketing difficulties, active assistance and supervision at all stages of its operation must be the keynote of its working.

"The credit agency", comments the Rural Credit Survey Committee (Vol. II, Page 162), "should be one which is in a position to co-ordinate its activites with those of all the important institutional agencies, including Government, which may be engaged in guiding the villager, improving his methods of cultivation, supervising his operations or educating him to avoid wasteful practices; it should also be one which disburses its credit in a positive and constructive way and constantly has in mind the borrowers's legitimate needs and interests" In trying to build it up over a period of five decades, the co-operative movement has evolved a pyramidal structure with primary societies controlled at the base by the farmers themselves central co-operative banks to serve as their federal financing agencies at the district level and an apex institution to serve as a balancing centre for the movement in each State. Through the apex institutions, the co-operative movement and the farmer have been linked with the Reserve Bank of India. True, agricultural co-operative credit constitues only three per cent. of the aggregate borrowings of the farmers of the country as a whole and has, therefore, been labelled as "a failure"; but its critics have conceded that co-operation must succeed since there is no other alternative. In fact, in areas where conditions were favourable, and a developmental policy was followed by the State as well as by co-operative workers, the co-operative structure has been a convincing success. The Rural Credit Survey Committee has, therefore, made a series of recommendations, and the Government have accepted them, in order to create conditions whereunder co-operation can thrive; but nobody has so far suggested that the edifice so far built should be scrapped for fear that such an approach might knock the bottom out of the agricultural industry, which has begun to organise itself.

The question as to whether a central banking authority of the country is best qualified to be the source of agricultural credit was debated for a decade before the Reserve Bank was set up. Prior to that the co-operative banking system was toying with the idea of setting up an All-India Co-operative Bank because the Imperial Bank of India was not responsive to its needs. Speaking on the first Reserve Bank Bill in the Indian Legislative Assembly (February 10, 1927), the late Sir Basil Blackett. the then Finance Member, said that "it (the Reserve Bank) would be a more useful institution than a single co-operative bank for the whole of India. . . . I hope when it comes into existence, it will do a great deal to advance the interests, through the co-operative banks, of agriculture, of the marketing of produce and the facilities for agricultural loans generally." His successor, Sir George Schuster, was no doubt scared by the prospect that "the Reserve Bank cannot possibly deal itself directly with all these needs"; but he readily accepted the Opposition's amendment for establishing a rural credit department in the Reserve Bank because "unless the Reserve Bank can somehow or other get into gear with all the rather primitive credit machinery which exists in the country, ... it will remain the centre of an important machine no doubt but out of touch with the main financial business of India."

The growth of the role of the Agricultural Credit Department of the Reserve Bank of India during the past twenty years has been very stricking and brings out the contrast between its initial halting approach and the present fully developed one. In its Statutory Report (1937) the Bank had observed that "all that the Reserve Bank can do is to help the provincial co-operative bank to tide over a temporary shortage of funds". In its report for 1951–52, the Central Board of Directors, however, expressed the view that "in no other sphere perhaps as in that of rural finance is it of so little use, in Indian conditions, to turn for guidance to the central banking practices evolved in the highly industrial countries of Western Europe." Two years later, a foreign expert in his memorandum submitted on agricultural credit to the Planning Commission was tempted to say; "The Reserve Bank has been giving new life and potent leadership to the co-operative credit movement in recent years. Probably, no other central bank in the world is doing as much to help, develop and fiance co-operative rural credit institutions." A further progress in the same direction has been noted since 1953 and the role of the Reserve Bank in the field of rural credit has become crucial. All this has been accomplished through important procedural changes, a series of amendments to the Act, a dynamic approach, and above all the mobilisation of resources in men and money which only a central banking institution can command.

The statutory functions of the Reserve Bank fall at present into three distinct categories, i.e., (1) studies of the problems relating to rural indebtedness and the co-operative movement and the tendering of expert advice thereon to the State Governments, (2) co-ordination of operations of the Bank in connection with agricultural credit and its relations with state co-operative banks and, through them, with the co.operative movement, (3) provision of finance to state co-operative banks under Section 17 and (4) remittance facilities with the help of which the banking system can be strengthened. The activities of the Agricultural Credit Department other than those in regard to the supply of credit are purely advisory; but with the equipment at its disposal and the consultative machinery it has set up, the Bank has been able to provide sound advice. Moreover, it has been able to make full use of its influence as the banker to the State Governments and the ultimate lender to the co-operative banking system in the matter of ensuring that its advice is heeded. As a result, the State

Government have been encouraged to place the right type of tools at the disposal of co-operatives. The pattern of financial assistance evolved by the Bank takes note of practically all aspects of the rural credit problem and provides a powerful support to the co-operative credit structure at a cost which enables the farmer and the village artisan to secure finance for production, processing and marketing at a very reasonable cost. These developments with regard to the Bank's role which are implicit in the scheme of the Reserve Banks Act as designed at its inception have been more systematically and energetically pursued since 1951. Pursued as an accompaniment to national planning, these progressive changes provide a potential for broadening the base of the rural credit structure.

Rural finance and banking development now receive the undivided attention of a Deputy Governor of the Bank which is advised by a Standing Advisory Committee of officials and non-officials actively associated with rural credit and co-operation. Consequently, it has been possible for the Bank to evolve suitable standards with regard to different aspects of co-operative banking and its administration including the pattern of its structure, the system of supervision, inspection and audit and its relations with the State Governments. Through intensive studies, it attempts to diagnose problems relating to dissemination of credit in particular areas and to prescribe the right solutions. Its inspection division has proved useful in improving the working of individual co-operstive banks, while the planning and reorganisation division is concerned with the problems of policy, planning and development of rural credit. The Reserve Bank has been instrumental in encouraging the establishment of state co-operative banks in less developed States and in stimulating thereby the healthy progress of co-operative activity in general and of rural credit in particular. Realising that no co-operative development would be possible on an extensive scale and no credit system would be operated on sound lines without organising efficient training arrangements for a large personnel at all levels, the Bank has been providing finance and leadership for organising such training throughout the country, and has, in this task, enlisted the voluntary support of the non-official workers in the movement.

The financial accommodation provided by the Bank to co-operative institutions is of two types, i.e., one for financing current economic activity and the other for strengthening their structure and for enabling them to give long-term loans to their members for undertaking more durable activity such as improvement of land. The procedure adopted for the purposes has undergone radical changes since the scheme was formulated for the first time in 1938. For this purpose, the Bank deals only with the state co-operative banks and insists on the guarantee from the State Governments in regard to the repayment of the principal and the interest on the due dates in cases in respect of which the Reserve Bank of India Act makes the grant of accommodation conditional on such a guarantee or where the Bank opines that it is necessary in order to safeguard its interest. Without thus subordinating its role as the monetary authority of the country responsible for the custody of national credit and currency, the Reserve Bank has sought to impart strength to the rural economic activity and bring its financial operations within its sphere of control.

Credit can be available for the state co-operative banks from the Reserve Bank at a concessional rate of one and a half per cent for a maximum period of fifteen months in order to enable them to finance seasonal agricultural operations. It is also available at a concessional rate for financing agricultural marketing. The security for these loans is the promissory notes of co-operative societies endorsed by their apex banks and drawn for financing the production of crops or their marketing. The scope of crop and its marketing has been widened so as to include animal husbandry and allied activities jointly undertaken with agricultural operations in the former and the processing of crops prior to marketing in the case of the latter. Loans can also be had for the purpose against Government securities on the same basis. Since the repayment of these loans on the due dates is contingent on the output, which is susceptible to the vagaries of nature, the Bank has established the National Agricultural Credit (Stabilisation Fund) with an initial contribution of Rs. one crore and a subsequent annual contribution of Rs. one crore or so as the Central Government may decide. Out of this fund, the state co-operative banks can get loans for a period of 15 months to five years in order to enable them to pay the dues of the Reserve Bank on account of the crop loan when they are unable to pay such dues in time owing to drought, famine or other natural calamities requiring them to extend the period of recovery from their members. The Bank also grants medium-term loans for the same period to state co-operative banks in order to enable them to finance more adequately the needs of the agriculturists in respect of durable equipment such as pumping sets. The overall limit for these loans is Rs. 5 crores and the individual limit is the owned funds of the bank and it is sanctioned only against the guarantee of the State Government regarding the repayment of the principal and the interest.

In order to facilitate the financing of cottage and small-scale industries, the state co-operative banks have the facility of rediscounting the bills of exchange and promissory notes drawn for financing and marketing activities of industries approved by the Bank provided the period

of maturity is within twelve months and the Bank receives the guarantee about repayment of the principal and the interest from the State Government. The state co-operative banks can also borrow, against trustee investments, bills of exchange and promissory notes guaranteed as to principal and interest by the State Government and against promissory notes of state co-operative banks supported by documents of goods pledged for the purpose of financing crop and its marketing for a period of ninety days. They can rediscount bills of exchange and promissory notes arising out of *bona fide* commercial or trade transactions provided they bear two or more signatures including the one of the apex bank and mature within 90 days from the date of such rediscount. Furthermore, the Bank can make loans to warehousing corporations established under the Agricultural Produce (Development and Warehousing) Corporation Act, 1956, for ninety days and less against Government securities and advances upto Rs. 3 crores in the case of the Central Warehousing Corporation and Rs. 50 lakhs in the case of a State Warehousing Corporation for 18 months against Government securities or bonds and debentures of the Corporation maturing within the period.

Long-term credit from the Reserve Bank can be had from the National Agricultural Credit (Long term operations) Fund which has been created with an initial contribution of Rs. 15 crores. To this fund, the Bank is expected to make an annual contribution for the next five years at a rate (probably Rs. 5 crores) to be decided by the Central Government. The State Governments can borrow from this fund in order to enable them to subscribe to the share capital of co-operatives and repay the amount and interest, which is very reasonable, thereon in 12 to 15 years. The state co-operative banks can get loans from the fund for an intermediate period against such securities as may be specified by the Bank provided they are needed for financial agricultural activities or such purposes which the Bank may specify. Thirdly, the central land mortgage banks will be eligible for loans from the fund for a period of twenty years against Government guarantee and the Reserve Bank can buy their debentures when the principal and interest are guaranteed by the State Government.

Many of the facilities mentioned above, though they constitute an integral part of a balanced and comprehensive scheme of rural credit, have been accepted for action only in recent years and their full benefits will accrue to the co-operative credit structure and to the economy of the farmers only in future. Nevertheless, they underline the potential source of strength to be made available by the Reserve Bank as a contribution to the success of schemes of rural development adopted in the Five Year Plans. Even in respect of short-term accommodation which is mainly confined to seasonal agricultural operations, the Bank's role has widened appreciably. During 1950–51 the state co-operative banks had drawn from the Reserve Bank under Section 17 only Rs. 5.38 crores: but in February 1957 the outstanding were as high as Rs. 23.27 crores. The magnitude of the call which the co-operative banking system is expected to make in view of the State's policy to raise agricultural production and develop cottage and small industries by organising the co-operative sector during the period of the Second Plan can be assessed in terms of the targets assigned to the co-operative movement. These are given below:

		1955–56	Target for 1960–61
Membership of primary agricultural credit societies.		5 million	15 million
Short-term loans	...	Rs. 30 crores	Rs. 150 crores
Average loan per member	...	,, 60	,, 100
Medium-term loans	...	,, 10 crores	,, 50 crores
Long-term loans	...	,, 3 crores	,, 25 crores

The attainment of these targets, quite apart from the long-term objective of rural regeneration, presupposes the existence of certain pre-requisites. For ascertaining them, one has to turn to the Report of the Rural Credit Survey Committee, It *inter alia* observes that "the co-operative movement will not be in a position by itself to effect a reform so radical as that implicit in the development envisaged. To our mind it is obvious that the most significant potentialities in this respect are to be found in the Reserve Bank." (Vol. II, Page 333). Why? Firstly, the volume of funds required for satisfying the credit needs of the rural population will in future be so large that only a central banking institution operating as the balancing centre for the nation's credit system as a whole can be in a position to assure agriculture and rural industry of their due share of national credit resources. Secondly, as the banker to the State Governments, such an institution can bring to bear its experience and influence on the State Governments in drawing up sound plans for the co-ordination and reorganisation of co-operative credit institutions and, if necessary, make long-term loans to the State Governments in order to enable them in turn to strengthen the co-operative structure. Thirdly, from a constructive and a long range point of view, the Reserve Bank can alone be in a position to take a sufficiently far-sighted view and to spend enough on the training of personnel which will be called upon to handle rural credit on an extensive scale.

The Rural Credit Survey Committee has hit the nail on the head by emphasising that the Reserve Bank's role in the integrated system of rural credit is of crucial importance. It represents a natural and

logical evolution and it adds to the Reserve Bank's strength, soundness, ability and usefulness in the discharge of its more fundamental functions as the Central Bank of the country. In the field of co-operative credit, the Bank has to occupy a strategic position since the objective is to make credit available to the rural producer to whom it is not now available or is only inadequately avilable and who, therefore, is not in a position to make his full contribution to the plans of rural, specially agricultural, development. A network of co-operative credit institutions, state.partnered if necessary, cannot obviously be promoted unless the assurance of legitimate support by the monetary authority of the country is forthcoming. The other two aspects of rural development are the promotion of co-operative economic activity and the supply of co-operative personnel on an adequate scale. In this task also the Bank is expected to play its due part. In all three, warns the Rural Credit Survey Committee (Vol. II, page 394), "much will have to be expected of it by way of active co-ordination." That this hope is not misplaced has been amply demonstrated by the progressive adjustment in the Bank's policy during the past twenty years.

A possible objection to the Bank assuming these functions arises from the western idea that a control banking institution should confine itself to co-ordination, control and support with the help of the reserves in the field of banking and by such means as rediscount and open market operations. When the first Reserve Bank Bill was being discussed in the Indian Legislative Assembly, this ghost, one hoped, had been firmly laid to rest on the basis of arguments then not backed by any experience though sound in logic. Today, one can speak with experience. It is a fact that the Bank's activities in the field of agricultural credit have not in any way lessened its attention and energy from its other functions as the nation's central bank. Again, the Bank has assured itself of adequate safeguards against the contingencies of its funds made available through the state co-operative banks to the rural population being frozen as a result of the weakness of the rural credit structure or on account of the risks involved in its dispensation. The National Agricultural Credit (Stabilization) Fund covers the risk from natural calamities, while other risks are covered by the guarantees from the State Governments. Besides, the standards laid down for granting credit are sound and constructive and they should ensure regular repayment in normal circumstances. Moreover, it is only with such a policy that the Reserve Bank can extend organised banking to the rural sector and thereby acquire control over the wide range of economic activity from which three-fitths of it has been presently excluded. Indeed, the present policy is but a means to enable the Bank to be the more effective lender to the national economy in the last resort. It may be noted in this context that through the Australian Government recently decided to relieve the Commonwealth Bank of Australia of the trading functions, it affirmed that the retention of the rural credit department with the Bank was an absolute necessity.

It is argued in certain quarters that the State Bank of India being a public institution should be entrusted with the rural credit functions of the Reserve Bank. The question is whether the State Bank can command the resources and influence of the Reserve Bank for continuing the good work that is being done by the Agricultural Credit Department. Before answering it, one might ask whether the Bank is expected to find funds for the rural sector out of its deposit resources. If so, it will have to sacrifice its role as a commercial banker; if not it will have to fall back on the ultimate lender which would mean that one more intermediary and, that too, an extraneous one would be created and the ultimate borrower will have to pay a higher rate of interest. A possible answer to this is that the State Bank might deal directly with the primary society by eliminating the intermediate agencies and thereby be able to lower the lending rate still further so far as the ultimate borrower is concerned. Apart from the ability of the State Bank to do so for organisational as well as financial reasons, the impact of such a move on the co-operative activity is bound to be adverse inasmuch as the whole incentive for mobilization and productive channelling of local resources will be sacrificed, and its repercussions will be serious so far as the monetary policy of the State is concerned. The elimination of the federal financing agencies would also raise the problem of financing primary rural credit societies other than those fully sound for which they presently depend on central co-operative banks and apex banks.

Prior to the *kayu kalpa* of the Imperial Bank of India, its association with rural banking was through the operation of currency chests established with it as the agent of the Reserve Bank and the provision of financial accommodation against agricultural commodities. Most of its lending represented advances to traders and not to the cultivators. By tradition its personnel was trained for doing commercial banking, handling treasury work of the State Government and providing remittance facilities to other banks. The Rural Credit Survey Committee thought that the State Bank of India created by taking over the Imperial Bank and other State-associated banks would hasten the programme of the opening of new currency chests, could reach not only the headquarters of each district but beyond in order to expand remitsance facilities, and could co-ordinate its operational policies with the working of co-operative credit institutions, at any rate with such of these as were at the sub-divisional level and above. A further item of

potential significance was, in its opinion, that the new institution could be of assistance also in the matter of financing cottage and small-scale industries " whether these are specially large and important but at the same time happen not be organized on a co-operative basis."

The Bill to constitute the State Bank of India stated in its statement of objects and reasons that the object of its creation was to have " one strong integrated State-partnered commercial banking institution with an effective machinery of branches spread over the whole country for stimulating banking development by providing vastly extended remittance facilities for co-operative and other banks and following a policy which would be in effective consonance with national policies adopted by Government without departing from the canons of sound business". It is obvious that even the nationalized State Bank has been designed to operate as a commercial bank on sound business lines. What is the record of the Bank for the short period of its existence? The annual report for 1956 and the Chairman's statement speak for themselves. The report admits that the first phase of the Branch Expansion Programme covers 202 branches out of a target of 452 for the five years; but only 66 have been opened since July 1. 1955. An effort to co-ordinate its activities with co-operative institutions has been made by extending trade loans to them at a reasonable rate; but adds the Chairman, " Here again is a field in which we are only making a beginning......The exact form and pace of such assistance as well as the structure of the relations between co-operative banking and the State Bank are a matter requiring further thought and perhaps experimentation as we go along." He adds: "In the field of small scale industries our activities are still somewhat exploratory in character. But for a Bank with our tradition it has been a big step to break away from the concept of security of property as the main criterion for making an advance and to be prepared to give credit on the basis of a mere capacity to produce and sell."

The State Bank of India occupies a key position as "one strong integrated State-partnered commercial banking institution" in the national economy. At the end of 1956, the net deposits at the disposal of scheduled banks in the country stood at Rs. 1100.71 crores of which the State Bank accounted for Rs. 242.12 crores, i.e., 21 per cent of the total. Scheduled banks' credit totalled Rs. 789.64 crores out of which the State Bank alone provided Rs. 140.16 crores, i.e., 18 per cent of the total. The annual report of the Bank says that the rise in the Bank's resources under deposits was relatively slow; but the Bank's advances rose sharply. The trend in 1956 emphasises that the Bank has been finding it difficult to meet the growing but legitimate demands of the country for commercial credit and has been resorting to borrowing from the Reserve Bank. In such a situation, it is obvious that it cannot provide agricultural credit out of its deposit resources except by sacrificing its legitimate role as the premier commercial banking institution. The Government has assured the Lok Sabha that its services in the field of commarcial banking will grow and will not be curtailed. If this assurance were to be implemented and, at the same time, the State Bank were to extend its activity to the agricultural sector, the latter would only mean borrowing from the Reserve Bank and passing it on to the agricultural co-operative sector.

Adequacy of banking credit for agricultural marketing and storage is the legitimate function of commercial banks including the State Bank. A break-up of the advances of scheduled banks as at the end of 1956 shows that advances against agricultural commodities amounted to Rs. 132.47 crores, i.e., less than a fourth of the total and out of this meagre facility, four crops, i.e., cotton (Rs. 50.49 crores), plantations (Rs. 26.90 crores), raw jute (Rs. 15.41 crores) and oilseeds (Rs. 13.24 crores), absorbed 71 per cent. The position of the State Bank is not materially different from this trend. Its report states that no major change has taken place. As the State-partnered commercial banking institution, the State Bank is, therefore, expected to extend its banking facilities to other crops. This has not become possible because the upcountry branches of the Bank have so far been concentrated in the more commercialised and commercially important agricultural regions. Consequently, in the words of the Rural Credit Survey Committee (Vol. II, Page 189), "there is retarded development, limited resources, restricted facilities and high cost of service in areas where the opposite situation prevails."

The foregoing discussion of the working of the State Bank leads to certain valid conclusions which have a direct bearing on the Bank's ability to take over the Agricultural Credit Department of the Reserve Bank, Firstly, the State Bank's interest in the rural sector is at present confined to getting deposits from the area and to finance trade in agriculture only to a limited extent, and not agricultural production. Even in respect of the former, the lending activity is confined to certain cash crops. This is natural because, as the Rural Credit Survey Committee pointed out (Vol. II, Page 324), "the commercial bank, not only in India but in most other countries, is not designed for agricultural finance" and "in regard to a future solution, therefore, it is important to bear in mind that the claims put forward by commercial banking interests in the context of agricultural credit tend to be greatly exaggerated." Secondly, by tradition, association and experience, the Bank's outlook is fixed on creditworthiness in terms of the tangible security where as the emphasis of the State policy regarding rural credit is on creditworthy uses. True, a new look has been

given by reconstituting the Board and this may be strengthened by transferring the staff of the Reserve Bank concerned with the handling of agricultural credit; but at best this may ensure the evolution of an appropriate policy while much depends on the outlook and experience of the lower rungs of the administration since implementation of the policy is more important. The Rural Credit Survey Committee rightly observed (Vol. II, page 375) that "the problem of rural credit in India is not primarily one of rural credit. Rather, it may be said to be one of ruralminded credit." Finally, even within the programme of rural credit re-organisation already visualised the State Bank has been assigned a role which has placed a heavy responsibility on the institution and the Bank is yet to produce adequate evidence in support of the hope that it is capable of delivering the goods within a measurable period.

The advocates of the proposal for transferring the responsibility of rural credit from the Reserve Bank to the State Bank are prompted by the view that the Bank being a public institution and amenable to State policy can be relied upon to be responsive to the credit needs of the rural population even though it is presently ill-equipped for the task. How unfounded is the hope for this development has been discussed above. It is further claimed that the State Bank can directly deal with the primary societies by eliminating the intermediate agencies and thereby not only lower the cost of borrowing to the ultimate borrower but can also tone the working of the primary co-operatives. The answer to this has to be found in the Report of the Rural Credit Survey Committee. Discussing the merits of an All-India Agricultural Credit Corporation, it observed (Vol. II, page 363): "An apex does not stand by itself; it has to have a body and a base. . . . Moreover, if the apex is an All-India Credit Corporation (in this context the State Bank of India), and the base a multiplicity of rural credit societies in thousands of villages, it has to be asked in what manner the one is going to be effectively related to the other. Largely reduced to working through its own branches and lacking organic connexion with the co-operative credit structure, there is grave danger that the Corporation will not be able to prevent the bulk of its accommodation gravitating to the more powerful and influential borrowers."

Since 1904 the co-operative movement in India has experimented with the various methods of financing the rural sector and has learnt by experience that the three-tier system is the best from the point of mobilising the general savings of the community for the rural sector and providing guidance and supervision. The district central co-operative bank being a federal society of primaries is considered suitable for supervising the affiliated institutions, guiding them to a correct increase of business, helping them to obtain loans as quickly as possible, absorbing surplus funds without delay, correctly using them for productive purposes and seeing that all borrowings are well secured on the basis of their use. Much energetic action is necessary to secure the efficient working of such a system in all States. Suggestions for eliminating co-operative central financing agencies so as to enable the state co-operative banks to deal directly with the primary societies through their branches were made in the past on the ground that the ultimate borrower could save the margin of interest which he had to pay to this intermediate agency; such schemes figured in the discussions at various conferences but did not receive any real support at any time.

In 1929–30 when the central co-operative banks were passing through a critical stage of their career, the question was examined by the Bombay Provincial Banking Enquiry Committee (Vol. I, Page 174) which observed; "We feel that if centralisation is carried into effect as suggested, the whole organisation will come to be governed too much from the centre and will depend for its proper working mainly on a paid staff." The Rayalaseema Committee (1946) pleaded for their abolition because they were not able to provide cheap and timely credit; but the Fifteenth Conference of Registrars (1947) felt that the recommendation should be accepted only in areas where it was positively advantageous. The Standing Advisory Committee of the Reserve Bank on Agricultural Credit was more emphatic on this issue. In 1952, it recommended : "Other things being equal...... the establishment of a central bank should be preferred to that of a branch of the state co-operative bank. In areas which are relatively undeveloped in the economic and co-operative aspects, the proper course is likely, in many cases, to be to establish branches of the apex banks with such financial assistance from the State Government as may be necessary. In such instances, the policy should be that of eventually replacing the branch by a full-fledged central bank."

The role of the state co-operative bank is historic. It occupies a key position in the entire structure of the co-operative movement so far as short-term and medium.term credit is concerned. It derives its strength from its affiliated institutions and gives in return the strength accruing to it from its association with the general money market and commercial banking and in its capacity as the balancing centre of co-operative credit in each state. Although the co-operative movement is mainly concerned with the rural economic activity, the co-operative financing agencies serve as bankers to the movement as a whole. As a result, they have been able to mobilise the resources of the movement and the savings of those outside it in their respective

areas of operation and to finance rural co-operatives at an economic cost to the borrowers. The problem is, therefore, not one of eliminating one or the other agency or both but one of sound and balanced development of the co-operative credit structure on a pyramidal basis by imparting the necessary strength.

The latest data relating to Bombay State are availale for 1955–56 and are concerned with the old Bombay State where 42.1 per cent of the short-term agricultural borrowing were provided by co-operative banks. On June 30, 1956, the Bombay State Co-operative Bank and the district central co-operative banks had 304 offices, far in excess of the branches of the State Bank in the region; their owned funds totalled Rs. 395 lakhs: and their deposits amounted to Rs. 33.44 crores. The maximum drawings from the Reserve Bank during year the amount to Rs. 447.42 lakhs out of which only Rs. 36.32 lakhs remaining outstanding on that day. At the same time, the outstandings of these banks with their constituents stood at Rs. 15.87 crores. Agricultural loans due amounted to Rs. 9.90 crores, while the bulk of the non-agricultural loans due represented finance for marketing and processing of agricultural produce. These figures emphasise that the co-operative financing agencies in Bombay State depend mainly on self-help for mobilising their resources and financing the rural sector and look to the Reserve Bank as the nation's central banking institution only for bridging the gap between the demand and the lendable resources after providing for the fluid resources. Further more, credit accepted from the Reserve Bank being marginal, the co-operative banks are able to repay it on the due date even though the primary societies and their members are sometimes unable to honour their commitments for a variety of reasons not entirely with in their control. If the State Bank were to step in the shoes of these agencies, it would have to rely on the Reserve Bank to a greater extent for enabling it to meet the obligations and to lock a good portion of its deposits, which would have been otherwise available for financing commercial activity, in outstanding agricultural loans. The management expenses of the co-operative banks in Bombay State work out at three per cent of the loans and 1.4 per cent of the working capital; but it is to be wondered whether the State Bank can keep its expenses ratio to such a low level. Alternatively, it will have to subsidise its agricultural credit operations by using the profit from commercial banking; but this should really be used for expending the banking services in the interior since this function has either to be shouldered by the State Bank or is not going to be carried at all.

The [illegible]mains now to dispose of the misplaced hope about the possible role of the State Bank in the field of rural credit in States which are co-operatively under-developed. This notion is based on the cryptic and, therefore, sometimes misunderstood verdict of the Rural Credit Survey Committee that "co-operation is a failure" and its recommondations designed to enable the State Bank to provide certain banking facilities to central co-operative banks without departing from its legitimate role. It is, however, to be wondered whether even if it tried to take on a new role the State Bank can overcome the difficulties and defects detailed by the Committee in connection with the failure of co-operation. The fact has to be faced that the failure of the co-operative sector in such States is but an aspect, in fact an excusable aspect, of the aggregate and unmitigated failure of all agencies including the State and the institutions controlled by it, and this cannot be rectified unless and until the rural problem is tackled by a comprehensive solution. For the success of a better scheme each agency will have to play its role better. Failure will be assured if one agency were to assume the role legitimately belonging to another.

Take, for instance, the case of Orissa where 86 per cent of the money-lenders' lendings to the cultivators are at rates in excess of the statutory maximum of 12 per cent. In this State, according to the sample which is part of the Survey data, only 1.3 per cent of the cultivators' families have recourse to co-operative credit, which represents only 2.7 per cent of the total borrowings of all families from all agencies. It is also conceded that 58 per cent of the primary agricultural societies in the State are dormant. Nevertheless the fact remains that in this State 23 places are presently served by 41 banking offices of which 26 are of the co-operative financing agencies. Out of the remaining 15 offices, the State Bank can claim only eight. The co-operative sector *albeit* small is able to serve 6.6 per cent of the population; but the record of commercial banks is very much poorer. That the State Bank has been unable to provide remittance facilities from all the district headquarters in the State even after two years of its working as a State-partnered and nationalized institution and to launch at least one pilot project for the benefit of cottage and small scale industries is a commentary on its ability to deliver the goods and the magnitude of the task involved.

The discussion once again confirms the basic soundness of the recommendations of the Rural Credit Survey Committee which has emphasised that one of the prior objectives of policy has to be the creation of conditions in which co-operative and other institutions will function effectively in the interests of rural production and for the benefit of the rural producer. For this purpose, it has urged the extension of State partnership to (1) co-operative credit, (2) co-operative economic activity, (3) storage and warehousing and (4) commercial banking as represented by the important sector of State-associated banks and the provision for the supply of trained personnel in needed number and

with the requisite outlook. In the scheme put forward by the Committee, "the Central Government and in particular the State Governments, and the entire co-operative structure for which they are primarily responsible have their respective functions in each particular sphere of devélopment and these functions are co-ordinated (i) with the Reserve Bank of India so far as the development of co-operative credit is concerned, (ii) with the National Co-operative Development and Warehousing Board and its auxiliaries for the development of storage, warehousing and co-operative economic activity generally (especially processing and marketing), (iii) with the proposed State Bank of India, as well as with the Reserve Bank, for the creation of the needed facilities for rural and co-operative banking and, lastly, (iv) with the Central Committee for Co-operative Training in regard to the organization of the training of the large and varied personnal required." (Vol. II, page 368).

Judged by the datailed recommendations of the Committee and the unexpected delay in implementing them after their approval by all agencies concerned herewith, it is even more obvious that each set of institution has more than enough opportunities to extend its field of activity and be service to the countryside. To this even the State Bank is no exception. To suggest, therefore, that the State Bank should be saddled with additional responsibilities, for which the Reserve Bank is eminently suited and for whichit has progressively equipped itself, without in any way jeopardising its status as the central banking institution and that, for that purpose, the co-operative credit structure should be tampered with is to cut at the very root of what has been built up with great labour, heavy sacrifices and hard experience. The Committee has urged that "the aim should be attainable and the proposals practicable from the point of view of present and potential resources in men and money. . . . . We would also emphasise that our principal recommendations are vitaly related to one another and together form a unit of policy and action from which no main component may be removed without imperilling the whole." Let us, therefore, proceed along the road which we have built after years of trial and which has only to be repaired in accordance with the formula of proved experience adopted by the Committee instead of trying to seek a diversion which will keep us off the track and take us into wilderness from which we were just hoping to escape.

The Transfer of the Agricultural Credit Department from the Reserve Bank of India to the State Bank of India—An Analysis of the Problem

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We will be failing in our duty to the cause of augmenting agricultural production through co-operatives, if we do not advert to a matter that has rudely shaken co-operators throughout the State as well as all over the country. According to Press reports (dated 3-5-1957—INDIAN EXPRESS) the Finance Minister to the Government of India declared that the Government are considering the question of the transfer of the rural credit machinery of the Reserve Bank of India (i.e., The Agricultural Credit Department) to the State Bank of India. The reasons for this change have not been indicated. The step it is felt by all co.operators is sure to cripple the credit facilities and shatter the development programme on co-operative lines. The conference of State Co-operative Banks which met at Delhi on the 10th and 11th of May have lodged their emphatic protest and have pointed out that this step will cut at the very root of rural credit, which is being so carefully nursed by the guidance of Reserve Bank.

During the last decade co-operative activity has been expanding and the Reserve Bank, which was once very conservative in the matter of providing agricultural Credit, has revitalised its policy. Charged with the task of helping agriculture, the main industry of the country, which is in the hands of millions of small farmers, the Reserve Bank has in recent years, committed itself to a programme of providing rural credit through the co-operative banking system. The policy has been to encourage development of a net work of State Co-operative Banks with Central Banks for the districts and village credit society at the base and to create such a structure in States, where it did not exist. With a sanction of short term loan of Rs. 6.65 lakhs for two State Co-operative Banks in 1946-47, the Reserve Bank has so expanded the credit facilities, that during 1956-'57 it has sanctioned Rs. 29.64 crores, for 19 State Co-operative Banks, in addition to medium term loans of Rs. 2 crores, as well as the investment of a vast amount in the debentures of Central Land Mortgage Banks. After the Rural Credit Survey Committee's findings, that there is no alternative to the co-operative machinery for tackling rural credit problems of the country, the Reserve Bank, as the Central Banking institution for all the States has planned its expansion programme on the basis of State Partnership. At the All India Co-operative Congress held at Patna, the above principle was accepted and co-operators as well as States have now begun to implement scheme. It is the accepted policy, that co-operative credit has necessarily to be supplemented by vast resources, which the Reserve Bank alone is in a position to provide.

Source: Note submitted by Sri K. Nanjundiah, B.A., B. Com., B L. Vice-President, The Nilgiris Co-op. Central Bank, Ltd., regarding the proposed transfer of the Agricultural Credit Department from the Reserve Bank to the State Bank of India to the Minister of Agriculture, Madras at Ooty.

The State Bank of India notwithstanding its nationalisation, is still a commercial bank. By its outlook, tradition and administrative equipment it is unsuited to assess correctly, or meet adequately, the problems and needs of the agriculturists and particularly the small farmers, the cultivators and tenants, who may not be possessed of securities considered safe in the eyes of the State Bank. It must be stated that, if the State Bank is intended to take the place of the Reserve Bank, it has not the resources which the Reserve Bank has been able to accumulate at little or no interest. The Reserve Bank itself has attained such facilities after a lot of field work and high level negotiations during the last decade and even if this entire machinery could be transferred to the State Bank, it may take several decades for the State Bank to shoulder the responsibility and command the confidence of all the States and the small farmer.

The work done by the Reserve Bank at different levels such as inspection of apex and the Co-operative Central Banks just in the same way as the other banks though on voluntary basis, has created the necessary confidence in the co-operative structure in this State. The practice of refinancing on the basis of double securities of the district banks and the apex bank by the Reserve Bank, has enabled the farmers to stand on a par with the traders and industrialists to obtain vast funds for short term and medium term loans. To ask such village societies, or the district banks or even the apex bank to look for finance from the State Bank of India, is virtually driving such agencies to a rival concern, since the State Bank of India is a competitor to these agencies, whereas the Reserve Bank is a Bankers' bank and does not lend directly.

The valuable guidance now provided by the Reserve Bank in shaping the development programme in the different States, is being implemented by the States since the Reserve Bank with its Research Department and well built traditions has the necessary equipment and is also in touch both with popular opinion and the Government view point. Further, the Reserve Bank being the Banker to the State Governments, has built up several contacts with the States and hence the implementation of the schemes is jointly planned and smoothly executed in consultation with the apex banks, the Reserve Bank acting as a cementing factor between the various agencies. The mere transfer of the credit department to the State Bank of India cannot provide the above facilities which have been reached after considerable experience and able guidance. With the best of will, the State Bank of India may take decades to realise the implications of productive co-operative credit at the lowest level and the clock of progress in all development schemes will surely be put back.

We have not yet been informed of the grounds for the change, but if the idea is to cut off one or two links such as the apex bank, or the district bank, the measure is fraught with grave dangers to the small farmer and is sure to adversely affect agricultural production.

Was it not only a few years ago, that, the State Bank of India refused to accept the Co-operative Paper as adequate collateral for its advances to the movement, recourse had to be had with the Reserve Bank to come up to the rescue? The Co-operative structure as it now exists in this State and proposed to be established in all the states is on a federal basis and it is the borrower whether at the society level, or at the district level, or in the apex bank level, that has the predominant voice. His needs are met with sympathy and understanding and the availability of security alone is not the prime factor. The Central Bank at the district level with experienced non-officials guiding a policy of safe lending for productive purposes and at the same time expanding rapidly taking local requirements into account could not safely be replaced by mere branch machinery or executive officials of the State Bank. The experience of Bombay, which started with a branch system and changed over to the District Bank system and that of Mysore where under the guidance of the Reserve Bank defunct and liquidated district banks have been revived as essential links, furnish ample proof, that the district bank is an indispensable unit in the co.operative structure. The apex bank in addition to its tapping urban resources for supplementing the Reserve Bank funds is fulfilling an essential role at the State level in coordinating a safe and sound policy of lending.

Again, the legal and the financial implications of this change over cannot easily be brushed aside. Any unforeseen loss or even a faulty step in a district area will not shake the apex structure, or the entire credit structure, since the District banks are separate legal entities and will serve as a cushion to absorb the shock of any such unforeseen contingency. A branch system of financing without the apex bank and the district banks will imply, that, the State Bank will have to lend on the single signature of a co-operative society, which means about 1½ lakhs of societies have to be inspected and their financial stability ascertained before the State Bank could directly advance. On the side of repayment, a branch system with its executive staff alone can never provide the drive which the panchayatdars, the Union

Presidents, and the Directors of the District Banks now exert for collection. The fact, that, the borrower and the lender in the co-operative structure are the same provides the necessary incentive not to accumulate the dues and it is highly doubtful whether the official machinery of the State Bank of India will be a substitute for this effective safeguard to prevent overdues. Further, arbitration, easy execution at the district level by the co-operative departmental Officers, and the public opinion at the society level, which is the base of the federal structure have no small effect on timely repayment.

Co-operation and development through co-operatives is a State subject and the State policy is worked out through the Registrar of Co-operative Societies, who guides and assists the lending policies of the apex bank. The State has no voice either in the policy or in the administration of the State Bank of India. Hence it is doubtful as to how far the State Bank of India will be amenable to be guided by the State Governments in the development plans and financing of co-operatives. The programme of Centralising or lending to agriculturists through the State Bank of India implies, that, agricultural credit becomes a central subject. Co-operative Institutions whether at the village level or at the district level, if allowed to function will more or less function like branches of the State Bank of India. The local initiative drive and enterprise in the matter of advancing to other co-operatives such as handloom weavers, housing, milk supply societies etc. has still to be carried on at the State level and if the apex and the district banks are cut off from the co-operative structure, the present policy of channelising all advances not directly by the State but through the apex banks and the district banks even for development schemes would be scrapped and the State itself may have to take up direct lending—a policy which our State has wisely avoided. If for the above purposes, the Registrar of Co-operative Societies and the financing institutions at the State and district levels have to continue, then surely the task of providing agricultural credit could with perfect justification be allowed to function as in the past.

Perhaps, the ground on which this measure is proposed is to reduce the margin which now goes to the apex and the district banks. The shareholders of the district banks are the very co-operative societies with a neglible proportion of individuals and hence the profits even if made go to the very borrowers and not in any sense going to an outsider. The dividends payable being only a maximum of 5 per cent, the rest is conserved as reserves which are a source of strength to the credit structure. A fully developed district with all the forms of co-operation may have such a larger number of societies and institutions, that, a close contact by the directorate at various levels and an efficient staf to regulate the advances become necessary and such a machinery entails expenditure. Out of the 6¼ per cent which is now being paid by the ultimate borrower, a margin of 1¾ per cent is shared by the Society and this margin is inevitable for the upkeep of the society, which is the only machinery which can maintain the personal contacts with the borrower. Out of the remaining interest of 4½ per cent, the district banks have to meet the cost of the entire staff for supervising the very societies, which borrowed from them. These district banks also supplement these funds from the apex bank with their own funds obtained by way of deposits on which a higher rate of interest is paid thus absorbing the 2 per cent allowance.

So far as the apex bank of this State is concerned, the Bank loses on average ¾ per cent to 1 per cent of its own funds lent to district banks for such funds are borrowed between 3 per cent to 3½ per cent while they are lent at 2¼ per cent. Thus, the overall margin rate of interest is accounted for. In fact no commercial unit considers it businesslike to pass on even the funds obtained from the Reserve Bank of India at little or no margin.

It is requested, that, the State Government, which is responsible for fulfilling the various development plans through co-operatives will take up the question with the Central Government and will advise the Central Government to drop the proposal to transfer the credit department from Reserve Bank to the State Bank of India as it is bound to adversely affect the future of the rural economy of the State.

Proceedings of the Second All India Co-operative Editors' Conference, held at New Delhi on the 31st May 1957 and 1st June 1957

WELCOME ADDRESS

SHRI B. J. PATEL,
Hony. General Secretary, A.I.C.U.

Dr. Deshmukh, Dr. Natesan and Friends,

It is my pleasant privilege to welcome you all on behalf of the All India Co-operative Union to this, the Second Conference of the editors of co-operative periodicals in the country. The very fact that these editors who have a vital role to perform in the expansion and healthy development of the co-operative movement in the country had had only one opportunity to meet during the past fifty years and more, to discuss the ways and means of perfecting the instruments of expansion of the Movement shows that scant attention was paid in the past to co-operative publicity. I myself had my own misgivings about the scope and usefulness of holding a Conference of Co-operative Editors when I had mooted the proposal for the first time in 1954. The response that we received from all parts of the country and the pleasant discovery I made of similar conferences held in co-operatively advanced countries encouraged me to convene the Conference once again. It is a matter of great pleasure that editors of all co-operative journals that matter in the country have, despite the personal inconveniences involved in tedious train travel and the enervating heat of Delhi, chosen to be present here to-day. It is indeed an evidence of your deep interest in the work in which you are engaged and your enthusiasm for the co-operative ideal that you bear these personal inconveniences with indifference. However, we shall do our utmost to minimise your inconvenience during your short atay in Delhi.

Friends, we are meeting at a momentous time in the history of the Co-operative Movement. The place of Co-operatives as peoples' own organisations capable of conferring maximum benefits on the participants, and as instruments of planned economic development, has been accepted. The Second Plan declares that one of the central aims of national policy is the building up of a co-operative sector as part of the scheme of planned development. In the course of the next few years. the Co-operative Movement will take rapid strides in these spheres of economic activity which closely bear upon the welfare of the common man particularly in the village. Co-operative editors, therefore, have to play a very vital role in this programme of rapid development. They have to prepare the people for this stupendous task, arouse and sustain their keen interest in the aims and work of their societies, they must provoke thought and action on the part of the people to continually improve and strengthen their societies. They must create in them an unswerving faith in the philosophy of co-operation and must supply them the knowledge of the methods and techniques of making their organisations a resounding success. Co-operative journals, to say the least, should be no less educative than informative. But the power of the printed word is far greater than this ; co-operative editors must harness this power to bring about a silent revolution in the manner of thoughts and beliefs of the people and thus lay down firm foundations of co-operative democracy in this country.

The task before us, Sir, is no less stupendous than the task before the Movement to which I referred earlier. To-day we have 36 co-operative periodicals in different languages ranging from weeklies to quarterlies which cover almost the entire country. All States except Assam have a co-operative periodical. In Bombay their number is 9, in Mysore 5, in Madras 4, and in Kerala and Andhra 3 each, while in other States there are one or two. Of the thirty-six periodicals, 24 are monthlies, 6 weeklies, 2 fortnightlies and 4 are quarterlies. In addition, as far as I am aware, there are two Government journals, one in Madhya Pradesh and the other in Rajasthan. These figures show that we have quite a good number of periodicals some of which are doing praiseworthy work. We can take legitimate pride that the non-officials are alive to the needs of the Movement and have been endeavouring to discharge the very essential duties of publicity for the Movement. However, you will agree with me that there is no scope for self-complacency. The conditions under which most of our journals are produced are the most difficult conditions which would break men and institutions of less solid worth. Our main difficulties arise from paucity of finance and lack of trained personnel. It is to examine these difficulties, to try and find ways and means to overcome them, to make the co-operative journals more powerful and to set up an efficient and well-co-ordinated co-operative publicity machinery that the All India Co-operative Union has convened this Confereuce.

The first and foremost problem that we, the editors have to decide is : whom do we want to reach? Do we want to cater to the elite body of co-operators and researchers who are serious students of the subject or an intelligent and well educated body of co-operators or the broad masses of half educated, half literate members of the societies who, possibly, are even ignorant of the basic tenets of co-operation ? Each journal has to decide its policy, its publicity material, its method of presentation etc., depending upon what class of people it desires to reach. A cursory glance at our periodicals would suggest that most of our periodicals are not writing for the ordinary, not-very-intelligent

member of the co-operative and the general public, and that we are aiming, through our studied articles, editorials and other features, to reach and cater to the intelligent sections of the co-operative community. I seriously feel that we must have at least one periodical in each State which aims to reach these masses of members and the other people of their category who are yet out of the co-operative fold. Everyone present here would agree with me that the ordinary members of the co-operative societies and even their office-bearers are woefully ignorant of what co-operation means, what are its principles, and even as to why they join the co-operative. The members of the co-operative societies will tell you that they join the co-operative because they want loans. And further, if you ask what are their duties in their co-operative, they will say their duties are to receive loans. This is a lacuna which we the Editors have to make up. We have a powerful medium of education in our hands, which we must so fashion and use, that we reach the maximum number of such members in an effective manner. In this connection, I would like to mention the membership education programmes being executed by the State Co-operative Unions, and the training programmes for the lower categories of personnel of the co-operative societies by the various training institutes. These Unions and Institutes have certain requirements and they would expect them quite legitimately from us since we have the vehicles of thought and information. We must establish close working contacts with them and try not only to meet their needs of latest information etc. but also be useful media for their follow up and extension literature.

Most of the co-operative journals are brought out by the State Co-operative Unions or Divisional Boards as in Bombay. The finances of these Unions and Boards are not adequate to their functions. So, very often other activities of the Union are expanded or strengthened at the expense of co-operative publicity for the reason that the results of publicity are less tangible. I would, therefore, request all the editors to urge their unions to earmark a definite proportion of their yearly income for the successful conduct of their journals. The All India Co-operative Union will also endeavour to find out sources of additional income to supplement their own finances. The more fundamental question, however, is : Can we not make our periodicals pay their way ? I am aware that in accordance with their principles, the Unions may distribute some literature free or subsidize part of the cost of the journals they publish. But by and large the long-term solution of the problem lies in improving our journals in design, in get-up, and in the reading matter that we provide to our subscribers. We must make them attractive in appearance, useful in content, and readable by the ordinary person. The book-sellers do not stock or distribute our journals. This is a state of affairs that must be changed.

Our journals must become so popular that they find place in every library and in every co-operative society.

This brings me to one important consideration. At present, the journals issued by the State Unions or Divisional Boards also deal with all India aspects of co-operative activities, as well as with overall policy considerations. It is for you to examine as to how far such writings by local periodicals is consistent with their aims and objectives. Further I am not sure how such material would create an interest among the members of local societies and the man in the street. It is not my intention that the local journals should confine themselves absolutely to local problems. In fact their endeavour should be to give their readers co-operative achievements and practices of other areas as well.

I would like to draw your attention to another aspect of news which we may profitably exploit. You are aware that the co-operative workers, secretaries, presidents and treasurers, are honorary workers. They work because of their faith in the ideology of the movement. The co-operative journals can give encouragement to them by giving due publicity to the good work they are doing in their societies. The working of the successful societies can also be similarly highlighted. To do all this it is necessary for each journal to issue a news bulletin also preferably in the languages of the region. I hope the Conference will consider this aspect also.

The All India Co-operative Union is alive to the growing necessity of a vigorous and well planned publicity and propaganda drive. Its publicity section has been strengthened. Besides its regular publications—All India Co-operative Review and All India Co-operative News Service—the Union has brought out three publications, two in Hindi for membership education and one on Co-operative Farming, which is a burning problem of the day. Preliminary steps have already been taken to start a monthly All India Co-operative Feature Service from next month. We have organised a small exhibition in the Library upstairs. Certain aspects of production of Co-operative literature are emphasised in this exhibition which, I hope, you will find interesting.

It is a matter of great pleasure to all of us to have in our midst to-day Dr. P. S. Deshmukh, Union Minister for Co-operation who has all along been a sincere and devoted friend of the Movement. In spite of numerous demands on his valuable time, he has come to bless and guide us in our task which is equally dear to him. I am confident that with the blessings and guidance of Dr. Deshmukh and mature experience of our veteran co-operative editor, Dr. P. Natesan, not only will this Conference turn out to be a landmark in the history of India's

co-operative journalism, but will also be a happy augury of a more purposeful and positive era of co-operative publicity.

Now I request Dr. Deshmukh to inaugurate the Conference.

INAUGURAL ADDRESS

DR. PANJABRAO DESHMUKH,

Union Minister for Co-operation

Friends and co-operators,

I am very glad indeed for the opportunity you have given me to inaugurate this Conference of Editors of Co-operative Journals and I am really delighted to be amidst a galaxy of experts who are primarily interested in fostering and promoting the principles and ideals of Co-operation. You have assembled in this Conference to exchange and reciprocate your valuable experience gained in the course of popularising the cause of improving the social and economic condition of the people through co-operative efforts. I am sure that your deliberations here will enable you to evolve an effective, practical and integrated approach and a programme for spreading and disseminating the philosophy of Co-operation and for drawing the people into the co-operative fold. I sincerely wish you success in your deliberations.

Co-operative approach to the problem of solving economic ills is no longer a novelty; it does not excite the people, for it has been tested and re-tested all over the world in varied social conditions including our own country, well over a century. In the Scandinavian countries, co-operation has entrenched itself deeply into their social structures. To the people in those countries, co-operation has become the most agreeable alternative to the existing system of cut-throat competition and what it means. The people, in countries like Russia and China, where radical and revolutionary methods have been adopted for the total elimination of ruthless exploitation of the capitalistic order of society, have given co-operation a high place for effecting social and economic changes. I had the opportunity of visiting Soviet Russia not long ago, where I was struck by the results they have achieved through co-operative efforts. Of course what exists there in the name of Co-operation is not and cannot naturally be expected to be on all fours with Co-operation in democratic countries. But it has obviously its own lessons to teach and its own part to play.

In our own country, the Co-operative Movement has once again started developing rapidly. The Rural Credit Survey Committee have made certain far-reaching recommendations and many of them have been incorporated in our Second Five Year Plan. I do not wish to quarrel with the conclusion reached by the Rural Credit Survey Committee, namely, that on the whole Co-operation in this country has failed. But this need not give rise to a habit on our part to repeat this conclusion day in and day out. While the conclusion reached may be correct it cannot be forgotten that there is also another side to the picture. As persons who have intimate acquaintence with actual facts, I am sure, you will agree that there are in the country hundreds of well-organised, well-run and successful co-operatives, which are a matter of great credit not only for those people who have been successful but a matter of pride to all of us. You are aware that there are over 2.4 lakh co-operatives in this country at present, with a total membership of over 17.5 million which, assuring that an average family consists of 5 members, represents over 88.1 miilion or 22.8 per cent of the population that have been brought into the co-operative fold. Furthermore, the State Co-operative Banks have borrowed over 16½ crores of rupees from the Reserve Bank of India during 1955–56 and the National Co-operative Development and Warehousing Board has disbursed Rs. 208 lakhs in 1956–57 to various State Governments to finance their schemes for co-operative development. This does not mean that I am not alive to the pitfalls, drawbacks and frailties of the movement. But we should not ignore the contribution of the movement to the improvement of the living conditions of the people. The placing of these facts in a befitting manner before the public is a very important task which can be performed satisfactorily by the editors of Co-operative Journals.

More recently, the socialist pattern of society has been accepted as the objective of the nation's socio-economic policy which is very much akin to the concept of co-operative commonwealth; but there can be no commonwealth on a socialistic pattern or by whatever name it may be termed without the wealth for the common man. How can we bring the commonwealth within the control of the common man? This objective, I believe. can be achieved through co-operative enterprise; for it is through Co-operation that the people can be masters of their destiny. Co-operation is a dynamic system of economic democracy. The object is to do away with the weakness of the present economic structure, and to bring about a new social order in which the means of production will be owned by the people and will be used for their benefit.

For the first time in the recent history, co-operatives have been recognised as the main instrument of action by the small man. In the Second Five Year Plan, a sum of Rs. 75 crores has been provided for co-operative development. A programme for the establishment of 10,400 larger sized societies with 4000 godowns. 35 sugar factories, 48 cotton gins, 128 other processing units, 1900 marketing societies with 1500 godowns, 250 warehouses to be constructed by the State Warehousing Corporations and 100 large warehouses to be constructed

by the Central Warehousing Corporation, has been worked out. In addition to these, the existing credit societies are to be revived strengthened and resuscitated.

The Government of India is fully alive to the situation confronting the movement and the important role it has to play in bringing about a peaceful revolution in the economic structure of the existing order. With the advent of Independence, we have set certain targets in conformity with the need, atmosphere and the changing circumstances in the country. Co-operation came to be regarded as the basic plank on which we are to reconstruct our country. Hitherto Government's activities were confined to the giving of guidance for registration, audit and inspection of societies. It has been realised that mere official guidance would not be enough to provide the movement with the type of psychological impetus and financial stability so vital to the revival and regeneration of the Movement.

While examining the techniques and methods adopted in other countries in their proper perspective, we should evolve our own pattern and technique for development of Co-operation according to our genius. This led to the new concept of State participation in the share capital of societies at all levels wherein finance, production and marketing will be linked up for an integrated approach for improving economic condition of the agriculturists. The introduction of State partnership in the Co-operative Movement has considerably altered the orthodox approach to the principle and practices of Co-operation and has imparted a new outlook to the Movement as a whole. On the basis of this State partnership, a national plan for co-operative development has been evolved which is now under execution.

Government is determined to play its part in building up the Co-operative Commonwealth which we all co-operators cherish; it must, however, not be forgotten that Co.operation is a movement of the people, for the people and by the people; the people must come forward to participate in this gigantic democratic enterprise, whose aim is to provide means for raising the living standard of the people. The efforts to organise, revitalise and strengthen the various types of co-operatives will succeed only to the extent that co-operative principles and practices are accepted by the people and leadership provided by them.

This is a vital aspect of the question because upon it, in my view, hinges the further progress of the Movement. Large public support to the cause is bound to depend essentially on the psychological approach we make to rebuild it. The philosophical tenets are never attractive by themselves, however plausible they may appear. They have all to be put to the test and must be shown as practical otherwise people are liable to look at it as mere platitude and thus of no use. As against this however, Co-operation is a living force. The achievement of the ideals of Co-operation leads to the vision of a new society, wherein 'one for all and all for one' is the common objective. The necessary climate for the development and growth of the Movement will have to be created. Here comes the need and importance of the Press and Editors of Co-operative Journals. There are many successful co-operatives in the country. The results achieved, the methods and techniques employed in achieving success and pitfalls and obstacles overcome by a society should be studied and observed carefully and should be put across to members of other societies for their benefit. This is a legitimate field of activity of the Editors of Co-operative Journals.

As co-operators, we realise that the salvation of our country lies in this movement, which has been steadily marching ahead. We have to understand the Movement's strength and weakness and reinforce the vulnerable points in such a manner as would provide added force to defend the cause of Co-operation honourably and manfully. A people's Movement composed of heterogeneous elements cannot expect to be free entirely from blemishes; but ignominy that deprecates and undermines honour, dignity and the very existence of the Movement, can be incised and ostracised only by exposing its true design and character.

This apart, lethargy and dishonesty that sometimes exists amongst the members of societies will have to be uprooted and loyalty in their minds towards their societies will have to be inculcated. Furthermore, the people who are yet hesitating to take advantage of the facilities afforded by the Movement will have to be persuaded to join hands in the building up of their own fortune in combination with their fellow beings. This is a most difficult task. It demands the skilful and powerful pen of yours to bring home in an apposite manner the message of Co-operation, the need for Co-operation and the potentialities of Co-operation to everyone.

You know too well the importance of publicity, specially of the right type for moulding public opinion. Men of Letters throughout the ages, by their powerful and prodigious writings, have been presenting chimerical ideas and imaginations to the world in a lucid, bland and attractive manner that have often caused realities to appear stranger than fiction. Presentation of obtuse facts in an apposite style and manner is a work of art. You are the artists who are in a position to present the facts about Co-operation which will capture the imagination of the people of differing temperament, differing social status and ages so that Co-operation can find a place in the scheme of their day-to-day action. We are all aware that the existing agencies for

disseminating co-operative actions and ideals fall short of actual requirements. You will also agree with me, if I say that there is a need as well as scope for improving the standards of our co-operative journals, which are not too many.

There is also a dearth of popular literature on Co-operation that can meet the requirements of the people in general. Booklets, pamphlets etc., published by Government, that too occasionally, are often devoid of artistic attraction to satisfy the temperament and changing tastes of the people. As I see, this is a field full of great potentialities: it is a field which you can utilise for the service of the people by publishing suitable brochures, pamphlets, books and the like on Co-operation. The day is perhaps not too far when you will have have a well-edited, popular daily co-operative newspaper which will help to protect and defend the rights and causes of the Movement and which will at the same time serve the members of co-operative societies whose number is well over 17½ million. This is an honourable and important task for which the Movement has to depend upon. I have every hope that by endeavouring to the best of our ability we would be able to advance rapidly towards making this great Movement a much better success than what it has been in the past.

PRESIDENTIAL ADDRESS

Dr. P. Natesan, Hony. Editor, "*The Madras Journal of Co-operation*" delivered a comprehensive and well-reasoned address. The complete version of the address was published in the June. 1957 issue of "*The Madras Journal of Co-operation*."

Special Lectures

The delegates to the Conference, who came from all parts of India were addressed by Sri Khushwant Singh, Editor, "*Yojana*" and Dr. S. R. Sen, Economic and Statistical Advisor, Ministry of Food and Agriculture, Government of India on the technical and moral aspects of the Co-operative Journalism.

K. D. Malaviya's Appeal

Sri K. D. Malaviya, President of the All-India Co-operative Union was at home to the delegates at a garden party on the 31st June 1957. He sent a stirring message on the serious responsibilities of co-operative editors to the Movement and the Nation at large.

RESOLUTIONS PASSED

Resolution No. I

The Conference discussed in great detail and thoroughly the subject "Organisation of a co-operative news service in the regional language by the State Co-operative Unions."

It was agreed all round that there was a great need for a co-operative news service at the All India as well as the regional level. At the All India level, the All India Co-operative News Service was providing a large, comprehensive and regular supply of news. There was need to organise a similar news service at the district level in the regional language by the State Co-operative Unions. The Conference was of the opinion that the news for such a news service in the regional language should be collected by the State Unions from the district headquarters. There was much discussion about payment for the supply of news to correspondents. It was agreed that it was desirable to pay for such news but owing to the inadequacy of funds it was considered desirable that for the time being and until such time as funds permit, the system of honorary correspondents should continue. They would of course be paid out-of-pocket expenses and the All India Co-operative Union would send out a circular to this effect.

The Conference was further of the opinion that the news should be objective and factual and should be written in the simple language understood by the people. The Conference also opined that there was a need for training for correspondents who would be able to send news of human interest. The All India Co-operative Union was requested to hold a seminar or camp to impart such training and the Secretary of the All India Co-operative Union, Shri B. J. Patel, gave an assurance that the Union would undertake holding such a camp or seminar for training of correspondents and also editors.

The Conference also expressed the view that the news bulletins taken out in the regional language should be regular and should contain news which would be helpful to the societies in working efficiently and to the members by being educative of the principles and practices of Co-operation.

The Conference expressed agreement that co-operative editors and State Co-operative Unions would put all the above recommendations into practice so that a well and efficiently organised news service in the regional language would effectively propagate the Co-operative Movement and promote co-operative developmental activities.

The second subject allotted to this Panel for discussion by the Conference was "how to secure the co-operation of writers and news agencies."

The Panel had earlier prepared and distributed among the delegates a set of suggestions point-wise to enable detailed discussion of the subject, which had been divided into two distinct parts relating to (a) writers and (b) news agencies respectively as the approach to each was psychologically different.

In the matter of securing the co-operation of writers the Panel suggested that editors and those office-bearers of the State Co-operative Unions connected with the production of the journals should establish good personal relations with them and show genuine interest in them. The next step was to convince writers of the potentialities, which Co-operation has for morally and materially benefiting them and their fellow human beings. It was as much necessary to create an interest in them by regularly talking to them on the interesting aspects of Co-operation from the human, social, economic and national angles. It was equally essential to provide writers with good co-operative literature on the principles and practices of Co-operation and the writings of good and well-known co-operators. For first-hand information and to touch the human interest chord in writers they should be taken to places where co-operative activity is being undertaken so that they may be able to see Co-operation at work in real life. It was of fundamental importance to convince writers to make use of their talent for the sacred cause of Co-operation. Once they started subscribing their writings to the journals, it was for co-operative editors to give the contributions of the writers the best possible display and express sincere appreciation of their efforts.

On the question of securing the co-operation of news agencies to publicise widely news of co-operative activities, the Panel suggested that co-operative editors and office-bearers of State Co-operative Unions connected with publicity and propaganda should establish sound personal and public relations with those correspondents, representatives or news editors of news agencies operating in their area. These working journalists were ever on the look out for good human interest stories and it was for co-operative editors to supply such stories of Co-operation to them. If for some reason, it was not possible to do so, the correspondents or representatives should be won over to write up such stories and the requisite facts and figures should be supplied to them for the purpose. It was further for co-operative editors to publicise the cause of Co-operation and the common man's interest, in which lies the human element, which in turn makes readily acceptable news.

Many journalists working with news agencies are unaware of the principles and practices of Co-operation and the good work being done by co-operators and the Co-operative Movement. There is an urgent need to enlighten them in this behalf. It was also necessary to interest them in the Co-operative Movement to make them co-operative-minded. With perseverance and sincerity of purpose, success was sure of achievement.

The Conference accepted all the above suggestions of the Panel and recommended their adoption and practical application by co-operative editors and those office-bearers of State Co-operative Unions and other co-operative organisations conducting co-operative publicity and propaganda.

Resolution No. 2

This Conference keeping in view the several aspects of Co-operation which are embraced in the Second Five Year Plan, accepting the importance of sustained publicity not only in the sphere of Co-operation but of the Plan itself, affirming its readiness to help in this role recommends that the Planning Commission be approached to render to co-operative journals such technical and financial help as may be necessary to the furtherance of the objective of the Plan.

Resolution No. 3

This Conference keeping in view the multifarious problems of co-operative journals, recognising the need for assistance and co-ordination requests the All India Co-operative Union to examine the problems of co-operative journals continuously and help the journals through technical and other assistance.

Resolution No. 4

The difficulties of co-operative periodicals in the country are found to be numerous and varied. However there are some difficulties which are common to all. They can be broadly grouped under the following heads:

(a) organisational

(b) financial

(c) technical

Having considered the difficulties that fall under the above three categories the Conference has come to the following conclusions in respect of each category:

(a) Organisational: It was considered that the organisational difficulties can be best solved only by each journal in the light of local circumstances. However it was felt that the publishing organisation should recruit qualified editorial staff and give them all facilities conducive to better performance of their duties and efficient discharge of their responsibilities.

(b) Financial: The Conference while recognising the very limited financial resources available for the production of the journals recommends that the unions shall allocate progressively larger volumes

of finance for the production and improvement of their respective journals as a long-range policy.

But in view of the fact that the resources of the unions cannot be improved to the extent necessary to enable them to give effect to the above recommendation, the conference requests the Government of India and the State Governments to immediately support the journals in the following manner:

(1) By giving priority to co-operative journals irrespective of their circulation in the matter of distributing Government advertisements.

(2) By subsidizing the pay of the editors or other technical staff engaged in the production of these journals.

(3) By directing all Educational and Developmental Departments to subscribe to these journals for use of colleges, schools, libraries etc., institutions and officials of the departments.

(4) By supplying all publications and reports issued by Government to the co-operative journals also, as they have been supplying to the other section of the press.

(5) By affording to the journals the facilities of obtaining their supplies of paper etc., at the same rates as are paid by Government for similar supplies.

The Conference also recommends to all co-operatives that they should give preference and top priority to co-operative journals in giving advertisements. It also requests the All India Co-operative Union to explore the possibility of giving financial and technical aid to co-operative journals.

(c) Technical:—The Conference further requests the All India Co-operative Union to arrange training facilities to editorial and other technical staff of the journals by organising seminars, camps, etc., and also institute a prize for the best produced co-operative journal in each regional language for the purpose of encouraging the improvement of the journals.

Resolution No. 5

This Conference recommends a Co-operative Editors' Seminar may be organised by the All India Co-operative Union to impart ideas on effective co-operative publicity and propaganda and on the techniques of presentation, lay-out, variety of contents with human interest display. Such a seminar would be an effective refresher course for the Co-operative Editors and give them the latest and best ideas to propagate the principles and philosophy of Co-operation. It would also enable them to make an intimate study of modern newspaper production.

Resolution No. 6

As co-operative journals have a mission of spreading co-operative principles and infusing co-operative knowledge among the rural people and also of creating a healthy atmosphere for the development of the Movement, they should not be expected to be run on commercial lines. On the other hand their educative character should always be kept in view.

It is, therefore, suggested that copies of these journals may be supplied free of charge to the village level workers, i.e., supervisors, and village libraries, and the State Governments should be requested to place at the disposal of their respective State Unions sufficient funds for this purpose.

Resolution No. 7

This Conference recommends that wherever possible multi Statal co-operative apex publicity bodies may be formed sponsored jointly by the State Co-operative Unions. These publicity bodies may co-ordinate all publicity activities of a zone more particularly the publication programme and the publication of co-operative journals.

Resolution No. 8

This Conference welcomes the formation of the Akhil Bharatiya Sahakari Prakashan Ltd., Bombay as an All India Co-operative Society in implementation of Resolution No. 10 part 2 of the last Conference.

Report of Panel No. 1

The Panel adopted the same text of Resolution No. 1.

Report of Panel No. 2

SUB : 1. The need of concentrated and vigorous drive for effective co-operative publicity and propaganda and the means to make co-operative journals more purposeful and thought-provoking.

2. **Steps to be taken to produce a variety of co-operative journals and the role of co-operative editors can play in this behalf.**

The discussion was led by Mr. Som Benegal of the Indian Co-operative Union, who first emphasised the importance of member education which was one of the cardinal principles in the philosophy of Co-operation. He pointed out that the emphasis on member education was not

without significance in relation to two other main principles of Co-operation, namely voluntarism and democratic participation. He said the concept of co-operation by coercion was absurd. Participation in co-operatives was voluntary. Also unlike any other business, in a co-operative, every member was an active participant. On both these grounds, it was therefore, necessary that there should be member education, so that every member understood the meaning of coming together with others in a co-operative enterprise—his rights, duties and obligations. Therefore one of the important tasks of co-operative journalism became one of helping in member education. This could be done by providing co-operative cadres with talking points, answering their doubts, difficulties and questions, clarifying issues encouraging criticism, so that the journal becomes a living paper wedded to their lives and problems. The journal should also give news of the movement, trade and technical advice to co-operators answer the problems of one unit through the experience of other units and in such ways make the journal more lively and realistic. He said there was danger of a doctrinaire approach in which co-operation as such was considered an answer to all problems. In such an approach the danger was that mistakes would never be attributed to the wrongness of approach and thus rectified.

This was one of the pit falls of Communism, where Marxist approach was held to be infallible and errors were always laid at the doors of a situation or of the people concerned, never the approach itself. Role of the co-operative Journal, therefore, should be of consistent critical examination and appraisal, helping the movement towards an understanding of its problems. The discussion that followed soon boiled down to the question of the true proposes of co-operative journalism.

The Secretary of the All India Co-operative Union emphasised that there should be clear understanding of what audience, the journal was catering for. The interests of the readers should be the primary concern. It was certainly important that the journal should be made interesting, but that it should not become too diffusive and the aim should be within the context of co-operation itself, to introduce better get-up, cartoons, features, discussions and so on. He also felt that the regional areas should pay more attention to publications in the regional languages. He did not think that the craving for English everywhere was very helpful. Central organs could be in English. He also made a concrete suggestion that co-operative journals could greatly relieve some of the Planning Commission's work, if they could be assured of technical and financial aid from the Commission. He thought the Planning Commission should give serious attention to the question of utilising co-operative journals in furthering the aspects of the Five Year Plan.

One speaker said that he was particularly interested in development in the agricultural field. Results of research should be made available to the regional co-operative journals.

The Madras delegate Sri C. M. Janarthanam, thought that the family journal would be a good solution for popularising co-operation but in the present context of poor resources, it was not feasible. What could be done was to introduce interesting features like quiz columns and photographic essays etc.

Another speaker said that the potential student readership should be kept in mind.

The West Bengal delegate wanted co-operative plays, poetry and literature to be encouraged.

A delegate illustrated the ways in which the British co-operative movement ran a number of general newspapers and journals with only subtle suggestion of co-operation in them.

Another speaker said that with the present resources of the Indian Co-operative Movement, it was unfair to draw a parallel with the British Co-operative Movement which was of long standing and powerful. He said co-operative journalism should not defeat its purposes by diverting its energies to other subjects. He said, first help the co-operators before trying to enthuse others.

Rounding up the discussion, Mr. Benegal said that he was inclined to agree with the last speaker that the primary task of co-operative journalism was to help the rank and file within the Co-operative Movement, to understand and appreciate principles and practice of co-operation. Only afterwards can attention be paid to the people of India as a whole. He said there was already an inexpensive avenue of general co-operative publicity through the daily press and general journalism. It was always possible to send articles to the general press or to take part in discussion on co-operation in the press. He also suggested that this Conference should consider the question of setting up a standing committee of editors to examine the problems of co-operative journals continuously and to help them in various ways. The All India Co-operative Union could also form a nucleus for a feature and news service.

Report of Panel No. 3

The same text of the Resolution No. 4 was adopted as its report by this Panel.

In the end, a group photo of all the delegates was taken. Sri V. A. Vyas proposed a vote of thanks.

MEMORANDUM PRESENTED BY THE BOARD OF THE MADRAS STATE CO-OPERATIVE BANK LTD., TO SHRI H. V. R. IYENGAR. I.C.S., GOVERNOR, RESERVE BANK OF INDIA DURING HIS VISIT TO THE BANK, ON THE 30th MAY 1957.

To

Shri H. V. R. Iyengar, I.C.S.,
Governor,
Reserve Bank of India.

Dear Sir,

We are extremely grateful to you for having so kindly consented to be present at to-day's Meeting of the Board of Management and to enable us to present the following facts before you.

The history of the Madras State Co-operative Bank is really the history of the Co-operative Credit Movement in this State. The first Co-operative Credit Societies' Act came into force in March 1904, and this Bank was the eighteenth society to be registered under it. It commenced its operations early in 1906 with a share capital of Rs. 4,000 and a deposit of Rs. 500, and on date, the paid up share capital and deposits amount to Rs. 28.89 lakhs and Rs. 415.97 lakhs respectively.

Broadly speaking, the constitution and working of the Bank went through four stages. During the first stage from the start till 1917, the shares were held only by individuals. During the second stage—April 1917 to 1920—societies were also admitted to the membership of the Bank with representation on the Board of Management. The third stage was reached in 1920 when new membership was confined only to Central Co-operative Banks and elimination of individuals and of primary societies began. By 1930, all the Primary Societies were completely removed from membership of the Bank and the few individuals who remained were left with only one share each. The State Co-operative Bank has thus emerged as a real federation of the Central Banks in the State. The present, or fifth, stage may be considered to have begun with the investment by the Government of a sum of Rs. 8 lakhs in the share capital of the Bank.

At present, the total of the advances made to Co-operatives by this Bank amount to Rs. 685.14 lakhs. The funds for this have been obtained by way of deposits from the general public and by loans from the Cess fund and by recoupment made possible under Section 17 (4) (a) and (c) of the Reserve Bank of India Act. According to the latest figures furnished by eleven out of our fourteen Central Banks, it is observed that as against a sum of nearly Rs. 10 crores provided by the Co-operative Movement for credit business as on 30th April 1957, the amount received from the Reserve Bank of India was only Rs. 208.25 lakhs for those eleven banks under Section 17 (4) (c) of the Reserve

Bank of India Act, and that apart from Rs. 43.44 lakhs received from the Reserve Bank of India for medium term loans, a further sum of about Rs. 64.25 lakhs for short term agricultural purposes was recouped from the Reserve Bank of India by lodgment of our own Government securities. Thus, it can be said that as against a sum of nearly Rs. 10 crores advanced by the Movement, only approximately 25 per cent was provided by the Reserve Bank of India against Co-operative paper. Funds for the extra lendings over and above the credit provided by the Reserve Bank of India have been attracted by the Movement at different regions at different rates of interest. It can be said with a quite degree of certainty that these funds which have been mobilised in the rural parts are the result of the personal contacts and influence which the Panchayatdars of the rural credit societies at the village levels and the Directors of the Central and Urban Banks at the higher levels have been able to bring to bear over the local potentials, and that but for these factors such funds would not only have been lost to the Movement but would have been prejudicial to the rural economy as well, inasmuch as such funds would have been invested in gold or jewellery or frittered away in marriages or at other ceremonies. It is therefore with considerable concern the Directors feel the reported intention of the Government to transfer the Agricultural Credit Department from the Reserve Bank of India to the State Bank of India. The intended transfer appears to be nominal but it is feared that the repercussions on the entire rural credit machinery which has been so gradually and meticulously nurtured from the level of the primaries to the State Co-operative Bank will be far-reaching and detrimental to the very existence of the Co-operative Movement in the State. The reasons advanced for the proposed move would appear to be that the credit afforded by the Reserve Bank at a very cheap rate becomes costly when it reaches the ultimate borrower and that the intermediary Co-operative agencies consume an unproportionately large margin. A close study of the economy of the credit structure will show that this margin is absolutely necessary for it is from this margin that the entire Secretarial needs of the financing banks and the rural credit societies, the creation of several reserves, the development of the machinery for the scrutiny, distribution and collection of loans and the cost of the entire inspection machinery have to be met.

The Co-operative credit structure has been built on the fundamental factor that a close association and supervision from the time of dispensation of the credit till it is actually repaid is necessary. The influence which the Panchayatdars of societies and Directors of Central Banks bring to bear in the matter of collection of the several large number of small loans is a unique feature of the Movement, and it will not be out of place to mention that in many of the societies the Panchayatdars have often to bring in collections to the coffers of the

society at rather late hours in the evening, at which time alone the agriculturists are expected to return to their villages with their sale proceeds. It is doubtful if such a machinery can be exercised in the same measure by the State Bank of India, or for that even by the Reserve Bank of India, with their present staff problems. From the inception of the Movement in the State, our credit structure has been built on three tiers, and even the Reserve Bank of India, ever since it entered the realm of agricultural credit, has been suiting its policy accordingly and has been urging the formation of strong apex banks and Central Banks even in States where such organisations did not exist. Decentralization to the village level to ensure close association and supervision over the transactions of societies has been the main spring for the success of the Movement, and this edifice, so far as this State is concerned, is considered as superb. As a matter of fact, a supervisor of a Central Bank is in charge of 10 to 15 societies on an average to ensure close association and supervision, besides preparation of loan applications, preparation of property statements, maintenance of accounts and ancillary and essential records. If the State Bank of India, even assuming that it will be in a position to provide such supervisory machinery, it cannot do so at the same cost, for obvious reasons. Further, since the funds of the Reserve Bank of India are collected from sources, which the State Bank of India cannot look to in the near future, the latter may be forced to pay interest on such of the funds which it can command and the channelling of credit through the State Bank of India can at best be only an addition to the present three tiers. The State Bank of India is by tradition, outlook and administrative equipment a commercial Bank, and though it can be made to serve the needs of the country in the field of commercial banking, it is a matter of considerable doubt whether it will be able to organise rural credit or assess correctly the problems and needs of the rural areas, when it had only recently refused to accept Co-operative paper as sufficient collateral for its advances and when even the present machinery of the Reserve Bank of India is felt in some circles to wean away the interest of many ardent and earnest co-operators by its over officialisation in a democratic and popular movement.

Sir, we wish to reiterate that the stepping in of the State Bank of India is, in our opinion, prejudicial to the Co-operative Credit Movement in the State and to the machinery which has been so carefully and laboriously built up.

We thank you once again, Sir, for giving us the opportunity of meeting you.

Yours faithfully.
C. R. K. CHETTY,
Secretary.
For the Madras State Co-operative Bank, Ltd.

G.O.'s and Circulars

WEAVERS CO-OPERATIVES—NON-WEAVERS—ADMISSION—REGARDING

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

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

Rc. 46698/56 K. 2. Dated, 25-1-57.

SUB: Handloom Industry—Weavers Co-operative Societies—admission of non-weavers as members—Revised instructions-issued.

REF: (i) G. O. Ms. 1,202, Development dated 19-3-1947.
(ii) G. O. Ms. 4,026, Industries, Labour and Co-operation dated 12-9-1956.

In their order first cited, Government directed that weavers co-operative societies should be composed exclusively of weavers. Subsequently. they permitted the Registrar to allow in exceptional cases such of the master weavers as have been members of co-operative societies without any of their looms being supplied with yarn to continue as members of the societies. Recently they further relaxed their orders and permitted the admission of persons employed for warping and sizing of yarn as members of weavers co-operative societies provided such persons were employed by the societies and not by individual weavers, Vide Registrar's circular Rc. 46698/56 K. 2 dated 30-6-1956.

2. Consequent on the introduction of several schemes with the aid of cess fund for the rehabilitation of handloom weavers, a heavy responsibility has been cast on the weavers co-operatives to implement the various development schemes to the best advantage of the weavers. The Registrar had also occasions to notice the reluctance of the Central Banks in financing the weavers co-operatives liaberally due to the lack of proper administration and sound financial position. The facts mentioned above had been under consideration of the Registrar for some time. One of the important steps suggested to allay the fears of the Central Banks and at the same time to expand and consolidate the weavers co-operative societies is to strengthen the administrative set up and working of these institutions by the admission of non-weavers to a limited extent. The enrolment of non-weavers who are public spirited men, known for their sympathy and interest in the cause of the handloom weavers, as members of these institutions will impart stability and place at the disposal of these institutions administrative experience and business talent. At the instance of the Registrar, the Government have in their order cited as item 2 (copy enclosed) permitted the admission of non-weavers, other

than master weavers and dealers in cloth and yarn, as members of the weavers co-operative societies subject to the condition that the number of non-weavers shall not at any time exceed ten percent of the total number of members in the society and that the representation of the non-weavers members on the Board of Management shall not also exceed one third of the total strength of the Board. The Deputy Registrars are requested to bring these orders to the notice of the weavers co-operative societies. In this connection, the Deputy Registrars may point out to these institutions that it is not the Registrar's intention to compel the societies to take in non-weavers necessarily and the the aim is only to remove the ban on non-weavers becoming members of weavers co-operative societies and participating in their management, to the best advantage of the institutions.

3. In order to give effect to the orders of Government the model by-laws of weavers co-operative societies should be amended as indicated below:

By-law 5 (1) (a):

READ—

Any weaver over eighteen years of age who is competent to contract, residing within the limits referred to in the third sentence of by-law No. 1 shall be eligible for admission as a member but no weaver can claim admission as a matter of right. It shall be competent to the Board of Directors to admit as members non-weavers other than master weavers and dealers in yarn and cloth provided that the number of non-weavers so admitted shall not at any time exceed ten percent of the total number of members in the society. Minors who own..................at meeting".

As regards the by-law No. 19 no change is called for; the society is at liberty to select two non-weavers as directors. As the number of directors provided in the model by.laws is 7, election of two non-weavers (less than ⅓) to the Board will be in order with reference to the G. O. under reference.

The Deputy Registrars should make it clear to the societies that the amendment suggested is only an enabling provision and it is open to them to accept or not to accept the amendments proposal.

G. RAMACHANDRAN,
For Registrar.

Copy of G. O. Ms. No. 4026, Industries, Labour and Co-operation dated 12th September 1956 to the Registrar of Co-operative Societies, Madras.

Handloom Industry—Weavers Co-operative Societies—admission of non-weavers as members—instructions—issued.

Read the following :—

(G. O. Ms. 1202 Development dated 19th March 1947. From the Registrar of Co-operative Societies, letter Rc. 46698/56 K-2. dated 6th August 1956.)

ORDER—

In paragraph 4 of G. O. Ms. 1,202, Development dated 19th March 1947, orders were issued that weavers co-operative societies should be composed of weavers only. The Registrar of Co-operative societies has now suggested that the admission into these societies of non-weavers who are public spirited men known for their sympathy and interest in the cause of the handloom weavers would impart stability to these societies and also place at their disposal administrative experience and business talent. The Government accept the suggestion of the Registrar of Co-operative Societies and permit the admission of non-weavers other than master weavers and dealers in cloth and yarn as members of the weavers co-operative societies subject to the condition that the number of non-weavers shall not at any time exceed 10 per-cent of the total number of members in the society and that the representation of the non-weaver members on the Board of Management shall not also exceed one third of the total strength of the Board.

(True Copy)

AGRICULTURAL BANKS—PRODUCE LOANS—BY-LAW No. 44 (5) —AMENDMENTS OF.

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

D. Dis. 10095/57-A2. Dated, 4-2-1957.

SUB; Co-operative Agricultural Banks—Issue of produce loans—Amendment to by-law 44 (5)—Suggested.

REF: From the Special Deputy Registrar, Credit and Marketing, Arkonam, Rc. 16/56, dated 16-1-57.

The Co-operative Agricultural Banks may amend their by-law No. 44 (5) providing for the issue of loans on the pledge of produce, upto 75 per cent of the market value in the case of food grains and 60 per cent of the market value in the case of commercial crops, subject to the individual maximum credit limit of Rs. 3,000 fixed for such loans in the by-law. When the agricultural banks adopt this amendment

enhancing the limit to 75 per cent of the market value in the case of food grain, they should also adopt the following provision at the end of their existing by-law No. 44(5):—

"If at any time during the currency of the loan, there is a fall in the value of the produce pledged, owing to a fall in the price of that commodity or a deterioration in its quality or on account of any other reason, it shall be the duty of the borrowing member to furnish such additional security as may be demanded by the bank to cover the deficit. It shall be competent for the bank to fore close the loan and recover the entire amount from the member if he fails to furnish additional security within the time fixed by the bank."

A. PALANIAPPAN,
Registrar.

LARGE-SIZED SOCIETIES—VALIDITY OF BONDS EXECUTED BY AMALGAMATED SOCIETIES

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

No. R.C. 150973/56, A-2. Dated, 6-2-1957.

SUB: Large-sized societies known as co-operative agricultural banks —Validity of the bonds executed by or in favour of the amalgamated societies—Instructions—Issued.

1. Under the scheme of Integrated Rural Credit, Co-operative Agricultural Banks (large-sized societies) are being formed by the amalgamation of two or more existing rural credit societies. The amalgamation of the societies is effected under section 13(b) of the Madras Co-operative Societies Act VI of 1932. A question has been raised whether it is necessary for an agricultural bank registered after the amalgamation of the rural credit societies to get fresh bonds executed by its members for the loans due by them to the amalgamated societies on the date of registration of the bank and for the agricultural bank to execute a fresh bond in favour of the central bank in respect of the loans due to the central bank from the amalgamated societies on the same date. (i.e. date of registration of the agricultural bank). The Registrar has been advised that since sub-clause (6) of section 13(b) provides that the registration of the new society shall be a sufficient conveyance to vest in it all the assets and the liabilities of the original societies and consequently the liabilities and obligations arising out of the bonds executed by the old societies to the central bank or by the members to the soiceties themselves shall stand transferred to the new society, there may be no need for execution of fresh bonds. The Registrar has also been advised that a suitable provision specifying that

the entire liabilities or obligations arising out of the bonds executed by or in favour of the amalgamated societies stand transferred to the new society, may be incorporated in the by-laws of the agricultural banks. Accordingly, the Registrar suggests the following transitory by-law under by-law 2 of the model by-laws of agricultural banks :—

> "Notwithstanding anything contained in any of these by-laws, the entire liabilities or obligations arising out of the bonds executed by or in favour of the societies amalgamated into this bank shall stand transferred to this bank."

(2) The Deputy Registrars and Special Deputy Registrars for Credit and Marketing are requested to get the above provision adopted by all agricultural co-operative banks in their respective jurisdiction.

(By Order)

L.M. BANKS—NATIONAL DIPLOMA IN COMMERCE—HOLDERS—ELIGIBILITY TO RECRUITMENT

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

Rc. No. 114736/56, J. Dated, 12-2-1957.

SUB; Land Mortgage Banks—Special by-laws relating to service conditions of the Employees of land mortgage banks—Holders of National Diploma in Commerce—Recognition—Instructions—Issued.

REF: (1) Registrar's letter R.C. 114736/56-J, dated 17-7-56, to the Central Land Mortgage Bank under copy to the Deputy Registrars land mortgage banks.

(2) Letter R.C. 8751/56-B, dated 28-7-56, of the Deputy Registrar Land Mortgage Banks, Coimbatore.

(3) Letter R.C. 7763/56-B, dated 13-9-56, of the Deputy Registrar, Land Mortgage Banks, Madras.

(4) Letter No. 5580/56-57, dated 19-12-56 of the Central Land Mortgage Bank.

The Government of India in consultation with the Union Public Service Commission have recognised the National Diploma in Commerce as equivalent to a B. Com. Degree of an Indian University for the purposes of recruitment to the posts and services under them. The Registrar who has consulted the Central Land Mortgage Bank and the Deputy Registrars, land mortgage banks, is of opinion that the same recognition should be accepted in respect of services in the land mortgage banks also. As this involves amendments to the special

by-laws relating to the service conditions of employees of land mortgage banks, the following amendments to the special by-laws are suggested for adoption by land mortgage banks.

Special by-law I (i) (a)

As existing	As proposed
Secretary—The degree of B. Com. (Hons) or B. Com. or B.Sc. of any of the recognised Universities.	*Secretary*—The degree of B. Com. (Hons) or B.A. or B. Com. or B.Sc., of any of the recognised universities or the National Diploma in Commerce awarded by the All India Council for Technical Education.
(b) Except in the case of a B. Com. (Hons) and B. Com. degree holders a course............... ....institutes and :	Except in the case of B. Com. (Hons) B. Com. and National Diploma holders a course............ ....institutes and :

Note (ii) under Special by-law I (i) (c)

A B. Com. degree holder shall be exempted........................he studied for B. Com. course.	A B. Com. degree or a National Diploma (in commerce) holder shall be exempted..................... ....he studied for his degree or diploma course as the case may be.

2. The Deputy Registrars, Land Mortgage Banks are requested to advise the land mortgage banks in their circles to adopt the above amendments at their next general body meetings.

A. PALANIAPPAN,
Registrar.

CO-OP. CREDIT SOCIETIES—MEMBERS' OVERDUES TO SOCIETY—COLLECTION OF

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

D. 200053/56-A. 1. Dated 18-2-1957.

SUB: Co-operative Societies—Collection of dues to societies from members—Need for prompt action—Instructions issued.

The Committee on Co-operation (1955) made the following observations with regard to the collection of dues in members loans :—

"We would like to refer in this connection to a tendency on the part of the societies and those concerned with their supervision to be content with the clearing off, of the overdues of the societies to the financing banks ignoring the overdues of members to the societies. During the year 1953-1954 for instance, the overdues of societies to central banks were only 20.2 per cent and 4.9 per cent under long term and short term principal respectively; but the corresponding percentage of overdues from members to societies were 46.2 per cent and 25.1 per cent respectively. Apparently the resources of the societies other than demand collections made from members for example share capital, deposits, advance collections in certain loans coupled with the univested reserve fund, undisbursed profits etc., have been utilized to clear off the overdues to the central bank. We wish to emphasise that the collection of the dues from the members is as imperative as the collection of dues from societies to the Central Banks."

Based on the above observation, the Committee made the following recommendations:

Recommendation No. 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."

2. Under the existing conditions, the rural credit societies, a majority of which have no paid staff are not devoting as much attention as is required in the matter of collection of the dues from the members, as the honorary workers who are in charge of the management of the societies are either not in a position to attend to this work systematically or are satisfied with the collection of such amounts as will be required to discharge the instalment of loans due to the Central Banks. This has naturally led to an increase in the members' overdues especially when the societies are expanding their loan transactions. In order to check this increase in the members' overdues, it is necessary to make the supervisory staff of the central banks attend to the collection work in the societies in their charge more systematically than at present. Unless sufficient vigilance is shown in this regard, the healthy growth of the societies will be hampered in the long run. The Registrar, therefore, desires that the central banks should not rest content with the action taken by their supervisory staff to collect the amount due to them but ensure that adequate action is taken by the supervisors to collect the dues in members' loans also so that the habit of being prompt and punctual in the repayment of the instalments due to societies may be inculcated among the members of the societies gradually. The Executive Officers of the central banks should ensure that each supervisor maintains a Demand, Collection and Balance register of members' loans for each of the societies in his charge and examine it at frequent intervals to satisfy himself that adequate action is taken to collect the overdues from each member to his society. The central banks are requested to issue suitable instructions to their supervisory staff in this regard.

A. PALANIAPPAN,
Registrar.

CO-OPERATIVE CREDIT SOCIETIES—DISBURSEMENT OF LOANS—VERIFICATION OF

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

D. 205880/56-A.I. Dated, 18-2-1957

SUB; Co-operative Credit Societies—verification of disbursements of loans in societies by Supervisors—Instructions issued.

According to the existing practice, the primary societies are requested to send to the Central Banks, disbursement statements, after disbursing loans to the members, to enable the bank to verify whether the loans have been disbursed to the members concerned in societies properly. These statements are countersigned by the supervisors.

2. The Committee on Co-operation (1955) which considered the subject observed that the disbursement statements were in practice prepared by the supervisors and the signatures of the members obtained with the help of the Panchayatdars. The committee made the following recommendation:—

Recommendation No. 90

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

3. Unless the borrowers are verified independently of the office-bearers of the societies, the purpose for which such verification by supervisors is intended will not be achieved. Such independent verification is quite necessary to ensure that the loans are properly disbursed to the members. The Central Banks are therefore requested to issue instructions to the supervisors that they should verify the borrowers invariably in respect of all loans independently of the Panchayatdars and to furnish a certificate to this effect in the disbursement statements countersigned by them and submitted to Central Banks. Such action on the part of the supervisors wil go a long way to deduct quickly and prevent frauds and other malpractices in the disbursement of loans in rural credit societies.

A. PALANIAPPAN,
Registrar.

DISTRICT CO-OPERATIVE CENTRAL BANKS—SPECIAL TYPES OF SOCIETIES—REPRESENTATION OF

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

D. 211051/56-A.1 Dated, 18-2-1957

SUB:—Central Banks—Representation of Special Types of Societies on the Board of Management of Central Banks Recommendation Numbers 75 and 76 of the Committee on Co-operation (1955) communicated.

The Committee on Co-operation (1955) has made the following recommendations regarding the representation of special types of societies on the Board of Management of Central Banks.

Recommendation No. 75

"The following types of societies may each be given seperate 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".

Recommendation No. 76

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

2. Most of the Central Banks have already made provision in their by-laws giving representation to the special types of societies on their Board of Management, in accordance with the suggestions contained in the Registrar's Circular R.C. 6750/45-A, dated 22-5-1945. Such of the Central Banks have not yet given representation to the special types of societies on their Board of Management are requested to consider the matter and implement the recommendations of the Committee at an early date. Other Central Banks which have already provision in their by-laws for separate representation to the special types of societies may, if necessary, adopt suitable modifications consistent with the increase in the number of special types of societies etc.,

A. PALANIAPPAN,
Registrar.

AGRICULTURAL BANKS—AMENDMENTS TO BY-LAWS

Memorandnm of the Registrar of Co-operative Societies, Madras.
SRI A. PALANIAPPA, MUDALIAR, M.A., I.A.S.,
Registrar.

Rc. 66288/56-A, 2.

Dated, 28-2-57

SUB: Scheme of Integrated Rural Credit—Agricultural Banks—Amendments to the by-laws of agricultural banks.

REF: Registrar's Memorandum No. Rc. 66288/56-A, 2 dated 3-12-56.

The attention of the Deputy Registrars on general duty and the Special Deputy Registrars for Credit and Marketing, is drawn to the "note" under by-law 5 (2) of the model by-laws of agricultural banks. According to this "note", a person nominated by the Central Bank to the Board of Directors of the agricultural bank under by-law No. 19, may, if he is a non-member, be admitted as a member, irrespective of his place of residence. It has since been decided that this note under by-law 5 (2) of the agricultural banks, providing for the admission of the Central Bank's nominee as a regular member of the agricultural bank may be deleted and that the "note" suggested in the memorandum cited may be amplified so as to include within its scope, the nominee of the Central Bank also on the Board of Directors of the agricultural bank. Accordingly, the Special Deputy Registrars for Credit and Marketing and the Deputy Registrars on general duty are requested to advise the agricultural Banks in their respective jurisdiction to *delete* the "note referred to, under by-law 5 (2) of the existing by-laws and to adopt the following "note" after sub-clause (a) of clause (1) of by-law No. 5, in *the place of* the note suggested in the memorandum cited :—

NOTE :—"Notwithstanding anything contained in these by-laws, the nominee of the State Government and the nominee of the Central Bank on the Board of Directors of the Bank shall be deemed to be members of the Bank for attending and voting at the meetings of the General Body of the Bank."

(Sd.) A. HIRUDAYASWAMY,
Registrar.

PRIMARY CREDIT SOCIETIES—CONSTITUTION OF BUILDING FUND

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

Dated, 2-3-1957.

No. Rc. 41458/57 B.

SUB: Primary Credit Societies—Owning of an office building—Constitution of building fund—Amendment to model by-laws—Instructions—Issued—

In a small village society with unlimited liability in the Agastheeswaran taluk in the Kanyakumari district, which the Registrar recently visited, he found that, though the transactions of the society were very small with only 206 members and a paid up share capital of Rs. 1,250 and with loans outstanding against members to the extent of Rs. 553 it had a building of its own. The building was quite all right for use as the office of the society. A building of its own in which the office could be located is quite essential for every village society, particularly if the transations are fairly large; and more so in the case of Rural Banks, large-sized societies, etc. It will focus the attention of the villager to the working of the society and will also inspire greater confidence among the public. The Registrar also found that in the by-laws of the society which he visited, there was provision for the building up of a building fund out of the profits of the society. The Registrar commends this provision for adoption by rural societies, particularly large-sized societies and rural banks and considers that the societies may constitute a building fund out of their net profits and carry to such building fund a sum not less than 10 per cent of the net profits. For this purpose, the following amendment may be adopted to the by-laws of the rural credit societies :

Add at the end of the sub-para 2 of model by-law 55 of the Co-operative credit societies on unlimited liability (printed at page 49 of Madras Co-operative Manual Volume III)

" Out of the balance, not less than 10 per cent of the net profits shall be carried to a Building Fund ".

Sub-para 3 (on page 50 of the Manual) may be recast as follow :

" The Balance of net profits after credit to the Reserve Fund Common Good Fund, if any and Building Fund has been made as above provided, may be divided among the members subject to a maximum of 6¼ percent on the paid up value of each share. If there be any balance left, it shall be added to the Reserve Fund ".

Similar amendments may be adopted to the by-laws of Agricultural Banks and Rural Banks also.

2. Central Banks and Deputy Registrars are requested to see that all societies, Agricultural Banks and Rural Banks adopt the amendments to their by-laws so that big societies atleast may ere long have buildings of their own in which they may locate their offices.

(Sd.) A. PALANIAPPAN,
Registrar.

AWARD OF PRIZES TO SUPERVISORS

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

Rc. 31107/57-A, 1. Dated, 3-3-57.

SUB : Co-operative Central Banks—Awarding prizes to supervisors—Instructions issued.

REF : Registrar's circular Rc. 47203/55-A, dated 27-3-56.

From the replies received from the Central Banks in response to the circular cited, the Registrar is pleased to note that the Central Banks are already awarding prizes to good societies every year or has agreed to do so from the current year.

2. Besides awarding prizes to the good societies, the Kancheepuram, Tanjore, South Arcot, Trichy and Vellore Central Banks are awarding prizes to their supervisors who do good development work in societies. The work of the Supervisors is judged by the progress made by them in the enlistment of members, development of loan transactions, collection of overdues, etc.. in societies. The Registrar commends this practice for adoption by the other central banks also.

A. PALANIAPPAN,
Registrar.

MADRAS INDUSTRIAL INVESTMENT CORPORATION—BONDS—RECKONING FOR FLUID RESOURCE INSTRUCTIONS

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

Rc. 198440/56-A, 1. Dated, 3-3-1957.

SUB : Central Banks—Maintenance of fluid resources—Amount invested in the bonds of the Madras Industrial Investment Corporation—Reckoning—instructions issued.

The Madras Industrial Investment Corporation Limited, Madras is issuing bonds redeemable in 15 years. These bonds are Trustee securities and are guaranteed by the Government of Madras. All the Co-operative Institutions which are required to maintain fluid resources according to rule IX of the Rules framed under the Madras Co-operative Societies Act may reckon the amount invested in the bonds of the Madras Industrial Investment Corporation upto 80 per cent of the Market value of such bonds as in the case of Central Land Mortgage Bank debentures for the purpose of maintaining fluid resources, if they have made any investments in the bonds of the Corporation.

A. PALANIAPPAN,
Registrar.

SECURITY DEPOSITS—INVESTMENT OUTSIDE THE BUSINESS

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

No. D. 40797/57-A, 1. Dated, 3-3-1957.

SUB : Co-operative Societies—Security deposit of employees—Investment outside the business—Instructions—Issued.

It has been observed by the Registrar, that security deposits collected from the employees of co-operative societies are not invested separately and that they are utilised in the business of the institutions. The societies seem to be under the impression that because the security deposits collected from their employees form a small part of their borrowings, they need not be invested outside. The security deposits collected from the employees are held in the names of such employees as security against possible losses on account of their negligence, while in service. These deposits stand on a footing similar to that of the Provident Fund of the employees. It is not, therefore, proper for the co-operatives to treat the security deposits of their employees as part of their general funds and utilise them in their business. The security deposits should be invested outside the business of the institution.

2. The primary societies can invest the security deposits of their employees in the District Co-operative Central Banks and the Central institutions may invest them either in the Madras State Co-operative Bank or in Government and other trustee securities. The Deputy Registrars are requested to advise the societies in their charge accordingly.

(By Order)

K. V. SUBBARAYAN,
Manager.

L. M. BANKS—FIXATION OF INDIVIDUAL CREDIT LIMIT AT Rs. 15,000 IN RESPECT OF LAND IMPROVEMENT LOANS AND DISCHARGE OF PRIOR DEBTS INCURRED FOR LAND IMPROVEMENT

Copy of G. O. Ms. 1105, dated 19-3-1957, Department of Industries, Labour and Co-operation.

ABSTRACT

Co-operative Societies—Land Mortgage Banks—Excess invidual maximum credit limits—Availability for discharge of prior debt incurred for Land improvement—Proposals of the Registrar of Co-operative Societies for continuance of the concession—Orders—passed.

READ—

G. O. Ms. 995, Industries, Labour and Co-operation, dated 18-3-'55.
From the Registrar of Societies, Rc. 5,196/57-J dated 16-2-1957.

ORDER—

In the G. O. cited the Government permitted the fixation of the individual maximum credit limit of the borrowers of Land Mortgage Banks at Rs. 15,000 subject to the condition that excess credit limit over Rs. 10,000 and upto Rs. 15,000 be utilised for land improvements and for discharge of prior debts incurred for land improvement. It was also ordered in the G. O. that the concession will be in force for a period of two years from the date of the G. O. The Registrar of Co-operative Societies has proposed the continuance of the above concession for a further period of 2 years from 18-3-1957. The Government approve the Registrar's proposal and sanction the continuance of the concession allowed in the G. O. cited for a further period of 2 years

from 18-3-1957. The Registrar of Co-operative Societies is requested to review the position before the expiry of the period of sanction and submit a report to Government.

(True Copy)

REVIVAL AND RECONSTITUTION OF SUPERVISING UNIONS

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

Rc. No. 682/57 B. Dated, 4-4-1957.

SUB: Supervising Unions—Revival and reconstitution—recommendation Nos. 74,276 and 297 of the Committee on Co-operation (Madras 1955-56)—Implementation—Instructions issued.

REF: 1. Registrar's circular Rc. 544/42 B dated 23-1-1942.
2. Registrar's circular Rc. 531/41 B dated 2-2-1942.
3. Registrar's circular Rc. 118500/50 X-5. dated 5-9-1950.

The Narayanaswami Pillai Committee on Co-operation (Madras 1955-56) has made the following recommendations in regard to the revival and reconstitution of co-operative supervising unions.

Recommendation No.		Paragraph No. of the Committee's report.
74	The present system of electing one representative for each supervising union irrespective of its size may continue; but the supervising unions should be reorganised on a rational basis.	107
276	Supervising unions are necessary and should be continued.	284
270	The Unions may be reconstituted to have 40 to 60 societies and 4 to 5 supervisors in the jurisdiction of each.	285

It may be observed from the above recommendations that the Committee has apart from recommending the need for the continuance of the unions, stressed the importance of their reconstitution and revitalisation so as to make them more effective in the present set up of the co-operative movement especially in rural areas. The attention of all the Deputy Registrars and Co-operative Central banks is invited in this connection to the circulars cited above. In the circulars first and second cited detailed instructions were issued on the manner in which the supervising unions should be reorganised and strengthened. It was suggested therein that the unions should be so arranged as to ensure that they serve a manageable and compact area and that new unions might be formed for the purpose wherever necessary. With the introduction of the scheme of reorganisation and expansion of rural credit societies instructions were again issued in the circular third cited, emphasising the need for revival and strengthening of the unions. It was therein indicated that the organisation of new unions and strengthening of the existing unions might generally follow the principle that in each supervising union there should be at least one supervisor and 20 affiliated societies. The Deputy Registrars should therefore take steps to reconstitute the unions so that there may be generally 40 to 60 societies in each union to make them manageable units with 3 or 4 supervisors for intensive supervision of these societies.

2. On 30-6-56, there were 147 unions with 8,958 societies affiliated to them. Thus on an average there were 61 societies affiliated to each union. 501 supervisors were attached to these 147 unions which on an averake works out to 3 to 4 supervisors per union. The working of a large number of unions has not been satisfactory and the unions in general have not come upto the level expected of them. This may partly be due to lack of effective and efficient control by the supervisory body in toning up and setting right the working of the unions. As has been endorsed by the Committee, inadequacy of supervisory staff under the control of the supervising unions might be yet another factor for their ineffective working. The unions have been recognised as important organisations for discovering and developing co-operative leadership in rural areas and evoking local initiative, enthusiasm and talents. They are designed to serve as an effective link between the rural credit societies and the co-operative central banks and thus enable the latter to have more intimate knowledge of the conditions obtaining in the societies for ensuring a pragmatic approach to the problems confronting them. In the context of the several schemes under the Second Five Year Plan, supervising unions have also to play their due role. It is both imperative and urgent that all the dormant unions have to be revived and reorganised for this purpose. The Deputy Registrars should, in consultation with the central banks study each case carefully and take suitable and prompt steps for the revival or reconstitution of the dormant unions in their charge. What is called for is an earnest attempt to study their working, remedy their defects and pull up all the dormant unions and make them really useful to the affiliated societies.

3. Secondly the Registrar is in general agreement with the Committee's recommendation that the unions might be reconstituted so as to have 40 to 60 societies and 4 to 5 supervisors in the jurisdiction of each. The Co-operative Central Banks are now subsidised under the scheme of integrated rural credit so as to enable them to employ more supervisors, where there is a need for the same. With the

employment of these additional supervisors, the unions will be enabled to undertake frequent and intensive supervision of the affiliated societies. The unions will not, therefore, be lacking either in the personnel or in finance to undertake this urgent and important work. The Deputy Registrars are, therefore, requested to take steps in consultation with the central banks to reconstitute the unions wherever necessary, so that there may be generally 40 to 60 societies in each union to make them manageable units consistent with the availability of personnel to run the unions.

4. All central banks are requested to send a quarterly progress report in the form appended so as to reach the Registrar before 10th of the month succeeding each quarter. The first progress report for the quarter ended 30-6-57 may be sent on or before 10-7-57.

The Deputy Registrars are requested to mention in their D.O. narrative reports the attempts made by them for revival or reconstitution of the unions.

(Sd.) A. PALANIAPPAN,
Registrar.

News and Notes

Dr. PUNJABRAO DESHMUKH MEETS CO-OPERATORS IN MADRAS.

Dr. Punjabrao Deshmukh, Union Minister for Co-operation met the Co-operative officials and non-officials at a Conference held at the Committee Room, Secretariat on the 18th June 1957. Sri R. Venkataraman, Minister for Co-operation, Madras welcomed Dr. Punjabrao Deshmukh. Sri M. Bhakthavatsalam, Minister for Home, Madras was also present. Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras, Sri T. K. Palaniappan, Director of Industries and Commerce, Sri P. P. I. Vaidyanathan, Secretary, Agriculture Department, Sri R. V. Raman, Secretary, Industry, Labour and Co-operation, Sri M. P. Bhargava, Adviser on Co-operation and other officials of Agriculture, Industries and Co-operation Department attended the Conference. Messrs. Medai Dalavoi Kumaraswami Mudaliar, President, The Madras State Co-operative Bank, Dr. P. Natesan, General Secretary, The Madras State Co-operative Union, Sri P. S. Rajagopal Naidu, M.P. Sri K. Nanjundiah, Director, The Madras State Co-operative Bank Ltd., Sri C.R.K. Chetty, Secretary, Madras State Co-operative Bank, Sri C. M. Janarthanam, Associate Editor, "*The Madras Journal of Co-operation*" and others were also present.

At the outset, Dr. Punjabrao Deshmukh, Union Minister for Co-operation thanked Sri M. Bhakthavatsalam and Sri R. Venkataraman for making arrangements to convene the conference and said that this was the third conference of the kind, Bombay and Mysore, being the venue of the first and second conferences. He also said that it was due to the initiative of Pandit Jawaharlal Nehru, Prime Minister that a separate Ministry for Co-operation was formed at the Centre for the first time. He was glad that the rural credit movement was well developed in Madras, Andhra and Bombay. He wanted to meet co-operators of various States and discuss with them the situation and ascertain their needs and difficulties. In particular, he wanted to discuss the following questions :

(1) The selection of co-operatives as the proper agency for the distribution of fertilisers.

(2) Preferential treatment to co-operatives in the grant of licences for export of agricultural commodities.

(3) Establishment of State Warehousing Corporation.

(4) Assistance to Processing Societies.

(5) Assistance to Co-operative Farming Societies in Tiruvarur area.

(6) Construction of Godowns.

(7) Taking over of Vegetable Processing Plants.

All these above issues were discussed and decisions were taken. The Conference among other things resolved to study the question of starting a Fertiliser Mixing Plant, expedite the establishment of the State Warehousing Corporation and to give preferential treatment in the matter of grant of licenses for the export of agricultural commodities.

Sri R. Venkataraman, Minister for Co-operation brought to the notice of the Union Minister the reported transfer of the Agricultural Credit Department of the Reserve Bank of India to the State Bank of India and said that this decision would adversely affect the Co-operative Credit Movement. Sri M. Bhakthavatsalam added that this State was proceeding on the basis of the recommendations of the All India Rural Credit Survey, which assumed that the Reserve Bank will play a crucial role in the implementation of the Integrated Credit Scheme and emphasised that the State Government should be consulted before any change was brought about. The Union Minister agreed to look into the matter.

Sri R. Venkataraman, Minister for Co-operation proposed a vote of thanks. The Board of Management of the Madras State Co-operative Bank Ltd. got up a dinner in honour of Dr. Punjabrao Deshmukh, Union Minister for Co-operation on the 18th night.

THE TIRUNELVELI DISTRICT CO-OPERATIVE CENTRAL BANK'S ACHIEVEMENT

The Tinnevelly District Co-operative Central Bank has for the 13th year in succession reports *Nil Balance* both under Principal and Interest. We congratulate the Bank and its President, Medai Dalavoi Kumaraswami Mudaliar on its excellent performance.

INAUGURATION OF VALLIYUR CO-OPERATIVE AGRICULTURAL BANK

The Valliyur Co-operative Agricultural Bank was opened by Sri S. S. Natarajan of Virudunagar. Sri S. Ramaswami Naidu, M.L.A., presided over the function. It is the Sixth bank for the Ramnad District. It serves a population of 5,800, covering 8 villages. It has 209 members; it has a share capital of Rs. 5,500 and a Reserve Fund of Rs. 1,700. There is a godown. It will have a Board of

Management of 9 members. Messrs Mohanaguruswamigal, S. Rajayya Naidu, S. Subramania Iyer, Kalimuthu, V. Ramasubramania Iyer participated in the function. S. Sangam Reddiar, President of the Bank proposed a vote of thanks.

RESERVE BANK OF INDIA'S RATE UNDER SECTION 17 GOES UPTO 2 PER CENT

Consequent on the raise of the Bank rate from 3½ per cent to 4 per cent, the Reserve Bank's rate on advances to State Co-operative Banks for financing seasonal agricultural operations and marketing of crops under sections 17(2) (b), 4(a) and 4(c) and medium term loans for agricultural purposes under section 17 (4) (a), which are being provided at 2 per cent below the Bank rate, stands raised from 1½ per cent to 2 per cent with effect from 16th May 1957.

ERODE CO-OPERATIVE HOUSE MORTGAGE BANK, GENERAL BODY MEETING

The General Body Meeting of the Erode Co-operative House Mortgage Bank was held on 26th May 1957, under the presidentship of Sri R. K. Venkataswamy. He appealed to the members to repay the instalments on due dates, without any default. Such a procedure would help the growth of the Bank. He also requested the members to invest their funds in the "Provident Deposits" of the Bank. Sri G. V. Thangaswamy, Deputy Registrar, Erode was also present. The Bank had earned a net profit of Rs. 11,753-81 and had a transaction of over Rs. 1.5 lakhs during 1955-56.

SHORT-TERM COURSES IN MARKETING AND LAND MORTGAGE BANKING AT THE REGIONAL CO-OP. TRAINING CENTRE, MADRAS.

A short-term Training course in Land Mortgage Banking was inaugurated at the Regional Co-operative Training Centre, Madras on the 5th June 1957. It is of 4½ months duration, consisting of a theoretical training for one month. Survey training for one month, Land Acquisition training for one month and practical training at 3 primary land mortgage banks and the Madras Central Co-operative Land Mortgage Bank for 1½ months. Forty officers from Punjab, Bihar, West Bengal, Assam, Manipur, Madhya Pradesh, Rajasthan, Bombay, Orissa, Madras, Andhra Pradesh and Kerala have been admitted to the current training course.

A similar short-time Training Course in Marketing of four months duration has also commenced on the 15th June 1957 at the Centre. It will consist of the theoretical training for two months and practical training for two months. Twenty-nine officers from Orissa, West Bengal, Madras, Kerala and Andhra Pradesh have been admitted to the course. Mr. V. Govindan Nair, Principal of the Centre is in charge of the two special training classes.

THE FIRST ANDHRA PRADESH CO-OPERATIVE CONFERENCE—A REVIEW.

The proceedings of the First Andhra Pradesh Co-operative Conference commenced with the hoisting of the Co-operative Flag by Sri P. Timmareddi, Minister for Agriculture, Government of Andhra Pradesh at 9-00 A. M. on Saturday the 4th May 1957 at the premises of the Maharajah's College in Vizianagaram, where arrangements had been made for holding the First Andhra Pradesh Co-operative Conference.

Sri B. Venkatappayya, President-elect and the Deputy Governor, Reserve Bank of India and Srimati Venkatappayya, Sri K. Subrahmanyam Naidu, Registrar of Co-operative Societies, Andhra Pradesh, Sri G. Chandrasekharam, M.A., and Sri C. Joseph Reddy, B.A., B.L., Joint Registrars of Co-operative Societies, Sri K. Atchuta Reddy, President, The Hyderabad Co-operative Apex Bank, Sri Kodati Narayanarao, Vice-President, The Hyderabad Central Co-operative Union, Sri B. Venkataranam, President, The Andhra State Co-operative Bank, Sri P. Kesava Rao, President, The Andhra State Co-operative Union and the Ex-officio Chairman of the Reception Committee, Sri P. L. N. Raju, Chairman of the Reception Committee, Sri P. Madhava Varma, Sri P. S. Guruva Reddy, Hon. General Secretary of the Andhra State Co.operative Union were among those present on the occasion of the hoisting of the flag.

Sri P. S. Guruva Reddy, Hon. General Secretary of both the State Co-operative Union and the Conference garlanded the Minister who unfurled the rainbow flag and saluted the same. Sri P. Thimmareddi, in his speech, delivered on the occasion, expressed pleasure for the privilege of hoisting the co-operative flag. The co-operatives, he said, should take interest in marketing and processing the agricultural produce, besides the activities now undertaken by them.

He opined that increase in prices was due to several factors, might be on account of scarcity in supply or due to inflation, and therefore, investigation into causes for the rise of prices was necessary. He further stressed the need to discuss the various production costs and the feasibility of the co-operatives undertaking the marketing of agricultural produce.

The Seminar Sub-Committees were then formed group-war for discussion on the subjects circulated.

Exactly at 4 in the afternoon Padma Vibhushan C. M. Trivedi drove to the conference pandal accompanied by his Military Secretary.

On arrival, he was received by Sri P. L. N. Raju, Chairman, Reception Committee, Sri P. Kesava Rao, President, and Sri P. S. Guruva Reddy, Hon. General Secretary of the Andhra State Co-operative Union, Sri K. Subrahmanyam Naidu, Registrar of Co-operative Societies, Sri N. J. Kamath, Collector, Visakhapatnam District, Sri M. V. Narayana Rao, Superintendent of Police, Sri V. Veerabhadra Rao, Revenue Divisional Officer and the Superintendent of Police, Srikakulam.

Sri P. L. N. Raju, Chairman, Reception Committee garlanded the Governor and conducted him to the Conference dais.

The Conference was held in a specially erected, tastefully decorated and richly illuminated pandal, which could accommodate the entire assemblage consisting of about 800 delegates from various Andhra and Telangana districts. Several prominent and distinguished visitors from Vizag and Srikakulam Districts attended the Cenference on invitation besides the elite of the town.

Sri P. L. N. Raju, Chairman, Reception Committee read his warm Welcome Address with an expression of particular emphasis on the participation of delegates from Telangana districts. He requested the Governor to be pleased to open the Conference.

Padma Vibhushan C. M. Trivedi. while declaring the Conference open spoke extempore advising the Co-operators to keep the Movement above politics and exhorted them to work hard for the realisation of the socialist pattern of society.

Sri B. Venkatappaiah, Deputy Governor, Reserve Bank of India delivered his very valuable Address giving some important features of the integrated scheme specially as it operated or was intended to operate in pilot project areas.

Messages received from Co-operators and other dignitaries were read by Sri P. Kesava Rao, President, Andhra State Co-operative Union.

Sri P. Timmareddi, Minister for Agriculture then declared open the Rural Industrial exhibition organised along with the Conference. He expressed the hope that cottage industries, if developed on right lines, will go a long way to augment the resources of the agricultural population and increase their purchasing capacity.

Padma Vibhushan C. M. Trivedi, Sri B. Venkatappaiah and Srimati Venkatappiah, Sri P. Thimmareddi, Sri K. Subrahmanyam Naidu, Sri B. Venkataratnam, accompanied by other dignitaries,

inspected the exhibits, mostly handloom fabrics, and expressed satisfaction at their production.

With a vote of thanks by Sri P. Kesava Rao, President, Andhra State Co-operative Union and ex-officio Chairman of the Reception Committee, the day's programme ended and the Governor with his entourage motored to his summer residence at Visakhapatnam.

A light entertainment in song and dance was given by young and talented artistes of the place. The performances were greatly appreciated by the audiance.

The Sub-Committees of the Seminar continued their discussions on the subjects before them till 10 P.M. and formulated draft resolutions for discussion by the open session of the conference the following day.

The open session of the Conference had begun exactly at 9 A.M. on the 5th with Sri Burra Venkatappaiah in the chair. Sri B. Venkataratnam then opened the discussions, first, moving resolutions passed by credit sub-committee of which he was the Chairman. Several delegates took part in the discussions. There was heated debate on the nomination of State representatives on the Boards of Management of the co-operatives, enjoying the state-partnership, organisation of primary land mortgage banks with reference to area of operations of each, and on the loan policy of the primary land mortgage banks vis-a-vis the Reserve Bank's assistance. Each resolution in its full implication was explained by Sri B. Venkataratanm assisted by Sri B. Venkatappaiah and Sri K. Subrahmanyam Nayudu.

Sixtynine resolutions in all were passed unanimously under various heads. Sri Ventatapaiah expressed full satisfaction at the orderly manner in which the delegates participated in the discussions and finally arrived at unanimous decisions.

The conference ended with a vote of thanks by Sri P. Kesava Rao, its President, on behalf of the Andhra State Co-operative Union, by Sri P. Madhava Varma on behalf of the Vizianagaram Co-operative Central Bank, and by Sri P. L. N. Raju on behalf of the Reception Committee; Sri V. Jaggaraju voiced the grateful thanks, and profound appreciation of the arrangements made by the Reception Committee on behalf of the delegates. Sri B. Venkatappaiah declared the conference ended.

The First Andhra Pradesh Co-operative Conference had left a lasting impression on the minds of all those who are intimately connected with it and has also sown the first improved seeds of fraternity in the minds of both Andhra and Telangana delegates.

May it help integration of Andhra and Telangana interests and also usher in the dawn of Co-operative Commonwealth in this ancient land of Bharat Varsha !

MEMBER EDUCATION CAMPAIGN STARTED IN MADRAS STATE

Under the scheme of co-operative education of non-official personnel of the Movement sponsored by the All-India Co-operative Union, the Madras State Co-operative Union has launched a member-education drive in the districts of Madurai and Chingleput. The scheme was started in the first week of June in Madurai and Tirukkalikundram N. E. S. blocks. Orientation courses of 3 days duration each were conducted by Educational Instructors in five villages in Madurai block and in four villages in Tirukkalikkundram block. The classes were held in public places like chavadis during nights, each class lasting for nearly two hours daily. Members of local co-operative credit societies as well as potential members attended the classes and were greatly benefited by the teaching of co-operative principles and methods of working of co-operatives. The total number of persons who received education are 107 and 163 in Madurai and Tirukkalikundram blocks respectively. The Madurai and Conjeevaram Co-operative Central Banks have already extended an appeal to the co-operatives in the area and it is hoped that they would respond in a greater degree to the appeal. Arrangements are being made to secure one Mobile Van, equipped with interesting and attractive documentary films and other audio visual aids.

It is hoped that member education drive will gain greater momentum in the coming months.