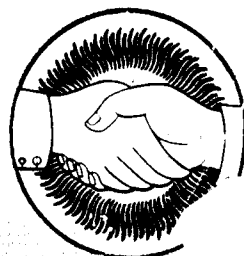


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SEPTEMBER
1957



Journal of the Madras State Co-operative Union



**The George Town
Co-operative Bank, Ltd., No. 8512.**

(The Premier Urban Bank in Madras State)

**No. 29, Krishnappa Naicken Agraharam Street, Madras-1
(Registered in 1923).**

PRESIDENT:

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

VICE-PRESIDENT:

SRI R. S. SUBRAHMANYA AIYER, B.A., L.T.

DIRECTORS:

SRI P. SESHADRI IYENGAR	SRI P. RANGANATHA IYER, M.A.
SRI P. R. DESIKAN	DR. T. SELVASEKARAN, L.M.P.
SRI P. A. KRISHNASWAMY	SRI M. A. BADSHA J.P.
SRI B. MANICKAVASAGAM	SRI N. T. MURUGAPPA MUDALIAR
SRI S. SESHACHALA IYER	

Authorised Capital	Rs 5,00,000.
Working Capital	Rs. 50,00,000.

**FIXED AND OTHER DEPOSITS ARE ACCEPTED AT RATES
MENTIONED BELOW.**

(A) FIXED DEPOSITS

6 Months	4½ % P. A.
1 Year & upto 3 years.	5 „

(B) OTHER DEPOSITS

(i) Current.	½ „
(ii) Recurring.	6¼ „
(iii) Savings-members.	2 „
(iv) do non-members	1½ „

(C) (i) LENDING RATES

**Loans on Houses, Jewels, Fixed Deposits
and other Government Securities. 7-1/32 % P.A.**

(ii) Surety Loans. 7-13/16 % P.A.

**There are more than 5,000 members who subscribe towards
Recurring Deposits in the Monthly Savings and Loan Fund which
runs to 84 months.**

Further particulars can be had from the undersigned:

**S. R. MANIVANNAN,
Secretary.**

Editorial Notes

CO-OPERATIVE FARMING

Co-operative Farming is assuming pivotal significance in present day discussions and in the recent session of the All-India Congress Committee, Shri Shriman Narayan read a Note on "Co-operative Farming." In his note, Shri Narayan had rightly pointed out the difference between "Collectivisation" and "Co-operativisation." Further, he laid great stress on the fact that in India, Co-operative pooling of land must be voluntary. He suggested co-operative joint farming and co-operative better farming methods for Gramdan villages, newly reclaimed and irrigated lands. He made a very valuable observation that the size of such societies should not be too big, as to hinder or prohibit the intimate social contacts of the families working on the farm.

Shri Gulzarilal Nanda reviewed the progress made in the field of Co-operative Farming and said that from the data available, there were 1400 Co-operative Farming Societies of all types all over India covering about 1,94,000 acres; although a provision of Rs. 40 lakhs was made in the First Five Year Plan for promoting co-operative farming experiments, the bulk of the provision remained unutilised. The Second Five Year Plan envisaged that a substantial portion of agricultural lands would be cultivated on co-operative lines in about 10 years or so. The State Ministers' Conference held at Mussorie from 1st July to 3rd July 1956 was reluctant to fix definite targets regarding the number of societies to be started in different parts of the country, but laid down that atleast one such society should be started in every National Extension Service Block

during the plan period and about 500 experiments should be undertaken during 1956-57.

Meanwhile, two delegations were sent to China, where success was reported in this sphere. The Delegation under the chairmanship of Shri R. K. Patil had expressed an emphatic view that Co-operative Farming was both desirable and necessary for promoting employment and agricultural production. It had strongly recommended the starting of 10,000 planned experiments in Co-operative Farming, with a view to evolve suitable techniques of co-operative management and organising successful demonstration of the programme. The Report has aroused considerable controversy. Shri B. J. Patel and Shri R. F. Rana, members of the Delegation, have recorded their Minute of Dissent to the Report. There is a weighty volume of opinion in this country against any large-scale pooling of land; it is averred that co-operative farming on any large scale would militate against the personal attachment of the peasant to the land and if pursued vigorously by the State, would lead to coercion and ultimately jeopardize the development of democratic institutions. Despite the regimentation and the trampling of democratic traditions, which large-scale co-operative farming involves, its economic benefits are, at best, of doubtful value. Further, whatever advantages are claimed for co-operative farming, could be made available to the cultivators by promoting service co-operatives for the provision of credit, supplies and marketing. In these columns, we have been reiterating the view that Service Co-operatives would achieve

much better results in the matter of increasing agricultural production, rather than the farming co-operatives, involving pooling of land.

It is now redeeming to find in high quarters that the initial enthusiasm for an all out effort to promote Co-operative farming, involving pooling of land is yielding place to a more sober, realistic appraisal of the situation. Pandit Jawaharlal Nehru, winding up the debate at the All India Congress Committee stressed that there could be no two opinions on the desirability of co-operative farming in various processes of agricultural production. He further added that Service Co-operatives should be encouraged in all parts of the country. He emphasised that the country must experiment with co-operative farming through the pooling of land, wherever possible. There was evidently good scope for such co-operative farming in Gramdan villages and newly settled colonies. Pandit Jawaharlal Nehru, however, made it clear that there should not be any element of compulsion in the Indian Experiment with co-operative farming and formation of societies should be purely on a voluntary basis.

Two conclusions emerge from this survey:—

(i) that the Nation's top most leaders are attaching great deal of importance to Service Co-operatives and (ii) that even in their advocacy of Co-operative Farming methods, involving pooling of land, they are aware of its limitations and are emphatic about preserving the voluntariness of the institutions.

We do hope that the cautious and realistic approach in India about co-operative farming techniques would not bring in any undesirable consequences of

authoritarianism and regimentation, so often found to accompany large-scale collective farming experiments, elsewhere in China and Russia.

Member Education Scheme

In March, 1957, we wrote: "Thanks to the generous help of the Government of India, we are now in a very happy position to start work on this very interesting experiment of member education". Since then, we have deputed two Educational Instructors and the Co-operative Development Officer for training at Delhi. We have started the scheme in the two districts, Chingleput and Madhurai. We are happy to report that the 3-day Orientation Courses for members and non-members have been conducted very successfully. Altogether in the two districts, 1786 villagers in 41 villages have been trained in the basic principles of co-operation. The villagers have attended these courses with enthusiasm and we gather that the Campaign has created a new awakening for co-operative work among the people; in a few cases, new members have joined the co-operatives; in others, the overdues have been cleared; general body meetings of village co-operatives have been convened. Such are the immense potentialities of the scheme.

We have been working the scheme since June 1957. We are extremely thankful to the Ministry of Food and Agriculture, Government of India for their generous grant of Rs. 11,835 for the financial year 1957-58 as per their latest communication. This grant would solve many of our problems. The grant covers the cost of staff and publications. But from our experience, we learn that the film is most effective audio-visual aid, that stirs the village folk and

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rivets their attention to the message of the member-training programme. The Government of India grant does not appear to cover the provision of a Mobile Van equipped with propaganda and audio-visual aids.

We request the Government of India and the All India Co-operative Union authorities to make very early arrangements to place a Mobile Van, equipped with films and other propaganda materials at the disposal of the Madras State Co-operative Union in order to enable the Union to implement the scheme with a greater degree of success.

Welcome to the Kanyakumari District Co-operative Central Bank

The Kanyakumari District Co-operative Central Bank Ltd., Nagercoil is the youngest and newest Central Bank of our State and with its inauguration, the total number of Central Financing Banks has increased to 15.

On 14th September 1957, Sri K. Kamaraj, our popular Chief Minister inaugurated the Bank, the formation of which has been sanctioned in G.O. Ms. No. 2912, Industries, Labour and Co-operation, dated 3rd September

1957. Since the merger of the South Travancore Taluks with the Madras State on 1st November 1956, there has been a demand from the Co-operators of the Kanyakumari area, that a Central Bank should be formed to serve that area. It is in the fitness of things that the demand has been conceded and the Bank has been constituted. The Government have sanctioned the services of a Deputy Registrar free of cost to the Bank for a period of one year. They have also sanctioned a subsidy of Rs. 2,400 towards the cost of a Superintendent and an Accountant for a period of one year. The details of the share-capital contribution by the State is not yet known. We are sure that the area would be greatly benefited by the services rendered by the Central Financing Agency. It is a fertile tract and is proverbially called "*Nanjil Nadu*." There is a great scope for organising agricultural banks, dairy co-operatives, weavers co-operatives, farming co-operatives and what not.

We do hope that the newly formed Bank would soon prove to be an immense source of help and service to the people of the area and co-operation would take deep roots in the rich soil of *Nanjil Nadu*.

All India Co-operative Union

72, Jorbagh Nursery, New Delhi-3

DECLARATION OF THE I.C.A.

On the 35th International Co-operative Day, the International Co-operative Alliance, in the name of its affiliated organisations and over 120 million co-operators in 39 countries, declares—

That enduring prosperity and social well being can be attained through the unrestricted extension of Co-operation, both within and between nations ;

That the hardships suffered by millions of under-nourished, under-housed and under-educated men, women and children in the economically less-advanced countries, can be lightened through the development, by the United Nations, of a world-wide system of mutual aid, within which the nations can share their technical, scientific and material resources ;

That the future of humanity can be assured and enriched if Governments turn from a policy of mutual menaces, with weapons of increasing terror and destructiveness, to peaceful collaboration in the employment of nuclear energy for human welfare.

All India Co-operative Week

PROGRAMME

[The Co-operative Movement is a people's Movement and its progress and success depends on the understanding of the people about the principles of Co-operation and their active participation. The Movement has yet to cover fully the different sectors of the rural economy and in order to create the requisite enthusiasm amongst the people for the successful implementation of the schemes of co-operative development it has been decided to celebrate the All India Co-operative Week this year also from the 2nd November, 1957 to 8th November, 1957.]

SATURDAY, THE 2ND NOVEMBER, 1957: "*All India Co-operative Day*".

The celebrations of the Week should start with the Co-operative Flag hoisting ceremony in all parts of the country on Saturday morning by each and every co-operative society. All members of the society should assemble at its premises. The co-operative flag should be hoisted by the President or, in absence of the President, by an important office-bearer of the society to the accompaniment of the singing of co-operative songs. The flag must be kept amast throughout the Week. Each member should take a pledge reaffirming his faith in the principles and ideology of Co-operation and his loyalty to the society to which he belongs.

2. In the evening one or more public meetings should be organised. It is desirable to request the Ministers in charge of Co-operation to preside over these meetings in State capitals and prominent non-official co-operators or other notable personalities to preside over the meetings organised elsewhere. The Co-operative Flag must be hoisted ceremoniously at all such meetings. The messages from Shri Ajit Prasad Jain, Union Minister for Food and Agriculture, and Shri K. D. Malaviya, President of the All India Co-operative Union should be read at the meetings. The purpose of organising the Co-operative Week celebrations should be explained at these meetings. The Declaration issued by the International Co-operative Alliance should be read, explained and adopted as a resolution by the meeting.

SUNDAY, THE 3RD NOVEMBER 1957: "*Consumers' Day*".

(1) In urban areas:—Sunday being a holiday, attempts should be made to persuade all members of co-operative societies and other

persons to attend the meetings organised in the evening. The functions of the consumers' co-operatives, such as to supply to members quality goods at fair prices should be explained. Literature on the progress made by the consumers' movement in other countries should be distributed at these meetings. It should also be emphasised that a network of consumers' co-operative stores in urban areas will become a source of strength to the marketing co-operatives in rural areas. It is also necessary to explain in detail that the Consumers' Movement can succeed only if it gets full loyalty from the members whom it serves. Those who would benefit most by the consumers movement would be the middle class and labourers. They should be encouraged to join such stores where they exist and to organise new societies at other places.

(2) In rural areas:—The bulk of the population of the country resides in villages. Because of their ignorance they become victims of high prices, which the retailers charge them for their day-to-day necessities such as sugar, kerosene etc. Therefore, at the meetings organised in the villages on this day, the advantages of purchasing from their co-operative should be explained to the villagers. Appeals should be made to the local co-operative society to start supplying articles of daily needs to its members. It should be explained to the members that supply of consumers' goods is one of the main functions of the larger-sized societies being organised during the Second Plan period.

MONDAY, THE 4TH NOVEMBER 1957: "*Producers' and Workers' Day*".

(1) Towns and cities:—In the towns and cities the producers are mainly engaged in small-scale industries, handicrafts etc. Lack of adequate agencies to provide them finance, raw materials and equipment and also to market the products of their industries puts them into difficulties. It would be desirable for them to enroll themselves as members of producers' co-operatives. The various forms of State help that is made available to such co-operatives should also be brought to their notice.

Industrial workers should be informed of the details of the Subsidised Industrial Housing Scheme and efforts should be made to persuade them to form co-operatives to avail themselves of the facilities provided under this scheme.

Labourers should be persuaded to form labour contract societies securing contracts in public as well as private undertakings.

(2) Villages:—Agriculturists in the rural areas have many requirements. They require credit at a low rate of interest. They need supplies such as fertilisers, implements etc. to carry on their farming

operations. They also need a marketing agency to sell their produce at a fair price. All these services can be rendered by the large-sized co-operative societies under the integrated credit programme. The larger-sized societies should in fact become farm service co-operatives and should supply the cultivators with modern agricultural equipment and also the technical knowledge for improving methods of production. The farm management of the cultivators can be greatly improved and agricultural production raised by these co-operatives. The advantages of such large-sized co-operative societies and the other features of the integrated scheme of co-operative development should be explained to the villagers.

TUESDAY, THE 5TH NOVEMBER: "*Women's and Youths Day*".

(1) Towns and Cities:—In the towns and cities women are generally the purchasers of household needs. The progress of co-operative stores largely depends upon the patronage that they receive from the women-folk. It would, therefore, be desirable to organise meetings of women in collaboration with women's organisations.

Advantages of purchases through co-operative stores should be explained at such meetings. They should also be encouraged to form Women's Guilds, which can organise home industries such as knitting, sewing, embroidery etc. for supplementing their family income.

In towns and cities, meetings of the students and the youth should be organised in schools and colleges, under the presidentship of the heads of the teaching institutions wherever possible. The ideology of the Movement should be explained to them and they should be encouraged to organise students' co-operative stores in their institutions.

Essay competitions, dramas and debates on co-operative subjects may be organised to foster greater understanding among the students and the youths.

(2) Villages:—In villages also meetings of the youths should be organised. Youth Guilds may be formed in different villages to popularise the Co-operative Movement among the youths. They should also be encouraged to participate in such activities as they benefit the entire village.

WEDNESDAY, THE 6TH NOVEMBER: "*Members' Day*".

One of the principles of Co-operation is open membership. It is necessary, therefore, that the membership of co-operative societies should be open to all irrespective of caste, creed and economic or social status. It has nothing to do with politics also. This aspect should be explained at the meetings organised on this day.

It should also be explained at these meetings that well-informed membership is the sound basis of the Movement. They should be informed of the importance of co-operative education and persuaded to take full advantage of the co-operative education classes being organised by the All India Co-operative Union, if these are organised in their areas. Elsewhere, the co-operatives themselves should make arrangements for imparting co-operative education to their members.

THURSDAY, THE 7TH NOVEMBER: "*Thrift Day*".

Meetings should be organised at all places in this day where members of the credit societies and other persons should be invited.

The "Bachat Kumba Scheme"—Thrift Scheme—which aims at the promotion of thrift among the members should be adopted at such meetings. If the scheme is already adopted, the Kumba should be broken open in the presence of all members and prizes should be distributed to the winners. The savings should be credited to the respective accounts of the members.

FRIDAY, THE 8TH NOVEMBER: "*Planning Day*".

Every Co-operative Society should convene a meeting where all the members of the society should be invited. In such meetings the work of the society during the past year should be reviewed. The difficulties, if any, experienced in achieving the targets in the past year and suggestions to overcome them, should be discussed. Programme for the new year should be formulated in consultation with the members.

recommendations that the whole field of rural credit and other forms of co-operation should be surveyed afresh. That the move should come from Reserve Bank was natural, since that institution has had, ever since its establishment in 1935, a department especially concerned with rural credit and the co-operative movement, which has already made useful contribution to the study of co-operation in India and other countries. A committee of four, sympathetic to co-operation but not practically engaged in it, was appointed, with an appropriate staff, and in 1954 a General Report of nearly 600 pages was issued.

This report is of great interest both for the mass of information it gives on the economy and social life of the Indian village, its criticism of the co-operative movement and its proposals for the future. Of the criticism, perhaps the most fundamental is the estimate that, even to-day, co-operative societies meet little more than 3 per cent of the credit needs of the Indian cultivator.* The moneylender, whether he is a professional or a richer farmer with money to lay out still supplies 70 per cent of the credit used in the villages, while much of the remainder comes from relatives of the borrower. It is clear that many areas are not served by co-operative credit societies and that even where they exist, not all cultivators belong to them, and that many who do belong also borrow elsewhere.

The report reviews a number of explanations, which have been advanced for the slow progress of co-operation. Is the task in fact too difficult, the Indian cultivator too illiterate, too lacking in busi-

ness experience and too apathetic from malnutrition and the climate to make the necessary intelligent effort? Is indebtedness too deep, poverty too rushing, the balance of financial and economic power too heavily weighted against the peasant? Are too many of the purposes for which he borrows non-productive, so that loans depress rather than raise his condition? That there have been co-operative success in villages in no way untypical, would suggest that none of these obstacles need be decisive. Are co-operatives too small, as many people thought a few years ago? Would they be any better if they were larger? Experience is conflicting. Should single-purpose co-operatives with unlimited liability give way to a multipurpose structure and limited liability? Have the central banks, which set so valuable a precedent in mobilizing urban savings rather than relying on government advances, in fact lost interest in rural credit and found more profitable uses for their money elsewhere? Has the State interfered too much or not enough?

The report is inclined to seek what its authors regard as more fundamental explanations. In the first place, the very conditions of Indian agriculture, the prevalence in larger areas of tenant farming on unsatisfactory terms, subdivision and fragmentation of holdings, lack of water and primitive methods of cultivation, result in such limited productivity that no system of fairer distribution of farm income alone can make the peasant prosperous nor give him the means to improve. Even the capacity of holdings of this kind to absorb capital fruitfully is very limited.

*In Bombay, Madras or the undivided Punjab the percentage would have been much higher.

In the second place, private trade and finance, though they may lack the externals of efficient modern business, are in fact very strongly organized and are in the last resort grounded on urban resources and interests. A co-operative movement, it is argued, which is based solely on the much weaker resources of rural economy, can never compete with this closely interlocked and powerful system. Linked with this inferiority, is the failure to organize, on a sufficiently large scale, co-operative marketing, processing and village industries alongside co-operative credit.

The report is critical of the application of co-operative principles of self-help, which by denying or minimizing State financial aid to co-operatives, has had the unintended effect of placing the movement in the hands of the middle class, both in the villages, where only the comparatively well off can borrow, and in the towns which provide the resources for the central banks. In the village, this tendency to middle-class dominance is often reinforced by the caste system working in conjunction with power derived from money, land ownership and minor official position. The landowner in such a community may also be a moneylender, the moneylender may also be a trader and the educated man may also be a subordinate official. As a result, co-operation may be deflected to the benefit of one caste or even one family, or it may be little more than a form covering traditional and by no means co-operative activities or perhaps no activity at all. "The climate of Institutional Credit", says the report, "in Indian conditions has been predominantly urban; it is not yet congenial to

rural interests and the fulfilment of the rural needs. It is in this climate that the rural producer is expected, by and large, both by co-operative theory and governmental policy, to combine with other rural producers, form co-operative associations at the village level and through them conduct his 'business' in so far as it concerns credit. He is expected to do this without financial assistance of a significant order from the state,* but with a great deal of administrative advice and guidance from it. Having formed an association, he is left to face the powerful competition of private credit, private trade (often private money-lending-cum-trade) and private organization of industry, all of them deriving strength and support from the urban apex—whether of commercial banking and finance or of expert or wholesale trade. In the same context, the rural producer is expected to organize himself co-operatively for the promotion of the processing, marketing, etc., of his harvest. Added to all this is the cleavage of interests in the village itself, with the bigger landlord, the village money-lender, the village trader, etc., on one side and the medium and small cultivator on the other. Village leadership vesting, as it does, in the former, usually operates partly for the advantage of the more powerful economic interests and partly in alignment with the social institution of caste; and the village leadership thus constituted and biased makes itself felt in every institution in the village including, of course, the co-operative society itself."

The all-India survey took, in effect, a telescopic view of the

*It is considered by many who are in a position to know that the report over-emphasizes what state financial aid can do and ignores the limitations imposed by the widespread lack of credit worthiness among borrowers; the report says little of the relation between character and sound finance.

whole field of rural credit and saw that the co-operative movement occupied but a small place in it. This is a useful corrective to the more usual approach of the sympathetic investigator, which consists in putting a microscope over selected co-operative activities and after assuming, generally with justice, that local conditions were in no way exceptional, treats the experience of the selected group as an example of what could, with time and patience, be achieved everywhere. Before passing to the recommendations of the Survey Committee, it may be worth considering a report of the Reserve Bank of India published in 1955 and then going on to apply the microscopic method at least to the three states where the co-operative movement has made most progress—Madras, Bombay and Uttar Pradesh.*

Indian Co-operation up to 1952

The report of the Reserve Bank of India refers specifically to the years 1950-52. It covers a period when the effects of the 1939-45 war had begun to wear off, controls were coming to an end and co-operatives were adjusting themselves to a more self-regulating economic situation. Certain features stand out and point to developments still in progress.

Credit remained the major co-operative function but other types of activity played a larger part than in the past. Bombay and Madras were most successful in the credit field. A quarter of the total working capital employed in co-operative credit was to be found in these two states, and the aim of establishing a co-operative credit society in half the villages

in the state had been exceeded. Co-operative deposits in India as a whole were stationary during this period, share capital and reserves rose slightly while there was a rapid rise in loan capital, beginning with the borrowing of State Co-operative Banks, generally from the Reserve Bank itself. By 1952 working capital of the state banks was distributed between shares and reserves 12 per cent.; deposits 58 per cent. and borrowed (usually Reserve Bank) capital 30 per cent. Much of this additional borrowing was in support of loans tied to the production of a single crop, a policy most actively pursued in Bombay. An additional demand for loans had come from other types of co-operative, especially those engaged in marketing, processing and supply. Some attempt to meet this was made by curtailing loans from co-operative central banks to private individuals, a practice which had been growing for some time and still exists. The capital so released was not, however, sufficient to meet the demands of marketing and other societies, and additional borrowing from the Reserve Bank became necessary.

Other co-operative credit problems were the reorganization or in some cases the founding of co-operative banks in the former princely states and the strengthening of the whole credit system in these territories; the improvement of mortgage banking, which is still very inadequately organized in many states, and the detachment from the state banks of trading functions often assumed as war-time measures but not in the permanent interests of the co-operative movement. The year 1952 saw a setback in the repayment

*In the proportion of members of co-operatives to rural population, the Punjab still heads the larger states, but partition had so disruptive an effect on all central co-operative institutions, that it will take some years before the Punjab movement as a whole regains its former status.

of debts, due to a measure of agricultural recession and lack of rain. There was, however, a steady increase in urban co-operative banking.

A disappointing, if not wholly unexpected feature of the period, was the virtual collapse of the consumers' stores, which took place on decontrol. Something of the same kind happened after the First World War. Non-member trade vanished with the end of rationing and few of the stores were sufficiently well managed to stand the strain of competition with private trade in primary commodities. Some success was achieved here and there in reorganizing consumers' societies for the supply of agricultural requirements. For this, a good deal of government support was forthcoming, as it made an obvious contribution to the campaign for higher agricultural production. The virtual failure of the consumer co-operative, apart from some long-established urban examples, carried with it, however, considerable loss of confidence in multi-purpose societies of which they were to be the foundation. The attempt to meet all the needs of the cultivator through a single co-operative appeared for the moment to be in suspense.

Co-operative marketing and processing, on the other hand, were making a good deal of progress, though this varied greatly from state to state and commodity to commodity. The outstanding example was co-operative cane marketing in Uttar Pradesh, but many of the larger cities had become the focus for successful dairy marketing, and the marketing of cotton, potatoes and other commodities was progressing. Little or no attempt had been made to market the basic food grains. The building of a

structurally sound pyramid of local marketing co-operatives, unions, federations and apex organizations was still incomplete, and federal bodies often received produce direct from individuals. Some marketing organizations carried on other functions such as the supply of agricultural requirements, a combination which has precedents in other countries.

Government policy with regard to co-operation during the years under review was twofold—to push anything which would increase food production (hence the crop loans, the support for the distribution of seeds and fertilizers and for various experiments in co-operative farming, irrigation, mechanization and erosion control), and, in the second place, to fulfil social ends such as the maintenance of handloom weavers, displaced persons, toddy tappers thrown out of work by prohibitions, or the provision of public needs such as housing.

The impulse was often conveyed by the provision of finance in a volume not attempted before the war and highest in the three states of Bombay, Madras and Uttar Pradesh, but the machinery continued to be that of the Registrar's Department. The new development threw into relief lines on which the departments themselves needed to be adjusted to their new tasks. Registrars, it was concluded should not, as in some of the smaller states, be burdened with other, non-co-operative responsibilities such as social welfare or the registration of other corporate bodies. At the same time, their work should be co-ordinated with that of other "nation building" departments, so as to avoid overlapping and get the best value out of a co-ordinated programme. Meanwhile, the

Registrars' Departments themselves needed to be departmentalized so that, as already occurs in some states, different types of co-operative are handled by specialist Deputy Registrars, who have thoroughly studied their problems. There was a general sense that auditing should be speeded up and that the standards both of audit and of classification of societies should be uniform throughout India. Finally, all this called for a much larger supply of trained men, both officials and non-officials, than the co-operative colleges and institutes, as organized in 1952, were capable of turning out.

Co-operation in some Indian States in 1955.

1. Bombay

Co-operation developed early in the territory which now makes up Bombay State. In particular there was an early growth of urban co-operative banks lending to craftsmen traders and professional people of small means, some of which later became central banks and accepted agricultural credit societies as members, while a few establish their own branches. The urban co-operative bank of Baroda even preceded by a number of years the legal introduction of co-operation into India, for it was founded in 1889, still exists, carries on all forms of banking and is entirely self-supporting in funds. In 1952 there were in all 184 urban banks with 2,19,000 members and working capital of Rs. 158,800,000 (£11,500,000), a substantial total, all derived from shares, reserves or deposits.

Agricultural credit societies were also formed in large numbers. Though they had the usual difficulty in collecting their debts

during the depression of the early thirties and underwent a fairly drastic reorganization, the decline was probably less severe and the reorganization more successful than in some other provinces. With the relative prosperity of the war period (1939-45) many old debts were paid off, though there seems to have been increased borrowing by small cultivators. After the war, the Bombay Agricultural Debtors Relief Act and the Money Lenders Act, by restricting the activities of money-lenders, led to an increased demand for agricultural credit, and an arrangement was made by which men whose debts were being reviewed under the Act, were accepted as nominal members and granted crop loans through co-operative societies. The recommendations of the First Five Year Plan had been for an extension of co-operative credit to 50 per cent. of the villages and 30 per cent. of the rural population. In fact, some 62 per cent. of the villages, and it is thought one-third of the population, were covered by 1952. There were at that time 10,000 primary societies, 800,000 members and a working capital of about £10,000,000, of which not quite half was owned capital, and rather more than a quarter either share capital or deposits.

The federal structure of co-operative banking in Bombay has grown up piecemeal over the years. At first, as in England, no legal provision was made for secondary institutions. When a federal structure became possible, it was the more successful urban banks, which admitted primary societies as members. The influence of individual shareholders often remained dominant for many years and has never been wholly eliminated—though loans to individuals are now declining as

compared with those to co-operatives. Banking "unions" were formed by groups of primary societies only, though the term is also used to describe the smaller type of central bank. In 1952 there were 13 district central co-operative banks and 12 co-operative banking unions in Bombay State. The Bombay State Co-operative Bank, which forms the apex of the pyramid, itself began as an urban credit society of individual members, and became successively a central and then a provincial co-operative bank, though it continues to finance some primary societies directly. Recently it has begun to open branch offices. The Bombay Co-operative Banks' Association is a voluntary federation for the exchange of experience, expert advice and arrangements for the cheap remittance of funds.

The Reserve Bank of India was set up in 1935, with head-quarters in Bombay, although its activities extend equally to all parts of India. It makes available considerable advances to co-operative banking and other institutions in the form both of loans and more recently of share capital, always through the State Co-operative Bank and on its guarantee and recommendation. The Bombay State Co-operative Bank, however, does not finance land mortgage, and the co-operative banks formed for this purpose (of which there were 19 in 1952) look to their own federal institution, the Bombay Provincial Land Mortgage Bank, for support. These, with notable exceptions, have been relatively unsuccessful institutions, partly perhaps because the ordinary credit societies so often require security on land, even for nominally short-term loans and the whole system would probably have been reorganized if it were not for the uncertainty which, in

view of the projected land reforms, hangs over all land ownership in India to-day. The State Co-operative Bank is also relatively uninterested in the purely urban banks, which may in time seek to form an apex bank of their own.

Agricultural co-operation in Bombay has never been wholly an affair of credit. Co-operative cotton marketing on a small scale began as long ago as 1917. The main development of other forms of co-operation came, however, with the late war and the immediate post-war period. Consumers' co-operation, both urban and rural, was an outcome of the rationing of scarce commodities, and most of it did not survive the emergency which called it into being. Bad management, the credit demands of members and the competition of traders working with family labour, were too much for many consumer co-operatives. Some continue the struggle, including a few run in connection with factories and mills.

A Conference of Registrars from all the Indian provinces held in 1947 strongly recommended the formation of multi-purpose co-operatives in villages. It was pointed out that credit was intimately linked with marketing and with the supply of agricultural requirements essential if Indian agriculture was to be made more productive. Co-operative credit need to be more prompt (in some states it takes two to three months to get a loan), more flexible and less tied to the security of land, if it were to replace the money-lender, and all this would call for higher managerial capacity, only available to a society on a larger scale than could be based on a single function or even a single village.

The Government of Bombay gave encouragement to the project. By 1952 there were some 3,000 multi-purpose societies, many of them existing credit societies, which had taken on additional functions. A number of district sale and marketing unions were formed, like the one at Poona, which has good buildings, and can show a steady increase in the membership of village societies, in capital, reserves and in turnover covering seeds, seed potatoes, fertilizers, oilcake, machinery, corrugated iron, etc., as well as in the marketing of grain and raw sugar. Such unions were in turn affiliated to the Bombay Provincial Marketing Co-operative.

Specialized marketing has been concerned mainly with three commodities—cotton, sugar and milk. Cotton co-operatives have been established for more than a generation in the Karnatak and in Gujarat. They accept cotton from the grower, weigh, store and insure it, make advances on the produce stored, advise on market trends and sell, in some cases by auction, in others by negotiation. Some societies or their district federations own ginneries; most supply their members with improved seed. The sales in 1952 were about £2,500,000. The co-operative marketing of sugar and sugar-cane has been on a smaller scale, but has been stimulated in the last few years by the formation of a federation of sugar-cane growers' credit societies and individual farmers in the region of the Deccan Canal, which has set up a cane crushing and sugar conversion factory. A second co-operative factory in the same district will shortly come into existence. Substantial shares have been taken up (1,000 rupees an acre) carrying the obligation to supply cane to the factory. No specialized marketing of the principal

grain crop has been attempted and rice mills are not encouraged as they would throw hand pounders out of work and create unemployment.

Dairying is, in the main, a post-war development and centres round the supply of pasteurized milk to large towns, especially Bombay City. Village milk producers' societies are responsible for collecting and delivering their members' milk to the Milk Union, which operates the pasteurizing plant and despatches the pasteurized milk to Bombay, where it is distributed under a government scheme. A further and quite recent development has been the production of so-called "toned milk", which is a mixture of buffalo milk with its high fat content (6 per cent. and over) with dried milk and water to match the standard analysis of cows' milk. At first the dried milk was imported, but a drying plant in Bombay State is coming into production. The process results in a cheaper article than natural milk and one which it is assumed will be accessible to poorer homes. The ultimate effect on the economics of the dairy industry of India remains to be seen. These specialized marketing co-operatives stand apart from the Bombay Provincial Co-operative Marketing Society, which is concerned with the sale of fruit, vegetables, pulses and a few other articles and with the supply of agricultural and domestic requirements.

All these are aspects of the policy of using co-operation to make agriculture itself more productive, rather than simply to relieve the financial embarrassment of the cultivator. An even more fundamental approach is through co-operation for the actual use of the land. The consolidation of fragmented holdings,

which can contribute so much to effective cultivation, is no longer a co-operative function but is carried out by the Land Revenue Department, with compulsory powers, given the assent of two-thirds of the land users of the village. Great pains are taken, however, to secure the "co-operation", in the non-specialized sense, of all those affected. The same is true of the soil conservation schemes now being carried through in arid regions. This involves the consent of owners to the alteration of field boundaries so that they follow land contours and thus control rather than facilitate surface erosion after heavy rainfall; the use of local labour to build earth bunds; and the acceptance by those concerned of responsibility for long-term repayment of the capital advanced.

Village irrigation, on the other hand, is often wholly co-operative. This has been installed in a number of dry zone villages, which have access to perennial water, usually a river. By installing mechanical pumps, water can be carried to the higher point in the village land and then allowed to descend by gravity to the fields. Government is prepared to make a grant for up to half the capital cost and to make loans for a further proportion. At the same time fairly substantial capital contributions are required from the participants in proportion to the land cultivated by each. Water may be paid for on the same basis, or, more satisfactorily, in proportion to the actual amount diverted to each man's fields. The main difficulty, which confronts societies of this type is that though sufficient cultivators can usually be persuaded to enter a lift irrigation society to justify the outlay on pumps, not all will con-

tinue to use and pay for the water pumped, and the running costs remain higher than they need be. A total of 45,000 acres has, however, been brought under irrigation by these means.

Last comes the co-operative which provides for the actual pooling of land and its cultivation on a collective basis. It is the policy under both the First and Second Five Year Plans to encourage such societies, in the belief that co-operative farms offer the best hope of securing the technical advantages of largescale farming, while eliminating the large private land owner and retaining the personal interest of the small cultivator. They are also looked upon as the most effective way to settle refugees, former landless labours or nomadic tribes on the land. The Government of Bombay has promoted this policy with some caution. About 300 experiments have been made, and of these 25 have been selected as pilot projects for the Second Five Year Plan, and will be eligible for loans, covering such ventures as pumps, processing plant or poultry units, and for the services of a trained manager. Experience with the various groups of people with no previous roots in the soil is regarded as of little general application. The test of the method will be when it is voluntarily and successfully adopted by ordinary farmers.

Experience so far is sufficiently interesting and unique to justify some examples. The settlement of landless labourers has gone through several stages. Land was first given outright to individuals, but it was usually of inferior quality and the men were without experience or education. Mortgage and sale were forbidden or many would have parted with the land for ready money. As it was, many abandoned land, which they

had neither the skill nor the implements to cultivate. The next stage was a joint farming co-operative, which in some cases succeeded but more often failed, as the payment of wages at standard rates usually wrecked the society financially in the first few years. (Lower wages would have shaken the prestige of the members, and in any case they could earn standard rates from nearby farmers.) Most societies at this point became joint tenancy societies, each member renting a plot from the society and cultivating it as he chose. The profits may be small, but the status of independent cultivator has been achieved, and there is an alternative to wage labour even if this continues as a supplementary source of income.

Where success in fully co-operative farming has been achieved, it is generally traceable to the leadership of one man. This is certainly true of the group of about thirty former landless labourers near Poona which made little progress until an able and enthusiastic manager was appointed. Since then it has flourished. All land is worked collectively, the plan for the coming days being settled at a weekly meeting followed by a common supper. Thereafter, a list of duties and names is displayed every evening. There is some specialization—foreman, tractor-driver, tally-keeper, those who take produce for sale to the nearby market. Weekly wages are paid. They are above the local level and have been doubled by the year-end bonus. Reserves are being built up, and loans from various governmental sources, serviced and gradually, repaid. The farm is on good, largely irrigated land and grows sugar-cane, sorghum, maize, lucerne and a variety of vegetables.

An example of a co-operative farm formed by the pooling of

existing holdings is Rasulabad in Baroda, where a group of 28 families (not the whole village), led by a resident medium land-owner, have agreed to cultivate their land in common. First charges on the income of the farm thus created are (a) rent of 6 per cent. on the value of land surrendered; (b) wages above the standard rate and graded according to occupation; (c) food supplies according to family means; (d) 6 per cent. interest on shares, most of which represent contributions in implements or draft power (milch cows are owned by individual families). Any profits after meeting expenses and contribution to reserves are divided, 40 per cent. in proportion to rent and 60 per cent. in proportion to labour. This society has been running for about five years; it has made considerable improvements, including a new well, lift irrigation and tractor. Productivity of the soil and earnings of all concerned have increased, and much stress is laid on mutual aid, absence of caste distinctions, social services and a neighbourly spirit.

Examples of co-operative use of land in rather different circumstances are (i) a joint tenancy society established by a group of mill hands in order to rent marsh-land for paddy cultivation, a group which has developed a good deal of cohesion and wider social aspirations; (ii) co-operative farming of land owned by small cultivators, who have migrated to the mills of Bombay leaving their land inadequately cultivated by members of their families; and (iii) the attempt (still in the initial stages) to settle some of the nomadic cattle-breeders of North Baroda as agriculturists. Backward tribes in jungle areas, on the other hand, are being organized to carry on co-operative forestry in

which government will be a recognized partner.

Because Indian economy is in a state of transition, there still exists a great volume of hand industry, particularly in textiles, but also in the working of wood, leather and metals. This meets the needs of villages remote from modern industries, and in the aggregate gives much employment often where it is most needed. It is, however, increasingly threatened by large-scale mechanized industry in the same fields. It is the present policy of the Indian Government to preserve the hand processes as long as may be, partly for ideological reasons, partly to stave off unemployment in the smaller communities. For this reason, co-operation has been applied, together with fairly liberal grants from the All-India Handloom Board and other sources, to the organizing of societies of weavers, tanners, carpenters and others. There are nearly 500 weavers' societies with some 65,000 members, organized in district associations, the main business of which is the supply of yarn to their members. Marketing was carried on successfully during the Second World War when textiles were scarce, but has declined since machine-made cloth became abundant. At the same time payment for yarn has fallen into arrears and many of the associations are in difficulties. The Provincial Industrial Co-operative Association of Bombay exists largely to find a market for textiles and other products, in some cases by way of government contracts. The efforts to save hand industry, especially weaving, has brought in a number of philanthropists, trained technicians from the universities and representatives of government departments, thus giving a special

character to co-operation of this type. In addition to the hand workers' or cottage industry co-operative, a limited number of industrial workers' co-operatives exist which are carrying on machine industries. Examples are the two rayon weavers' co-operatives in Bombay city, formed on a recognized European pattern to take over small but reasonably modern factories which would otherwise have closed down. There are also a certain number of labour contracting societies including one of dock porters who pool tips, provide minimum pay for idle seasons and run a canteen and other modest amenities for their members. Others take government contracts for road building and repairs.

Bombay has a long coastline and fisheries, with primitive equipment and under the usual conditions of debt-bondage to merchants, money-lenders and the owners of boats and gear, are carried on at many points. Recently co-operation has been introduced. It began with credit, but with increasing government aid and initiative, both technical and financial, supply both of fishing and domestic requirements, transport, storage and marketing have been introduced. The latest step has been towards modernizing the industry. Boats are usually owned and sailed by crews of six to eight men, and these have been supplied with diesel engines on joint and several guarantee. Net and gear are also supplied and a cold store has been built on the coast at which auctions are held, attended by merchants selling on the Bombay market.

The rapid growth of population in Greater Bombay and, to a

lesser extent, in Ahmedabad, have produced formidable demands for housing. Over 900 co-operative housing societies have been formed among various classes, from professional people to backward communities. Difficulties have remained great, not least the high cost of building and the lack of adequate finance. The latter has been to some extent supplied in the last few years by the Bombay Co-operative Housing Finance Society with access to government funds, but the rate of interest remains as high as 9 per cent. Added to this is the frequent instability of member-tenants and the difficulty of securing regular collection of rents. Upwards of 10,000 dwellings have, however, been built and occupied.

The Bombay Provincial Co-operative Institute was formed in 1918 as a voluntary central organization primarily concerned with co-operative education. Its principal training college at Poona was reopened as a government institution in 1947 and now serves as the All-India Co-operative College preparing young officers of the Co-operative Department for service in the greatly extended co-operative movement foreseen by the Five Year Plan. The institute continues to focus and represent co-operatives and to organize periodical conferences.

2. Madras

The State of Madras, before the separation of Andhra, accounted for more than a quarter of the co-operative membership of India; even to-day it has more co-operative members than any other state. In the number of villages to which co-operatives are available (68 per cent. of the total) and the proportion of the rural population (21 per cent.) whom co-operation serves, it resembles

Bombay and the Punjab. The co-operative financial policy of the states has, however, been different. Where Bombay has built up a state bank which has attracted a considerable volume of deposits but has also made a wide use of advances from governmental sources, especially in the last few years, the strength of Madras lies, as did that of the undivided Punjab, in the central banks, which have the highest average of share capital and deposits in India, in the successful development of land mortgage banks and the relatively large volume of medium-term credit which even primary societies have been able to provide. Madras has also had considerable success in building up urban co-operative institutions, including housing and cottage industries. Though Madras has by no means rejected state aid, either in administration or in advances from the Reserve Bank, the emphasis is on steady development on traditional lines, and any rapid advance through "state partnership", as advocated in the Report of the Credit Commission and in the Second Five Year Plan, is viewed with some caution.

Credit and Banking

In 1954, after the separation of Andhra, there were rather over 10,000 agricultural credit societies with just under a million members. The great majority of these societies, together with co-operatives for other purposes, were members of 16 central co-operative banks, which in turn were members of the Madras State Co-operative Bank, with a working capital of some £4,500,000, of which 70 per cent. was in the form of owned capital or deposits. The greater part of this capital is used to make loans through the

central banks to the primary credit societies, but some 30 per cent. is used to finance other types of co-operation, notably marketing and weavers' societies, either directly or through the central banks. At one time much capital was tied up in the financing of procurement, but this has tapered off with the end of rationing and of many of the less securely based consumers' societies. The central banks have not themselves engaged in trade.

The central banks still have a minority of individual members, many of whom are substantial depositors, but advances to individuals would appear to have been kept within close limits. More recent developments have been, on the one hand, very short-term advances on crops (enabling money to be turned over more than once in the course of the year), and on the other, the increase in medium-term loans for purposes of land improvement, irrigation, the building of houses and barns and the purchase of livestock and implements.

The first land mortgage bank in Madras State was founded in 1925. The movement received encouragement from the recommendations of the Royal Commission of Agriculture, and in 1929 the Madras Co-operative Central Land Mortgage Bank was formed, with the object of financing primary land mortgage through the issue of debentures. These, which were originally for 10-15 years, are now for 20 years and carry a state guarantee of the total amount; 20 per cent. is held by the state bank and 20 per cent. by the Reserve Bank of India, so the financial as well as the administrative help received from official sources has been considerable. The method is first to issue loans with the aid of a cash credit limit

sanctioned by the State Government, and accumulate mortgages on the security of which debentures can be issued. The Registrar of Co-operative Societies is a trustee of the bank. It has a limited number of individual shareholders, in addition to the 73 primary land mortgage banks. These exist mainly to collect, check and forward applications for loans to the central bank. They have not accumulated substantial funds of their own. Loans are for a period of 20 years and are mainly for the discharge of former debts, land purchase or land improvement. The rate of interest is 6½ per cent. The bank has just celebrated 25 years of successful activity and its directors do not appear disturbed as to the possible effects of land reform on mortgage credit.

Marketing and Processing

Madras has made remarkable progress in the co-operative handling of milk, with 20 milk supply unions centred on the larger towns and drawing supplies from 560 village supply societies. The largest is the Madras Union, which draws on 150 village societies and a few individuals. The village societies are responsible for bringing milk (together with eggs) twice daily to the roadside, where it is picked up by the union's lorries and brought to Madras, where it is weighed, tested in the union's laboratory, pasteurized and sold to the public either through retailers or by house-to-house delivery. The union has also held the contract of supply to all state hospitals but has recently come into competition with the Government of India's "toned" milk scheme, which is not, as in Bombay, run through a co-operative organization. The government is now being urged to support the establishment of a

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co-operative powdered milk factory, which could take care of surplus and replace milk powder now imported. The union has built buffalo sheds at many of the villages near Madras, as well as concrete milking platforms which conduce to cleanliness. It keeps a watch on the methods of the village societies and maintains a mobile veterinary unit and six veterinary first-aid posts. Cattle feed is on sale to supplement natural pasture. It has acquired a tract of land on which dry buffaloes are kept for a small fee, fed, mated with a good quality bull and returned to their owners when coming into milk. It has taken over two "Key Village" farms, sponsored by the Government of India, and has an artificial insemination unit at each. Superior cockerels are supplied to poultry-keeping members and a hatchery has recently been opened.

Dairy unions centred on other cities are on a smaller scale, but are successfully supplying to the general public and on government contract to hospitals and other institutions. Many of them run milk-recording and cattle-breeding schemes, and there are several cattle-breeding co-operatives not directly connected with milk unions.

An interesting and comparatively recent venture is the establishment of the Nilgiris Co-operative Marketing Society. In the Nilgiri Hills land above 5,000 feet was first opened to tea-growing by European planters, but much is now also cultivated with potatoes and to a lesser extent other vegetables by comparatively small proprietors and tenants. This industry is encouraged by the presence of a governmental experimental station producing improved seed with the collaboration

of selected growers, and by a programme of soil conservation by means of terracing which holds back soil—and also fertilizers—which would otherwise wash away in disastrous gullies. The marketing society is, in fact, a sale and purchase society supplying implements and fertilizers, the latter on a controlled credit scheme through 36 selected rural credit societies, and marketing potatoes and other vegetables. It does not at present handle more than 5-10 per cent. of the potato crop of the region (many members of credit societies take loans in cash or kind and sell their crop elsewhere) and it is meeting with the usual difficulties—the hostility of merchants, going as far as threats of violence, the difficulty of securing honest and competent subordinates and the problem of shipping space on the railway to Calcutta, where most of the crop is marketed. A small part of the produce is sold by auction, but the bulk of the crop is sold on commission, each lot separately, to a market selected by the grower. Vegetables are exported to Ceylon.

This venture, though by no means unsuccessful, illustrates many of the difficulties which confront those marketing agricultural produce by co-operative methods in India. At present the men responsible tend to be government officials rather than men with business experience, and their task is not easy. The move away from simple lending towards a more economic handling of the requirements and products of agriculture has undoubtedly been right, and as experience is gained, the task is likely to become easier.

The formation of multi-purpose societies so strongly advocated in India a few years ago, never went very far in Madras, but in 1950 the government transferred the

distribution of chemical fertilizers and iron and steel for agricultural purposes from the Department of Agriculture to the co-operatives. Use was made of the war-time consumers' wholesales, marketing federations and some 2,000 primary societies, most but not all of them credit societies. The monopoly character of this arrangement has since been modified, but a beginning has been made in raising the standards of farming by co-operative action and in linking loans with the actual distribution of a needed commodity. There is a small group of Agricultural Improvement Societies which distribute requirements and in some cases run experimental farms. Some of these are of long standing.

Co-operation for the actual cultivation of land has been approached with even more caution in Madras than in other parts of India. Village co-operatives in a number of selected districts have been encouraged to take over government waste lands and sublet it to their members for cultivation. Government loans are made, more especially for wells and pumps. The aim is an extension or enrichment of existing village land. There are also about forty new co-operative colonies of which about a quarter consists of ex-servicemen. All are in effect joint tenancy societies with co-operative services and no pooling of land is involved. One, in the neighbourhood of Trichinopoly has 85 members, all previously unknown to one another. A new and pleasant village has been built and gardens and orchards planted. Each family has its own plot of irrigated paddy land. Co-operative marketing and co-operative purchase of agricultural requirements is taken for granted, a co-operative store is only partially used, but the amenities—school, playground, village hall, dispensary—have

been provided by the colonists themselves. Not all colonies have been equally successful, sometimes no doubt for personal reasons, but also because the land made available was inferior or the water supplies inadequate, but some of these where the struggle has been hard have persisted and may yet make good.

In the industrial field, the most distinctive contribution made by Madras has perhaps been in the organization of handloom weavers though recently this has become so heavily subsidized and controlled by government as to take it rather outside the ordinary co-operative field. During the war and the years immediately following, mill-made cloth was scarce and strictly controlled. The handloom industry filled the gap and was relatively prosperous, the co-operative movement among weavers grew, and at one time there were over 1,000 societies with a total of 2,21,000 members. As controls of mill-made cloth were relaxed and supplies became available at lower prices than the hand-made article, demand for the latter fell away. Accumulated stocks had to be sold at low prices and a number of co-operatives ceased to function. A temporary government relief scheme was introduced, followed by what is known as the Cess Fund Scheme, by which hand-loom weavers are assured of a subsistence wage and continuous employment, while responsibility for marketing the cloth is transferred to the co-operatives. The value of share contributions was advanced by government to those, who were not already members of co-operatives. Loans were also made through the Madras State Co-operative Bank for the purchase of yarn and the payment of minimum wages by weavers' co-operatives and their possible trading losses have been guaranteed

by government. Certain forms of production or proportions of general manufacture are reserved for the handloom industry.

The Madras State Handloom Weavers' Co-operative Society has been reconstituted after the separation of Andhra and now federates 802 local societies. It runs 4 collective weaving centres, 2 handloom factories, 4 dye factories, a screen printing factory and a spinning mill. Its main function is to supply yarn (machine spun) to the local societies, who give it out to their members, later paying for the length of cloth woven. Much is then sold locally, sometimes with the assistance of marketing officers from Madras State Society, but about a quarter of the output is retained for marketing by the State Society itself, either in India or through export to other Asian countries and to the United Kingdom, the U. S. A. and West Africa. Plans for the further rehabilitation of the industry, to be financed from the Cess Fund, are under way, but it may be wondered how long it will be possible to preserve the handweaving of utility cloths, which the machine can produce better and more cheaply. Some of the plans for power-loom weaving as a cottage industry and the conversion of handloom factories to industrial co-operatives seem to converge upon a more economic solution of the problem in the future.

Other industrial productive societies have not been faced with quite such problems of basic economic change and co-operatives of printers, metal and leather workers, mat and basket makers carry on healthy, if unspectacular careers.

The consumers' co-operative movement has been mentioned. The Triplicane Urban Co-operative

Society of Madras has long been known as perhaps the most successful example of consumers' co-operation in Asia. The more recent and very numerous stores hastily formed to handle controlled commodities during the war are unfortunately disappearing almost as rapidly, a process which the State and District Wholesales, themselves improvisations with little business experience at their service, have been unable to resist. Something, no doubt, will remain. The sale and marketing co-operatives of the larger villages may in time develop a domestic consumers' branch, and what has been achieved in Madras can be reproduced in other cities. The obstacles, apart from lack of business experience, are the universal credit-taking of consumers and the reliance of private traders on family labour and the narrowest of margins.

Urban co-operative housing has a more encouraging record. There are in the state over a hundred building societies. Those of the most elementary type simply provide loans in order that their members may build houses for themselves. The housebuilding society, of which there are 39, buys the site for a co-operative colony and undertakes the building of houses as agent on behalf of members. A number of suburban settlements have been built in this way. A third type, described as a "house construction society", is one in which the society buys the site, builds the houses and rents them to members on a hire-purchase system by which ownership is transferred in twenty years. Some of these are organized and financed by mill-owners on behalf of their workers, but others have a middle-class membership and build comparatively large houses of a high standard. The "co-operative

township" goes one step further and provides civic amenities for the colony.

This does not exhaust the list of co-operative activities in Madras. There is a substantial insurance development. Much is being done to improve the condition of fishermen on the long coastline of the state and of ex-toddy tappers thrown out of work by prohibition. Co-operative education is carried on through a central institute and four regional institutes, now about to be woven into the general government scheme for increased co-operative training. The Madras Co-operative Union is the long established non-official centre of the movement and the monthly *Madras Journal of Co-operation* one of the most thoughtful and informative publications of its kind.

3. Uttar Pradesh

Uttar Pradesh can claim a larger number of registered co-operative societies than any other Indian State, but the movement, in its traditional form as a provider of rural credit, has not yet achieved the scope, stability or vitality at which it has aimed. Thirty years ago, it narrowly escaped complete collapse and had to be carefully nursed back to solvency. Circumstances may well have been unfavourable. The state, or at least its main region, the Gangetic Plain, is densely populated, holdings are very small and until the last few years systems of tenancy prevailed which left the cultivator without capital, without property on which a loan could be secured and with small incentive to attempt any improvement. The system of tenure is in process of reform, though nothing like widespread peasant proprietorship has yet been achieved. One striking and

instructive piece of large-scale co-operative organization has been in the marketing of cane, and other forms of marketing and processing are becoming more widespread. The influx of refugees into the north, coupled with government's insistence on extending agriculture to any land which may be regarded as cultivable, has resulted in some new and interesting forms of co-operative land use.

There are some 25,000 primary agricultural credit societies in the state, perhaps one in every fourth village, with nearly 1,000,000 members. There are some 60 district or central banks and a State Co-operative Bank formed in 1944. Most of the primary societies have been converted, at least on paper into multi-purpose societies, but their main business continues to be the provision of credit, not all of it productive. During the control period, they handled domestic requirements such as cloth, sugar, salt and kerosene, but now that control has ceased they handle little beyond fertilizer and seed (the latter as part of the government scheme for improved strains), while serving as organizing points for other projects of agricultural improvement. Their resources, however, are limited, with an average working capital per society less than one-fifth of that in Madras and one-eighth of that in Bombay. The central banks, similarly, are operating on much smaller resources, and the state bank, in spite of considerable government shareholding, has yet to reach the position in which it can fully serve its affiliated societies. It has been fairly heavily involved in the finance of marketing and land reform, while providing relatively small sums for purposes of rural credit. As the Reserve Bank

points out in its report for 1950-52, "even assuming that all the loans given to central banks and banking unions were passed on to village credit societies, it may be seen that accommodation for purely agricultural purposes is far less than the total of all other advances made. The Uttar Pradesh Co-operative Bank needs to be strengthened both regarding finance and co-ordination by such measures as further augmenting of share capital, better liaison and consultation with central banks and the provision of better guidance to them."

The cane co-operatives of Uttar Pradesh, on the other hand, are a highly successful group. Initiated in the mid-thirties, they have made rapid progress, and in 1952 supplied 91 per cent. of the cane crushed by sugar mills in the state. They had 1,300,000 members and sales of £24,000,000 which considerably exceeds the value of goods sold by all other Indian marketing unions. The development has not been wholly voluntary, for the state government passed legislation giving power to regulate the distribution, sale and purchase of cane in the more important cane-producing regions, appointed the co-operatives as its agents and made regulations by which non-members sell through the co-operatives. The societies themselves have been placed in charge of the Cane Development Commissioner acting as Registrar for this type of co-operatives alone. Cane-marketing societies—called unions—are relatively large. Each is centred on a sugar factory, not as a rule co-operative, and may cover as many as 200 villages. In the early stages at least they were mainly run by government officials either under direct orders or seconded to the unions. Before the crushing season begins the crops are surveyed, a delivery rota

prepared and members notified in advance of the day on which they should bring their cane to the factory. At the weighbridge, the representatives of the co-operative are present to check weights and record supplies. There is also supervision at the time of payment.

The cane unions make advances to their members, distribute improved seed, fertilizers and implements and undertake the building and repair of irrigation wells, road building to facilitate cane deliveries and welfare work including the provision of schools and dispensaries. There is a Co-operative Cane Unions Federation, which represents common interests, fosters good relations with the sugar factories and acts as wholesale agent for fertilizers.

Ghee societies are more numerous than the cane societies, but with a smaller membership and very much smaller turn-over. In addition, there has been in the last few years a fairly rapid growth in dairy societies selling milk to the larger towns on lines similar to those already described for Madras.

Uttar Pradesh can show considerable co-operative initiative in the organization of land use. Tube-well co-operatives run into several hundreds, though the cost of boring and of installing and running engines is proving more than was expected. Over 600 co-operatives have embarked upon the voluntary consolidation of holdings. In addition, there are 104 co-operative farming societies, of which the majority are engaged in joint farming of land which remains nominally the individual property of members. Many of these are refugees from Pakistan. There is an average membership of about 32 families, mostly skilled

agriculturists, and the average size of farm is about 450 acres. Most of the settlers brought capital. Jungle land might be bought and allotted on paper in accordance with the amount of capital contributed, though there would be no actual division. In one case jewellery was sold when more capital was needed to buy tractors. Another society was formed by ex-servicemen, who began by running a transport service with reconditioned army lorries till they had accumulated sufficient capital to buy jungle land and equipment. Another group was political in origin. Most of these societies have received short-term loans from co-operative banks, but neither long-term loans nor subsidies have been easily available, and on an average they have provided 48 per cent. of their working capital, a highly creditable figure. In most cases clearing and reclamation was necessary before farming could begin (except in large-scale colonization schemes, where this is undertaken by government). Members all work on the farm and receive wages, sometimes in two grades, literate and illiterate, sometimes on a more elaborate scale, ranging from manager to unskilled worker. Produce for household use is supplied according to need, and surplus, after substantial provision for reserves and expansion, is distributed in proportion to land allocation. The method of work and supervision varies, one device being to divide the land into sections and make a related or at least friendly group of families responsible for each section. Though the weather during the first years of operation has not been favourable, crop yields are said to compare well with those of individual holdings in the area, and some co-operative farms earned substantially. A

good deal of land improvement, mostly by way of irrigation, has been carried out, though more needs to be done. Most colonies have social as well as agricultural aims and have made provision for health (especially in malarial regions), schools, community halls and in some cases, where no religious differences exist, for common messes.

In addition to the joint farms formed by new colonies, there are in the southern part of the state a group of co-operative farms based on settled villages. The region is on the whole arid and therefore poor. In each case land is owned by villagers but has been too heavily infested with kans grass for years or generations for cultivation by bullock ploughs. After the eradication of kans grass by government tractors, the land is cultivated co-operatively, although members do not surrender the individual holdings, which have never gone out of cultivation. Rent is paid according to each family's right in the pooled land, and there is interest on any capital contributed. Advances are made for labour, but there is usually no regular wage, though the final surplus is divided in proportion to work done. In some of these co-operatives, landless workers have been employed and later given nominal holdings entitling them to membership. In others, owners who had not been cultivators have begun to take their share in the work after realizing that labour was bringing a higher return than ownership. The co-operatives have in most cases carried out economic or social improvements, such as road making and the sinking of tube wells. Unfortunately, the kans grass tends to recur after a period of years and cannot be eradicated without further tractor ploughing.

which the co-operatives cannot provide with their own resources.

Land colonization is also in a measure co-operative. A good example is the colonization of the Terai, the sub-mountain region at the foot of the Himalayas. When work began in 1950, most of this area was covered with dense jungle. It was swampy, malarial and full of wild animals. It was uninhabited except for a few villages of primitive people. The Central Tractor Organization of the Government of India was sent in to clear the jungle, carry out deep ploughing for the eradication of kanks, build roads and begin the regulation of water courses. Tube wells were sunk for agricultural purposes and artesian wells for the supply of drinking water. At the same time, anti-malarial units were set up and by house-spraying and the use of paludrine have reduced the incidence of the disease from 38 per cent. of the population to less than 4 per cent.

The land was originally intended for settlement by ex-servicemen, but was later thrown open to other groups. All are settled in villages and each village is restricted to a single type of settler. Peasant refugees from the Punjab have been the most successful, but many groups of ex-servicemen and former landless labourers are doing well. Holdings are from 15-20 acres for which rent is paid to the government. Single-roomed permanent houses are provided, to which the more energetic colonists have made their own additions. In some cases a loan is provided and the colonist builds his own house. Loans are also made available for the purchase of implements and bullocks and for maintenance until the first harvest.

Every settler who is allotted land is required to join a land settlement co-operative society. Of these there are now 122, together with 3 Land Settlement Co-operative Development Unions. The services provided are loans (financed by the union which in turn draws on the government), supply of feeds and fertilizers and tractor ploughing. Marketing is intended but has not so far been carried out on any substantial scale. A consumers' store is provided in most of the new colonies, generally by the Development Union. It may be the first shop to open in a new colony, but private traders are not excluded and competition develops later. It appears, indeed, to be a feature of the whole scheme that, though membership of a land settlement co-operative is compulsory, use of its services is not. Nor are these services comprehensive. The co-operative element, in fact, is no more important, perhaps less important, than in many settled village communities.

Recommendations of the Rural Credit Survey

It is now instructive to return to the recommendations of the Rural Credit Survey. It should be remembered that the Survey was concerned with agricultural credit as a whole and not solely with co-operative credit. There are, in consequence, a number of recommendations which deal with the improvement of general banking facilities outside the larger towns.

On the co-operative side, the basic recommendation is for what the report calls "state partnership" in all or the greater majority of co-operative institutions. This is to be both financial and administrative. Taking finance first, the report envisages several sources of state credit, some already existing,

like the Reserve Bank of India, and the funds, largely intended for relief purposes and the modernization of primitive peoples handled by the Ministry of Agriculture, some still to be created, through institutions such as the National Co-operative Development and Warehousing Board (which would be specially concerned with marketing and the supply of agricultural requirements) and the Indian State Bank, to be formed by the amalgamation of the Imperial Bank of India with several existing state banks, which would act as an agent of the Reserve Bank. This has now, 1956, been founded.

The system proposed is that the state bank, or the Development and Warehousing Board, should contribute to the appropriate co-operative apex organization—state co-operative bank or state co-operative marketing society—at least 51 per cent. of its capital, and should in return appoint normally not more than one-third of the members of its board, while retaining overriding powers on certain subjects. In most cases the bodies concerned would cover one state. Organizations covering smaller areas—central banks, district marketing co-operatives—would receive similar capital investments, coupled with a measure of control from the apex co-operative organization of their own state.

The way in which the system is intended to work in the field of credit is fairly clear. Certain recommendations fill out the picture. The share-holding in state banks would be raised by providing for larger investments by local societies, which in their turn would raise capital by establishing a fixed relation, as in the United States, between borrowing and share-holding. On the other hand, the present tendency of

central banks to lend to individuals, often not agriculturists, rather than to co-operative credit societies, would be firmly checked. There would be additional scope for medium-term credit. Land mortgage banks would be strengthened and linked at higher levels with other forms of co-operative credit.

On the marketing side greater innovations are proposed and steps have already been taken to bring them about. The Agricultural Produce (Development and Warehousing) Corporation Act was passed in 1956. It provides for the constitution of a Central National Co-operative Development and Warehousing Board which will be a policy-making and financing body. The functions of the Board will be generally to plan and promote programmes for the production, processing, marketing, storage, warehousing and export and import of agricultural produce through co-operative societies. In particular the Board will (a) advance loans or grant subsidies to State Governments for financing co-operative societies; (b) provide funds to a State Government or a Warehousing Corporation for financing co-operative societies for the purchase of agricultural produce on behalf of the Central Government; (c) subscribe to the share capital of the Central Warehousing Corporation or advance loans or grant subsidies to that corporation or any State Warehousing Corporation; and (d) plan and promote programmes through co-operative societies for the supply of seeds, manures, fertilizers, agricultural implements and other articles for the development of agricultural produce. It will be seen that two types of publicly-owned regional trading and manufacturing organizations are envisaged—those owned by the states in conjunction

with the Warehousing Corporation and those owned by the states in conjunction with primary agricultural co-operatives.

With regard to primary co-operatives, the report recommends that they should be larger and should cover groups of villages, and that they should have paid and, if possible, specially trained secretaries. The credit societies should concentrate on crop loans and on the development of medium-term credit. They should make loans to handicraftsmen for the development of cottage industries, but loans for non-productive purposes, social or ceremonial, should be outside the co-operative field. These should be met, it is suggested, out of some development of the traditional Indian chit fund. Marketing should be initiated experimentally, linked with credit, but the two functions not carried on by the same body. There is a plea for the extension of co-operation to farming, irrigation, transport and other services.

It is proposed that within this framework each state government should draw up its own plan of co-operative development. It is recognized that for such plans to be successful a much larger staff of trained men will be needed, and governments are urged to prepare a pool of such men who would staff their own co-operative service and could also be seconded to individual co-operatives, both regional and local. For this purpose, greatly extended co-operative training will have to be provided.

Two final recommendations are that special financial provision should be made for co-operative development in areas receiving relief and among backward peoples, and that in state govern-

ments, Co-operation, Agriculture and Industries should be grouped under a single department.

Co-operation in the Second Five Year Plan

The decision to implement the report of the Rural Credit Survey was taken at a conference of ministers in charge of co-operation in the states, held in New Delhi in April 1955. It was agreed that the long-term goal should be the reorganization of co-operative business so that within 15 years half of all rural business in credit, marketing and processing should be co-operative. During the Second Five Year Plan, it was proposed to raise the members of primary societies from 5 to 15 millions, to organize some 12,000 larger-sized societies and to raise short-term loans from £25,000,000 to £125,000,000, medium-term loans from £8,000,000 to £40,000,000 and long-term loans from £2,500,000 to £20,000,000. In addition, 1,700 new marketing societies, with sugar mills, cotton gins and other processing units, are to be organized. The Agricultural Produce (Development and Warehousing) Act has already been described.

For all these purposes "apart from the contribution which the Reserve Bank will make, the Plan provides for a total amount of about Rs. 48 crores".* It is not stated how far this expenditure (£35-40,000,000) would be contributed from central, how far from state resources, but it seems clear that the states will be expected to draw up their own programmes of development and to contribute substantially to them before the funds of the central government will be made available. Further grants have been sanctioned for the Higher Training Centre at

*Second Five Year Plan. A Draft Outline. Planning Commission, 1956.

Poona, carried on by the Reserve Bank of India, for 5 regional co-operative training institutes, and for 20-30 less advanced institutes for training subordinate personnel.

The Second Five Year Plan* looks, however, beyond the extension of co-operation in its traditional forms and puts forward some interesting if at present unrealized ideas. "So long as the small holding, often uneconomic and fragmented, remains the unit of management in agriculture, the possibilities of expanding the village economy to create adequate diversity and richness in the occupational structures are severely limited." Co-operative village management should be the goal of organization for the village economy, but a "distinction should be made between the unit of management and the unit of operation. Even when a larger area, or the village as whole, is the unit of management, for many years the common unit of operation will be the peasant holding."

It is suggested that during the transition to co-operative village management there may well be three forms of agricultural operation—individuals cultivating their own holdings, groups who have voluntarily pooled their land and lands, including commons, cultivable wastes and lands given for the settlement of the landless, which may belong to the village as a whole. "The relative pro-

portions between these sectors will be a matter for growth and development as well as positive planning. The aim would be to enlarge the co-operative sector until the management of the entire land in the village becomes the co-operative responsibility of the community."

It will be seen that the programme of co-operative development in India is a very ambitious one, and in some ways the Second Five Year Plan goes well beyond the report of the Rural Credit Survey, notably in the approach to co-operative village management. Much depends on the success achieved in the selection and training of the very large number of new men required to run the expanded co-operative movement. This will call for competence not only in elementary law, finance and administration, but in the economics and technicalities of trade and industry. It will also, since a collision with private trade and industry is almost inevitable, call for considerable attributes of character. Whether or not the new co-operative movement is to be an almost wholly official machine depends on the power to arouse effective interest among village people throughout India, at least equal to that now shown in the most active-minded villages of Madras and Bombay, the Punjab and Uttar Pradesh.

*Second Five Year Plan. A Draft Outline. Planning Commission, 1956.

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*Summary of Balance Sheet as on 30—6—'57.

Liabilities.		Assets	
	Rs.		Rs.
Paid up-Share Capital	18,17,000	Cash on hand and	
Reserve and other		balance with Banks	94,744
Funds	23,69,303	Loans to Primary	
Debentures	5,13,64,600	Banks	4,05,43,691
Deposits, Loans and		Sinking Fund Invest-	
Overdrafts	44,94,789	ments	1,66,39,437
Sundry Liabilities	9,41,652	Other Investments	29,47,727
Net Profit	1,65,665	Sundry Assets	9,27,410
Total	6,11,53,009	Total	6,11,53,009

*The figures are subject to revision after audit.

O. V. CHINNASWAMY, B.A., B.L.
Secretary.

a year and the highest bidder takes the lands on lease and do the cultivation with the help of labourers and coolies for an agreed rates of so many kottas of paddy per acre to the temple authorities. The labourers, who do the cultivation are paid only the wages at the agreed rate. The leasee knocks away the major portion of the income. But on the other hand, if in blocks of 100 acres and more co-operative collective farming societies are formed, taking these lands on lease, there is a large scope for the improvement of the land, increased income to the actual tillers and more yield to the temple. When I was talking to the Executive Officer of the Tiruchendur Temple, he said that there were two blocks—one 248.55 (classified wet) and 100 acres (dry) in Omanallur (10 miles from Tirunelveli in Tirunelveli and on a bus road) and another 100.35 acres in Shermadevi; both are leased out for 7 kottas and 9 kottas of paddy per acre respectively. But in case, they are handed over to collective farming societies (to be formed) the return can be more than 12 kottas of paddy per acre, besides the improvement of the land and added income to the workers.

The Need for Collective Farming at the Present Moment

As stated above, the lands are leased to outsiders once a year at the agreed rate of rent namely so many kottas per acre. But if they are leased out to co-operative farming societies, agricultural operations are done on a large scale introducing improved methods and machinery, all these planned out previously. As the main object of the scheme is to increase the yield of the land, and to secure better return to the cultivators, adopting improved methods of farming and market-

ing of agricultural produce, the temple and the cultivators stand to gain and get more income by the establishment of co-operative farming societies on temple lands.

It is an incontrovertible fact, that India needs an increase in the agricultural production and needs it very badly. In the First Five Year Plan, targets of increase in the production of food grains over the base year 1950-51 was fixed at 14 per cent. In the Second Plan, a further increase of 15 per cent has been envisaged and yet, the Planning Commission is not satisfied with the target figure. They would like it to be increased to 40 per cent, for not only more and more food to be found for a population increase of 1.25 per cent every year, but sizable surplus for both food and non food crop has to be grown to push up the level of nutrition, support industrial standard and to bridge the gap in the country's foreign exchange requirements.

The Congress in the election manifesto supported the view that collective farming should be encouraged. The Co-operative Planning Committee recommended that experiments should be carried on for Collective Farming on co-operative basis in select places and the Government should encourage this endeavour. The recommendations of the several committees and conferences focus our attention to the same point. The XV Co-operative Registrar's conference have also recommended to the Central and State Governments to give a fair trial for joint farming by the Co-operatives. Pandit Jawaharlal Nehru, in his reply to the debate on the Congress Manifesto at Bangalore clearly pointed out the need for organising collective farming on co-operative basis. It is, therefore, necessary that the collective

farming on co-operative basis must be tried on temple lands, wherever possible.

Recent Trends.

In recent years, the Boodhan Movement, of Acharya Vinoba Bhave, has given a new fillip to co-operative farming. No body can deny the moral grandeur of his social experiment. But the mere distribution of the donated lands to the landless cultivators is not enough, for he does not possess the means to cultivate the land as a source of wealth to himself and to the community. So the distribution of lands to the actual tillers of the soil, who happen to be landless is made conditional upon their forming themselves into a co-operative farming society under local leadership for mutual benefit.

Similarly, I happened to see a circular of the Commissioner of Religious Endowment Board to temple Executive Officers to lease out lands belonging to Temples to Co-operative Farming Societies, wherever such societies are found or where cultivating tenants are willing to form such societies and are willing to take the lands on lease. I am glad that the move is in the right direction. I foresee that large number of collective farming societies will come up soon, so that the lands may witness large improvement, cultivators may get more income and the temple may have double the return. By this process of evolution in farming, the country will be made self sufficient with regard to food requirements, which is one of the aims of Second Five Year Plan.

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Secretary.

The Press and the Movement's Policy*

By

E. TOPHAM.

Co-operative Union, Manchester.

Among the most important of the many duties assigned to the Co-operative Press, none is more significant than interpreting co-operative policy, not only in the abstract but in relation to changing times, new techniques and new opportunities. In a sense, co-operators are influenced by formal editorials and leading articles as well as by every article and illustration in the journal, the order of the articles and the emphasis within them. They are, therefore, influenced by all the contents from the pictorial cover to the final imprint.

Good Service

Co-operators in all lands are well served by the high level of technical qualities placed at the service of the Movement by devoted editors, who contribute more than their professional skill to the faithful interpretation of the manifold genius of Co-operation.

The Co-operative Press, too, is an enormous commercial asset to the national co-operative movements, because it is a fountain of ideas—sometimes contradictory ideas—constantly yielding fresh treasure (and not merely metaphorical treasures), to the Co-operative Movement, which owns or promotes the journals. Many, and perhaps most, of the improved new techniques now at the service of co-operators have been pioneered by the Co-operative Press, often in face of passive apathy.

In Britain in my own time, the coming of self-service was

pioneered by the Co-operative Press and promoted and defended until the wisdom of the change-over had been proved to be, on commercial grounds alone, invincibly correct. Thus, the British Movement is now enjoying the enormous advantage of being far ahead of its competitors in a radical transformation.

Yet Co-operation in Britain could be just as liable to conservatism, indeed more so than Co-operative Movements abroad, because Co-operation has been working over a century.

The way in which the British Co-operative Movement has kept itself up-to-date for a century has been by having a constant pulpit for new ideas in a free Co-operative Press, where even controversial ideas are welcomed and given a fair show, even when they do not arouse enthusiasm among all leading co-operators.

Liberal Policy Best

For a century, British co-operators have grown up to have at least one journal, where the clash of opinion can range from new manufacturing techniques or accountancy methods to politics and foreign affairs. This liberal policy has literally paid enormous dividends to the co-operators of Britain. Hundreds of new ideas have been controversially introduced to the most conservative people in Europe and digested soon enough to equip the Movement's trading organisations with the most up-to-date techniques of their time.

Co-operative journals, therefore, ought not simply to be organs of opinion directed by the ruling authorities. They should be open forums of Co-operative opinion. Even the most official of such organs are all the more authoritative if they contain, along with the central organisation's policy statements, a wide variety of articles and opinions, even controversial ones.

There is a sense in which, whoever, is the titular owner of a journal, its real owners are the readers. A journal ought to encourage correspondence and articles from unofficial sources. By doing so, it builds up valuable goodwill. A co-operative editor and they cannot be selected too carefully—ought to build up this quality of goodwill for the journal by consistently giving those articles and ideas which he believes will be in accordance with Co-operative policy, prosper the Movement and interest his readers.

The Official Message

Variety is one of the main things, which the Co-operative Movement should seek among its newspapers and journals, which it ought to promote *for its own survival*. Any trend towards amalgamation and uniformity should be definitely combatted, because the last place to practice rationalisation is in the field of ideas, which tend to become sparser and rarer in the climate of uniformity. A test of a journal's continuance ought to be:—Does it arouse sufficient interest among its readers? Does it evoke correspondence from its readers? Does it get and keep the services of writers, who believe in their message, however different it may be from the official message?

The official message, too, must always have its proper place in our Co-operative Press, though there is little fear that official opinion would ever be hindered by the authorities of the various co-operative organisations, who finance such newspapers and journals. The official journal, indeed, is more in danger from a monotony of "everything-in-the-garden-is-lovely" stories. Such stories, even when they are wholly true, provoke bored apathy in the readers, which not even free circulation can eliminate. The official type of journal seems to be better off not only morally but materially, when it encourages its readers to send their contrasting experiences for use in its columns. The official journal, too, is wise, if it can show, fairly, currents of opinion, which are different from the majority official view.

Not Enough Journals

But the most important duty which, in my view, the official type of journal can perform, is to be the guardian of co-operative principles and examine their 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 a few instances of the enormous services, which an official journal can perform in addition to preserving the co-operative principles. There is little doubt that the commercial consequences of disregarding the Rochdale Co-operative Principles are certain, even when they are not swift.

*Source: Review of International Co-operation, July—August issue D.D. 188-193.

I know of no country in which there are too many journals, even too many official journals and that goes not only for Great Britain but for highly Press conscious communities like Scandinavia and Switzerland. Few of them have any papers devoted specifically to certain trades like grocery, butchery, catering, or even self-service. Few of them have had enough educational journals.

The changes in technique in the retail trade at the present time consequent upon self-service and self-selection are revolutionary and Co-operative Movements in other countries are in danger of being left behind their competitors, unless they promote journals, which will analyse and present all the up-to-date information about new display methods, new advertisements, new education schemes, new equipment for store or office, new qualities of goods and what they will do and will not do, new information about automatic controls in shop, factory and office, genuine information about qualities of goods and up-to-date data in the sphere of public relations.

There is an absence, too, of journals of a democratic type dealing with the theory and practice of economics and finance. Many writers on economic matters are only capable of writing in their own poor hopeless jargon. But even these poor creatures must be protected from the fury of rationalisation. They must be given some journal, in which they can get these ideas as near as they can to plain language.

But many of these financial and economic facts, when they can be explicated, can be of real service to the Movement, and, therefore, competent journalists should always be at hand to put their ideas into clear, one or two syll-

able words without jargon, so that the French housewife, or the Czech machinist or the English shop assistant can be kept up-to-date with economic ideas.

Future Outlook

The future outlook for Co-operative policy is bright, if the changing needs of the reading public are kept in mind. Journalists ought to be quick to adopt themselves to the needs of changing times.

Undoubtedly there is the likelihood that in one part of the world after another, there will be radio and television as competitors for the readers' time. New T. V. personalities are being created (Mr. Khrushchev of Moscow is the latest in the line of T. V. idols), and the co-operative journalists ought to be quick to sense the power that resides in new media of mass-communication.

They will be all the more successful if they keep in mind that there is still no substitute for the printed word even in communities where radio and T. V. are well established. The house wife and wage earner still require the trade papers, the economists still require their magazines and Co-operators everywhere need information about the progress of their Movement.

They still need the powerful educational aids of the printed word and the photogravure magazine, they need, indeed a far wider range of publications than they are at present producing.

Internationally, the journalists' needs are equally important; the existence of the I. C. A. may depend on the extent of our Co-operative journals, which are able to bring home to the people of every land the romance and the truth of Co-operative achievements.

The Procedure for Obtaining Loans from a Co-op. House Building Society

By

SRI M. V. KUTTALAM,

Secretary.

The Thyagarayanagar & City Co-operative Building Society Ltd., No X-56.

1. **LOAN:** Five times the Share Capital (Share value; Rs. 5) Maximum Rs. 12,500 (Society's loan Rs. 2,500 plus Government loan Rs. 10,000). Loan amount in each case is fixed basing on the estimated value of the house and repaying capacity of the applicant.

2. Applicant should possess a site in any part of the City of Madras (Corporation limits).

3. The society would not press for payment of Share Capital in cash, in case the value of the site bought by the Applicant is high and would be prepared to receive the Share Capital required in the books of the society to the extent of the site value by adjustment debiting equivalent sum to the member's loan account.

4. Applicant should submit to the Society, Corporation approved plan of the house to be constructed together with Estimate (Abstract and Detailed) in triplicate. The estimate should not include cost of compound wall. (Technical Adviser's opinion is always obtained in connection with the house to be constructed on the basis of plan and estimate submitted to the Society.)

5. Site should be in the name of the Applicant and the title must be a clear one. In case a site is purchased in the name of a lady, who is not employed and as such does not have monthly steady

income, her husband (if married) or son, or sons or any male member who is/are responsible for repayment of the loan should become member(s) of the Society for joining the execution of the Mortgage deed in favour of the society by taking one share. Encumbrance certificate on the property for a period not less than 13 years, should be obtained and handed over to the Society at applicant's cost. If obtained through the Society, the member will be benefited by 50 per cent of the Encumbrance Certificate fee, provided the loan amount does not exceed Rs. 5,000. Legal opinion is always obtained from the Government Pleader in connection with the property to be mortgaged.

6. Ordinarily construction of a house is recommended to be started after the loan is sanctioned by the Government to avoid inconvenience to the member.

7. Applicant should have steady monthly income and adequate permanent repaying capacity. A Salary or Income certificate should be produced along with the application.

8. **PERIOD OF LOAN:** Ordinarily 20 years. (Reduced period—according to age and repaying capacity.)

9. Loan Application on behalf of each member is prepared and

submitted by the Society to the Deputy Registrar of Co-operative Societies, Madras.

10. Each case is further examined by the Deputy Registrar with the help of Non-Credit Senior Inspector of Co-operative Societies, Madras, and, if satisfied, recommended by him to the Joint Registrar of Co-operative Societies, he being the ultimate Sanctioning Authority.

11. After the Loan is sanctioned, the member will be asked by the Society to register the mortgage deed in favour of the Society. The Society has also to assign the mortgage right in favour of Government (Deed to be executed by 3 Directors of whom one should be the President or the Secretary or the Treasurer.) Another Encumbrance Certificate will have to be obtained from the last date of the previous Encumbrance Certificate to the date of the registration of the mortgage deed. (Registration fees for both the documents and the fee for Encumbrance Certificate will be met by the member).

12. After the registration is over, the member has to submit to the Society the two registered deeds, encumbrance certificate mentioned in the item above, together with a work-done statement in duplicate after investing the own resources amount on the construction, and applying for first instalment of Government Loan

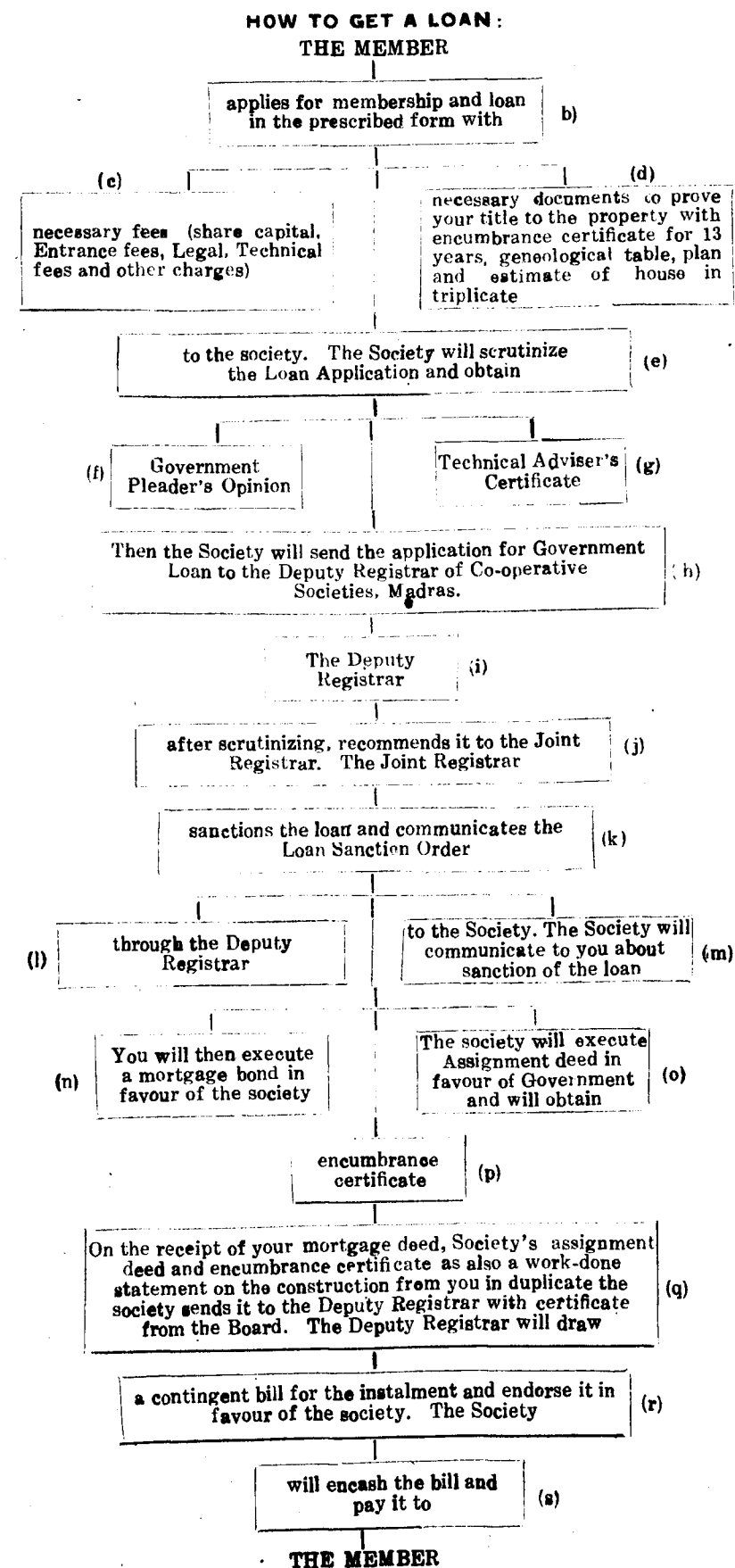
specifying the amount required. The Society after satisfying itself in all aspects will apply to the Deputy Registrar for the first instalment of Government Loan. After getting the necessary contingent bill from the Deputy Registrar and the relative cheque from the Pay and Accounts Office Madras, the first instalment will be disbursed to the member.

N.B.—(a) Each applicant has to pay 50 nP. per share subject to a maximum of Rs. 5.

(b) A loan fee of Rs. 57/50 has to be paid to the Society by each Applicant. For areas covered by S.R.O. West Madras and Sembiam the fee is Rs. 60/50 and Rs. 62/00 respectively.

(c) Loans are disbursed in instalments on receipt of work done Statement based on the Abstract estimate in duplicate beginning from earthwork excavation every occasion as and when construction progresses and after inspection at each occasion by the representative of the Society and the Government.

(d) For further particulars, please contact the Hon. Secretary.



Pandit Nehru's Plea for Co-operative Approach in Agriculture*

In his latest communication to the Chief Ministers of States, the Prime Minister has discussed the need for building up multi-purpose co-operatives, apart from joint farming. Mr. Nehru has also discussed the question of centralisation as an inevitable result of the growth of technology in a Capitalist System.

He has referred to the discussion at the All-India Congress Committee meeting about co-operatives in general and especially, co-operative farming. He says, "Everybody agrees, I take it, that the co-operative approach is essential for us in agriculture as in other matters. With the development of higher techniques, there is an inevitable tendency towards centralisation. The small machine gives place to the big machine and the big one to a bigger one still. Whether in the Governmental apparatus or in an industry or elsewhere, there is this drift towards ever greater centralisation, which has certain evil consequences. The small shops give place to the greater stores and then on to chain stores. Even newspapers develop in this way and big chains of them are controlled by a single authority. That is the inevitable result of the growth of technology in a Capitalist System.

Socialist Centralisation

"In a Socialist System, the same trend occurs, with the major difference that the control is by the State. The evils of too much centralisation are present, whether this takes place under private auspices, or the State's, though, in the latter case, they might be

mitigated to some extent. Undoubtedly, the centralisation of power, whether political or economic, lessens the freedom of the individual. We cannot do without centralisation, and yet, we do not wish to be submerged by it. The only way out of this is the spread of the co-operative method in industry and agriculture. In the Governmental apparatus, it means also decentralising many activities of the State, although, inevitably, the Central Government in the Modern State must be strong.

"In the realm of industry, there will be State enterprises and co-operative enterprises. Even the State enterprises, if they are to function with efficiency and success, cannot be tied up too much to departmental methods of working. They must be given a good deal of latitude and room for initiative.

"In agriculture, co-operation becomes inevitable. There might be the same excuse for individual farms working separately provided these farms are big enough. But whereas in India, a vast number of our peasants have not more than an acre or two, it is not possible for them to make any progress or to take advantage of modern techniques. I am not referring to what might be called mechanisation of agriculture. Broadly speaking, too much mechanisation is not a remedy in a country of abundant man-power and small holdings, but there are numerous other techniques, which can add to our production and which are quite beyond the resources of a small farmer. Under a co-operative system, where a

number of peasants band together with common purpose, these techniques become available to them. It is admitted that, in regard to numerous agricultural services, the co-operative method should be introduced. There is some argument, however, about co-operative farming.

Preliminary Step

"This argument is rather premature in India at present, because we have not even fully taken the preliminary steps towards co-operative working. Our first concern must, therefore, be to build up multi-purpose co-operatives, apart from joint farming and make them a success. It is only later that the question of joint farming arises. We cannot impose anything on our peasantry and we can only introduce these changes by their willing consent. That willing consent will only be forthcoming when they see the results of a particular method of working. If that method yields good results, then I have no doubt the farmer will adopt it."

"Personally I think that joint farming is desirable and necessary in order to yield the best results. I am not thinking of vast farms but rather of the people of a village joining together for this purpose. My conception of a

co-operative is an organisation where people know each other and have a sense of kinship.

Two Exceptions

"There are two cases, however, where it should be possible to have joint farming right at the beginning. This is where new land is reclaimed by the State and it is open to the States to settle it in any manner it chooses.

"The second is in the case of Vinobaji's *Gramdhan*. Co-operative farming could be tried there and results examined. If this succeeds there, then there will be no difficulty in spreading it elsewhere. In other areas, however, we must concentrate on the multi-purpose co-operative, which need not include joint farming."

"A co-operative is not merely some kind of a business partnership or a means of obtaining credit. It is something much deeper than that and involves a certain philosophy of life which we wish to encourage. It is only through this co-operative method that we shall raise the level of the peasantry even in cultural and like matters. The narrow parochial outlook, so much associated with the peasant, does not suit the new society, that is growing up everywhere."

Resolutions passed at the Conference of Marketing Societies held on 29-7-'57 at Senate Hall, Madras

Resolutions passed at the Conference of the representatives of
District Supply and Marketing Societies, Central Stores
and select Marketing Societies and Agricultural Banks
held on 29-7-'57 at 2 p.m. at the Senate House, Madras.

Subject No. 1.

Arrangements to be made for the distribution of chemical fertilisers in the Community Development and National Extension Service areas, and in other areas, with reference to the revised policy of the Government, communicated in G. O. No. 1908, Food and Agriculture dated 21-6-1957.

Resolution :

1. While thanking the Government for entrusting the entire distribution of chemical fertilisers in the development blocks to the co-operatives, the conference requests that the quota available for distribution through co-operatives in the non-development blocks should not be reduced below 50 per cent.

2. Resolved that the District Supply and Marketing societies, Co-operative Central Stores and the Tanjore Co-operative Marketing Federation may distribute at least 50 per cent of the total quantity of chemical fertilisers allotted to them as wholesaler-cum-retailer, through the agency of the primaries such as marketing societies and rural credit societies reserving the balance for distribution through their own depots. In areas, where the co-operative marketing societies have been appointed as the wholesale-cum-retailer, they may also adopt this principle.

3. Resolved that in selecting primaries as agents for retail distribution, the following order of preference may be generally observed :—

Marketing Societies, Agricultural Banks, Rural Banks, Rural Credit Societies, other kind of societies including consumer stores.

4. Resolved that, ordinarily, there should not be more than one Co-operative Society for retail distribution of chemical fertilisers in one place; however, in centres where stocks of chemical fertilisers are held on Government account, the wholesaler like the Central Stores or the Tanjore Co-operative Marketing Federation, may have their own depots to sell in retail, in addition to the retail depots of private merchants or other co-operative societies.

5. As the idea in entrusting to the co-operatives, the entire distribution of fertilisers in the Development Blocks, is to enable primary village societies in these areas to establish a living contact with the members, make themselves more useful to the villagers and attract more and more people towards their membership, the conference is of opinion that in these areas, the societies which function as wholesalers-cum-retailers, should recognise, as far possible, the Agricultural Banks,

the Rural Banks, and the village credit societies, as agents for distribution instead of opening independent depots of their own.

6. Subject to availability of stock, the societies which function as wholesalers-cum-retailers, are requested to appoint primaries as agents or to open depots where necessary in as large a number of centres as possible, with a view to achieve, in due course, the objective indicated in G. O. No. 1908, Food and Agriculture, dated 21-6-'57 namely, one depot for every group of five villages.

Subject No. 2.

Review of the progress made by marketing societies and the progress in the construction of godown.

Resolution :

7. Resolved that the societies selected for intensive development should concentrate their attention in the Community Development and National Extension Service Block, that at least 50 godowns should be constructed before the end of this financial year.

8. Resolved that the processing plants should be installed accordingly to the targets fixed for the second year of the Plan.

9. Resolved to request the Registrar to examine the question of including rice hulling also as one of the processing activities to be undertaken by marketing societies.

10. Resolved to request the Registrar to secure an increase in the financial assistance for construction of godowns, on the following scale :

Rural Credit Societies	Rs. 15,000
Large sized Societies	" 20,000
Marketing Societies.	" 50,000

Subject No. 3.

Appointment of a common representative in foreign markets to safe-guard the interests of co-operative societies doing export business :

Resolution :

11. Resolved to agree to the proposal of appointment of a common representative in foreign markets and to request Government to appoint a Deputy Registrar, at Colombo in the first instance for this purpose.

Subject No. 4.

Formation of a Co-operative Society for the preparation of manure mixture.

Resolution :

12. Resolved that select central stores or District Supply and Marketing Societies may undertake the business of manure mixture for different crops such as paddy, groundnut, sugar-cane, cotton, etc., and that the Registrar may formulate a scheme in this regard, in consultation with the Director of Agriculture, if necessary.

Subject No. 5.

Sharing of the approved margin of Rs. 45 per ton, in respect of the agricultural quota of Iron and Steel between the Central Stores which are appointed as stockists and the primaries which are recognised as sub-stockists.

Fixation of transport charges from the Central Stores or the rail heads to the yard of the sub-stockists, who are stationed at non-rail head centres.

Resolution :

13. Resolved that the transport charges from the godown of the stockists to the godown of the sub-stockists may be fixed at Re. 1

per mile per ton, upto 5 miles, and at annas 8 per mile per ton beyond 5 miles.

Resolved that the margin of Rs. 45 per ton may be shared between the Central Stores (Stockists) and Primaries (Sub-stockists), generally in the proportion of Rs. 20 and 25 respectively.

Subject No. 6.

Increase in the margin allowed for distribution in respect of Urea, Ammonium Sulphate, Nitrate, etc.

Resolution :

14. Resolved to request Government that the margin of

Rs. 10 per ton allowed to the wholesale-cum-retailers in respect of Urea, Ammonium Nitrate, etc., be increased to Rs. 20 as in the case of Ammonium Sulphate.

Subject No. 7.

Distribution of Cement required for agricultural purposes through the agency of the co-operatives.

Resolution :

15. Resolved that the co-operatives be entrusted with the requirements of Cement for agricultural purposes.

A. HIRUDAYASWAMY,
For Registrar.

**The Co-operative Central Bank Limited,
Vellore, N. A. District.**

Telegrams: "COBANK"

Telephone No. 52.

Share Capital:

	Rs.
Authorised	10,00,000
Paid up	4,81,050

Reserve Funds:

Statutory	3,92,090
Others	1,78,788

All types of Banking business done and every kind of deposits accepted at favourable rates of interest.

B. Bakthavatsulu Naidu M.L.A.,
President,

**Regional Conference of Land Mortgage Banks of
Nilgiris, Coimbatore, Salem and North Arcot
Districts held at Salem on 18-8-1957.**

A regional conference of Delegates, paid Secretaries, and Supervisors of Primary Land Mortgage Banks of Nilgiris, Coimbatore, Salem and North Arcot Districts was held on 18-8-1957 at Salem, Sri N. S. Ramalingam, President of the Madras Co-operative Central Land Mortgage Bank, presiding. One hundred and sixty delegates, District and Special Deputy Registrars, Co-operative Sub-Registrars for Land Mortgage Banks, and Deputy Registrars for Land Mortgage Banks, Madras and Coimbatore attended the Conference.

Welcome Address

Welcoming the delegates, Sri V. R. P. Gopal Rangiah Chettiar, President of the Salem Co-operative Land Mortgage Bank said co-operators may be proud on the prevalence of peaceful atmosphere, mutual love, harmony and healthy growth since a long time between the Central Land Mortgage Bank, Madras primary Land Mortgage Banks and the Officers of the Co-operative Department. He stressed the urgent need for an upward revision of the existing low standard of valuation of hypotheca and produce adopted by the Land Mortgage Banks, so as to help more agriculturists.

Inaugural Address

Sri K. S. Subramania Gounder, and delegate of the Trichengode Co-operative Land Mortgage Bank inaugurating the conference, suggested that more loans could be advanced by revising upward the basis of valuation of lands and by the Government expediting the survey and settlement of Mitta

and Zamin lands. He held that short term improvements to lands were best done with the aid of takkavi loans and wanted the Revenue Recovery Act to be amended to do away with the excessive formalities in granting them.

Presidential Address

In his presidential address, Sri Ramalingam said that it was disquieting that the actual disbursement of all the Land Mortgage Banks was 15 per cent below the target fixed. Salem, North Arcot and Nilgiris districts did poorly, the percentage of disbursement to the target being only 68.9, 87 and 49 respectively. A deputation consisting of the members of the Board of the Central Land Mortgage Bank had recently waited on Sri R. Venkataraman, Minister for Co-operation and had represented the case for a reduction in the interest rate on Government advances to the Banks as well as for an outright subsidy. As regard the proposal to canalise all Government advances to agriculturists through cooperatives, the scheme was introduced as an experimental measure, in the firkas of Srivilliputtur, and Erode and its extension depended on the success in the above two places.

The President announced that from this year, it was proposed to award two shields for the best working bank, one at the district level, and the other at the State level.

Regarding valuation of lands, Sri Ramalingam said that the Government were not willing to

revise upwards the basis, as it was widely held that land reforms like the grant of 60 per cent to the tenant, had greatly reduced the saleable price of lands. He drew pointed attention to the default of closed loans, which stood at above Rs. 5 lakhs for all the banks and urged the delegates to collect them.

Mr. P. B. K. Raja Chidambaram, Vice President of the Madras Co-operative Central Land Mortgage Bank, initiated a discussion on the below-par performance of the banks. Messrs. O. V. Chinnasamy Naidu, Secretary of the Central Land Mortgage Bank, T. V. Ratnam and K. Venkata Rao Mudaliar, Deputy Registrars respectively for Land Mortgage Banks, at Madras and Coimbatore, R. S. Veerappa Chettiar, President, The Dharma-puri Co-operative Land Mortgage Bank, D. Krishnamoorthy Gounder, President, Krishnagiri Co-operative Land Mortgage Bank, V. Damodarasamy Naidu, Vice-President, the Peelamedu Co-operative Land Mortgage Bank, P. G. Sivasubramanya Iyer, Treasurer, Perundurai Co-operative Land Mortgage Bank, K. S. Rangayya Gounder, Kamblampatty, H. B. Boja Gowder, Nilgiris, M. Natesan

President, Ambur Land Mortgage Bank, N. Arunachala Udaiyar, Salem, Kandasami Gounder, Gobichettipalaiyam and others participated in the discussions.

The conference fixed the following targets for the year 1957-58:—Salem Rs. 9,10,000; North Arcot Rs. 10,10,000; Coimbatore Rs. 14,40,000; and Nilgiris Rs. 1,00,000.

After considering the resolutions moved by the primary banks, the following, among others, were passed at the conference.

It was resolved to request the Government to channel all their loans to agriculturists through the Co-operatives and to grant loans to them at concessional rates and to amend the Land Mortgage Banks Act and by-laws suitably, treating loans advanced for land improvement as the first charge on the hypotheca and to revise the basis of valuation of lands and income. It was also resolved that the fixed travelling allowance should be enhanced to the Supervisors and medical and educational concessions should be given to the employees of Co-operative institutions as in the case of N.G.Os.

G.O.'s AND CIRCULARS

G.O.'s and Circulars

RULES UNDER THE MULTI-UNIT CO-OPERATIVE SOCIETIES ACT (VI OF 1942)

Rules

*S. R. O. 1799—In exercise of the powers conferred by Section 6 of the Multi-Unit Co-operative Societies Act, 1942 (VI of 1942) the Central Government hereby makes the following rules:

1. *Short title*: These rules may be called the Multi Unit Co-operative Societies Rule 1957.

2. *Definition*—In these rules, unless the context other-wise requires,—

(a) 'Act' means the Multi-Unit Co-operative Societies Act, 1942;

(b) "Central Registrar" means the Central Registrar of Co-operative Societies appointed under Section 4 of the Act;

(c) 'Scheme, means a scheme prepared by the Central Registrar under sub-section (2) of section 5A of the Act and approved by the Central Government;

(d) 'Society' means a Co-operative Society to which the provisions of the section 5A of the Act apply.

3. *Copy of scheme to be forwarded to the society*—The Central Registrar shall forward a copy of the scheme to the President of the Society with the direction that the scheme may be placed before a meeting of the general body of the society specially convened for the purpose.

4. *Issue of notice to members etc.*—(1) The meeting referred to in rule 3 shall be convened not less than forty days after the date of the issue of a notice—

(a) every member of the society;

(b) every creditor of the society; and

(c) any other person, whose interests are likely to be affected by the proposed reconstitution, reorganization or dissolution, as the case may be, of the society.

(2) Every notice under sub-rule (1) shall be in writing, shall specify the date, hour and place of the meeting and shall be accompanied by a copy of the draft scheme and be sent by registered post acknowledgement due.

5. *Right of member*—Any member of the society may, not withstanding, anything contained in any rule or bye-law of the society, intimate to the society within a period of one month from the date of the issue of the notice to him under rule 4, his intention not to become a member of any of the new societies or to continue his membership in the reconstituted or amalgamated society, as the case may be.

6. *Right of Creditors*—Any creditor of the society may, notwithstanding any agreement to the contrary, by notice given to the society within the period specified in rule 5, demand a return of the amount due to him.

7. *Right of other Persons Interested*—Any other person whose interests are likely to be affected

*Copy of Notification of 20th May 1957 of the Ministry of Food and Agriculture, New Delhi.

**THE RAMANATHAPURAM
DISTRICT CO-OPERATIVE CENTRAL BANK. LTD.,**
No. 5184.

6, West Masi Street, Madurai.

TEL: { Grams: "RAMCENBANK". POST BOX No. 96.
 { Phone: 444.

Branch at: Karaikudi.

Authorized Capital Rs. 15,00,000
Paid up Share Capital Rs. 9,53,639
Reserves Rs. 7,33,718
Working Capital Exceeds One Crore

Deposits are accepted at the following rates:

Fixed Deposits: 6 months 2½ per cent	3 years 3½ per cent
1 year 3 per cent	4 years 3½ per cent
2 years 3½ per cent	5 years 4 per cent

Season Deposits for Rs. 5,000 and above for 4 months onwards 3 per cent

Savings Bank Deposits	1½ per cent
Current Deposits upto Rs. 5,000	½ per cent
Provident Fund Deposits	3½ per cent

Season Deposits are accepted at decent rates in our Karaikudi Branch
All kinds of banking business transacted.

R. Naguluswami Naidu,
President.

THE NILGIRIS CO-OPERATIVE MARKETING SOCIETY LTD.
OOTACAMUND.

SRI H. B. ARI GOWDER, B.A.,
President.

Wholesale dealers in Nilgiris Potatoes.

Number of Members:

Individuals	...	3156
Agricultural Societies	...	138
Paid up Share Capital	...	Rs. 1,05,470
Reserve Fund	...	Rs. 4,12,818
Other Reserves	...	Rs. 4,05,689
Value of Potatoes, Tea and Coffee Manure		
Mixtures sold (1956)	...	Rs. 22,89,298
Value of Potatoes sold (1956)	...	Rs. 21,25,956

Undertakes daily or weekly supplies of potatoes to
consumers' Co-operative Stores and others.

For terms, apply to:

TELEGRAMS: "COOPERATE"	K. P. RAMUNNI MENON,
TELEPHONE:	Business Manager, Nilgiris
Head Office, OOTACAMUND: 3412	Co-operative Marketing
Branch at METTUPALAYAM: 37	Society Ltd, Ootacamund.

SPECIAL ARTICLE

India

By

MARGARET DIGBY

[We have great pleasure in reproducing the article on "India" written by Miss Margaret Digby in the *Year Book of Agricultural Co-operation, 1957*. The article is an authentic and enlightening review of the Indian Co-operative Movement by a trained observer and world-renowned Co-operative writer, Miss Margaret Digby—*Edr.*]

The Indian Co-operative movement has a long history, stretching back to the earliest years of the century. It has remarkable achievements to its credit. At the beginning of 1956, there were in India nearly 127,000 agricultural co-operative credit societies, 30,000 agricultural co-operatives of other types and nearly 30,000 urban co-operatives for credit and other purposes. Rural membership stood at 5,800,000 and urban membership at 2,700,000. There was a considerable number of secondary co-operative organizations, including some 500 central banks and 22 state banks. All this is statistically impressive. None the less, there has been for several years past an impression that success has at the best been partial and that co-operation in rural India has never been the transforming force that it has been in many European and North American countries.

This can hardly be because the problems of India are unsuited to the co-operative solution. Four-fifths of its people are rural and four-fifths of these are engaged in agriculture. Holdings are small, often fragmented, and methods generally primitive. Capital is almost everywhere less than is needed. The moneylender is still ubiquitous and powerful and the methods of processing and marketing agricultural produce are, in

most respects, still mediaeval. Side by side with modern heavy industry, there are a vast number of individual handicraftsmen struggling to compete with capital and the machine.

The co-operative movement has never lacked official sympathy or encouragement. The first impulse came from the Government of India in 1904 and the Registrars' Departments, which not only register but promote and foster co-operatives, exist in every State and have in general established a notable tradition of service. They have been the model for similar departments in Ceylon, Burma and throughout the non-self-governing territories of the Commonwealth. Co-operation is certainly no less congenial to the present Indian Government, with its insistence on "the socialist pattern of society—an economic and social order, based upon the values of freedom and democracy without caste, class and privilege,"* and it has found an important place in the First and even more in the Second Five Year Plans.

It was, perhaps, the dichotomy between this sense of the appropriateness of co-operation to India and the partial or qualified nature of its present achievement that led the Reserve Bank of India in 1951 to call an informal conference of co-operators, economists and administrators and to endorse their

*Second Five Year Plan A Draft Outline. February, 1956.

by the reconstitution, reorganization or dissolution of the society may, by notice given to the society within the period aforesaid, object to such reconstitution, re-organisation or dissolution.

8. *Special meeting of the general body*—As soon as may be after the expiry of forty days from the date of the issue of a notice under rule 4, a special meeting of the members of the general body of the society shall be convened after giving seven clear days' notice to all the members; such notice shall be sent by registered post acknowledgement due.

9. *Sanctioning of scheme*—If the scheme is sanctioned by a resolution passed at that or an adjourned meeting, either without modification or with such modifications as may be agreed to by the Central Registrar or, if the Scheme is not sanctioned by the general body but on a reference made to the High Court as required by sub-section (4) of

section 5-A of the Act, the judge to whom the scheme is referred decides in favour of adopting the scheme, the Central Registrar shall take steps to give effect to the scheme. In particular, the Central Registrar shall take steps to register the new society or societies in accordance with the Law in force for the time being in the State to which its or their objects extend.

10. *Action by Registrar in certain cases*—Notwithstanding anything to the contrary contained in any rule or bye-law governing the society, where the Central Registrar is satisfied that the President of the Society has failed to convene a special meeting as required under rule 3, the Central Registrar shall convene a meeting of the general body of the society after giving notice of fourteen days to all members and creditors of the society and to other interested persons and thereupon the provisions of rules 5 to 9 shall apply accordingly.

RURAL CREDIT SOCIETIES—RETENTION OF CASH BALANCES—INSTRUCTIONS

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

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

Re. No. 198316/55-B.

Dated 9-7-57

SUB:—CO-OPERATIVE SOCIETIES—Rural Credit Societies—
Retention of cash balances by office-bearers—Verification
by Supervisors during visits and furnishing quarterly
certificates to Central Banks—Instructions issued.

Recently an instance came to the notice of the Registrar, where the President of a rural credit society retained heavy cash balance without remitting it to the Central Bank, though the society was in heavy arrears to the bank. When this irregularity was pointed out to the President of the society, he pleaded that

there was no cash balance with him and that as he wanted to make a lumpsum remittance into the financing bank, he had issued receipts for the amounts entered in the cash book even before the moneys were received by him. It was not proper for the President to have issued receipts before the actual collections were made as

the bylaws of the society clearly lay down that receipts shall be issued only for collections actually effected. Such irregular practice of issuing receipts before actual collections and retention of heavy cash balances by societies will lead to frauds.

2. In order, therefore, to deprecate such practices on the part of office-bearers of rural credit societies, the Registrar has examined in consultation with the Madras State Co-operative Bank Limited, whether it would not be desirable to obtain periodical certificates from supervisors of central banks about the verification of cash balances in rural credit societies and the retention of cash balances by office-bearers of the societies. Such a procedure will constitute a good check on the office bearers from mishandling cash balances of societies and also will tone up the administration of societies ensuring the prompt remittance of cash balances into the financing banks concerned. The Board of Management of the State Co-operative Bank which considered the matter has suggested that certificates of the kind may be obtained from supervisors once in three months. The following instructions are accordingly issued for the guidance of all Central Banks.

(i) In the Registrar's Circular No. B. 244/28 dated 18-5-1928 (copy enclosed for ready reference), instructions have been issued regarding the procedure to be followed in respect of collecting moneys, issuing receipts for the moneys collected and the retention of cash balances in societies. In paragraph 3 of the Circular, it has been suggested that a society working on borrowings from Central Bank need not keep more than Rs. 5 as cash balance as all collections have to be remitted to

the bank without delay. The subsidiary regulation to be framed under bylaw 29 of the rural credit societies to follow the instructions contained in the Circular is also indicated therein. It is enough to fix maximum cash balance of Rs. 5 for retention in a rural credit society, which has no non-credit activities. In the case of a multipurpose co-operative rural credit society doing non-credit work, a maximum cash balance of Rs. 150 may be allowed to be retained on any date. The above limits may be specified in the regulation suggested in the Registrar's Circular referred to above. Cash balance in excess of the limits mentioned above should be remitted to the financing banks concerned without delay and the retention of cash balance in any society in excess of the above limits should not be allowed.

(ii) It is the primary responsibility of a supervisor when he visits a co-operative society to verify the cash balance immediately after reaching the society and wherever the cash balance is heavy (i.e.) in excess of the limit specified in the subsidiary regulation framed under bylaw No. 29 of the society, he should see that such excess amount is remitted to the Central Bank before he leaves the society. Every supervisor should immediately after visiting a co-operative society, furnish a certificate in the form given in Appendix I, to this Circular, to the central bank about the results of the verification of the cash balance made by him in the Society. In addition to such individual certificate to be furnished by the supervisor immediately after visiting societies, he should also furnish to the Central Bank within 15 days of the close of each quarter a certificate to the effect that he verified the cash balance in all the societies, he

visited during the quarter. This quarterly certificate may be furnished in the form given in Appendix II to this Circular.

(iii) The obligation on the part of the office-bearers of societies to produce cash balance, whenever demanded by the supervisors may also be included in the subsidiary regulation framed under bylaw No. 29 of the rural credit societies. The last sentence of the regulation under bylaw No. 29 of rural credit societies suggested in Registrar's Circular No. B. 244/28 dated 18-5-1928, may be deleted. The regulation under bylaw No. 29 of rural credit societies prescribed in Registrar's Circular No. B. 244/28 dated 18-5-1928, may therefore, be revised and adopted in the form given in Appendix III.

(iv) Whenever instances of retention of cash balance in excess of the limits prescribed in the subsidiary regulation framed under bylaw No. 29 are noticed by supervisors during their visits to societies, they should immediately report them to the Central Bank concerned in the certificates prescribed in Appendix I and also mention about them in their quarterly certificates furnished to the central bank in the form given in Appendix II.

3. The instructions in the previous paragraph are also applicable to the co-operative rural banks and co-operative agricultural banks, which are large sized rural credit societies. Under by-law 29 of these banks, the Board of Directors is competent to frame subsidiary regulations for the conduct of the business of the bank. The Board of Directors of the Banks may, therefore, frame subsidiary regulations in respect of collecting moneys, issuing receipts and retaining cash balances on the lines suggested in

the previous paragraph. The cash balance that may be retained under by-law 23 (i) (e) by the Treasurer in the case of a co-operative rural bank or the Treasurer and the Paid-Secretary in the case of a co-operative agricultural bank, may be decided by the Board of Directors concerned with reference to the funds required for the day to day transactions of the bank and specified in the subsidiary regulations when they are framed. The subsidiary regulation suggested in Registrar's Circular No. B. 244/28 dated 18-5-1928 may be modified as indicated in Appendix IV in the case of co-operative rural banks and co-operative agricultural Banks.

4. The central banks are requested to advise all the rural credit societies including co-operative agricultural banks and co-operative rural banks to adopt the modified subsidiary regulation under by-law No. 29 of such societies or banks suggested in Appendix III or Appendix IV as the case may be, and to instruct their supervisors to see that the regulation is adopted by the societies or co-operative rural banks or co-operative agricultural banks without delay. The central banks are also requested to issue instructions to their supervisors to follow strictly the procedure for verification of cash balances in rural co-operative credit societies including co-operative rural banks and co-operative agricultural banks and to furnish the certificates, indicated in paragraph 2 (ii) of this Circular and to watch the receipt of the certificates from the supervisors. The central banks should promptly take to the notice of the Deputy Registrars concerned, instances of retention of heavy cash balance by office bearers of rural credit societies in excess of the limit prescribed in

the subsidiary regulation under by-law 29 of the societies, so that the Deputy Registrars may institute enquiries, wherever necessary, and initiate prompt action to set right the irregularity.

5. The Deputy Registrars are requested to see that the above

instructions are strictly followed in future. They are also requested to take prompt action on the reports received from the central banks about the retention of cash balance by office bearers of rural credit societies in violation of the subsidiary regulation framed under by-law No. 29 of the societies.

A. PALANIAPPAN,
Registrar.

APPENDIX I.

Certificate of verification of cash balance :—

I certify that I visited
..... Society on
and verified the cash balance of
(Rs.) Rupees
..... with the President/
Secretary and found it to agree
with the amount shown in the
cash book of the Society on that

Date	Cash balance on that date.	Reason for retention of cash balance in excess of the limit prescribed in the subsidiary regulation framed under by-law No. 29 of the society,

Submitted to the Secretary,

..... Co-operative Central,

Bank Ltd.,.....

Supervisor.

APPENDIX II.

Form of quarterly certificate to be furnished by Supervisors.

I certify that I verified the cash balance in the following rural credit societies, agricultural banks and rural banks, visited by me during the quarter and furnished the certificates prescribed for the verification to the central banks immediately after such visits.

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

There was no instance of retention of cash balance in excess of the limit prescribed in the subsidiary regulation under by-law No. 29 framed in any society except the following.

Name of the society.	Date or dates on which cash balance in excess of limit prescribed in subsidiary regulation under by-law 29 was retained.	Amount of cash balance on those days.	Reasons for the retention of the cash balance.	Action taken by supervisor to remit the cash balance found in excess of the limit on the dates of his visit, if any.
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Submitted to the Secretary,

Supervisor.

Co-operative Central Bank Ltd.,

Supervisor.

APPENDIX III.

Draft revised subsidiary regulation to be framed under by-law 29 of multi purpose rural co-operative credit societies in the place of the one suggested for adoption in Registrar's Circular No. B. 244/28 dated 18-5-1928.

With reference to by-law 23 (1) (a) the President/Secretary shall be the person to sign receipts for moneys paid by members. When a person wants to pay money into the society he shall go to the Secretary who after referring to the books tells him the exact amount to be paid by him. The party shall then pay the money to the President, and the Secretary/Secretary who shall make necessary entries in the day book and the counterfoil receipt book. The President/Secretary shall sign the receipt and issue it to the party. At the close of the day the Secretary shall total the day book, strike the cash balance and write the amount in words. Both the President and the Secretary/Secretary shall then sign the day book *the former in token of having the possession of cash balance and the latter certifying to the correctness of the cash balance.*

(Certifying to the correctness of the cash balance.)

The Cash balance that may be retained by the President/Secretary who is ex-officio the Treasurer of the society under by-law 23 (1) (a) shall not at any time exceed Rs. 5 or where the society has undertaken any non-credit activity Rs. 150. Any amount in excess of this limit shall forthwith be remitted to the financing bank. The President/Secretary shall produce the cash balance for verification by the Supervisor or the Auditor, whenever it is demanded.

APPENDIX IV.

Draft subsidiary regulations to be framed under bylaw No. 29 of Co-operative Rural Banks/Co-operative Agricultural Banks.

With reference to by-law 23 (1)(e) the Treasurer/Secretary and Treasurer shall be the person/persons to sign receipts for moneys paid by members. When a person wants to pay money into the Bank he shall go to the Secretary who after referring to the books tells him the exact amount to be paid by him. The party shall then pay the money to the Treasurer, and the Secretary shall make necessary entries in the day book and the counterfoil receipt book. The Treasurer/Secretary and Treasurer shall sign the receipt and issue it

to the party. At the close of the day, the Secretary shall total the day book, strike the cash balance and write the amount in words. Both the Secretary and Treasurer shall then sign the day book *the former certifying to the correctness of the cash balance and the latter in token of having the possession of cash balance* in token of the correctness and possession of the cash balance.

The cash balance that may be retained by the Treasurer of the

Co-operative Rural Bank/Secretary and Treasurer of the Co-operative Agricultural Bank under bylaw 23 (1) (e) shall not at any time exceed Rs. Any amount in excess of this limit shall forthwith be remitted to the financing Bank. The Treasurer/Secretary and Treasurer shall produce the cash balance for verification by the Supervisor or the Auditor, whenever it is demanded.

Copy of Circular No. B. 244/28 dated 18th May 1928 of the Registrar of Co-operative Societies, Madras,

SUB: Primary Societies—Duties and responsibilities of Presidents and Secretaries in regard to cash balance.

The Registrar has reasons to believe that the procedure adopted by many rural societies in the matter of collecting money and accounting for it is unsatisfactory and irregular. Sometimes moneys are collected and left with persons who have no authority to keep them with the result that in such cases it is frequently very difficult to find out exactly who is in possession of the cash balance. The by-laws of societies and the instructions printed at the foot of the day book form in Mr. Hemingway's Manual on page 280 indicate clearly who should maintain accounts and who should keep the cash. These instructions were intended to be copies or printed and pasted in the front pages of the day book and as a matter of fact many societies had this done until recently. District Federations are advised to get slips printed containing instructions as to how to maintain each account book (these instructions are found printed at the foot of each account form in Mr. Hemingway's Manual) and supply them to societies.

2. As it now seems desirable to indicate to societies in detail the procedure contemplated in the by-laws in the matter of collecting money from their members or others and accounting for it the following instructions are issued:

By-law 25 of the model by-laws of rural credit societies prescribes that "for moneys paid by members the receipt shall be signed by the President or the Secretary or the Assistant Secretary whoever is selected by the Panchayat to discharge this function." This means that there should be a resolution of the panchayat selecting the person to sign the receipt. Under by-law 23 of the same model, the President is the Treasurer of the society and shall have the custody of all its properties. This means that all moneys collected shall be left with the President. The actual collection work will, however, be in the hands of the Secretary, who according to clause (b) of by-law 23 is the executive officer of the society and who also writes up the accounts of the society. The

procedure to be adopted will, according to the above by-laws, be as follows :

When a member comes to pay his dues to the society the Secretary will look into the account books, make the calculations and tell him the amount to be paid. If he (the Secretary) is authorized under by-law 25 to issue receipts he will at once receive the money, issue a receipt and make the necessary entries in the account books. At the close of the day he will total up the day book and strike the cash balance and hand it over to the President and obtain his signature in token of having received the amount which should be expressed also in words and also himself sign the day book certifying to the correctness of the cash balance. Where, however, the Secretary is not authorized to issue receipts, he should not receive the cash but cause it to be paid to the President and get the receipt signed by him then and there. In practice this will mean that both the President and the Secretary should be present at the time when the money is collected. At the close of the day both the President and the Secretary should sign the day book, the former acknowledging the possession of the cash and the latter certifying to the correctness of the account.

3. It is necessary that every society should enact a subsidiary by-law prescribing the procedure described above, so that it may be authoritative and conclusive. The by law may also prescribe the amount of cash that the Treasurer may keep with him taking into consideration the circumstances of each society. A society, which is working entirely on borrowings from Central Banks need not in ordinary circumstances keep more

than Rs. 5 as cash balance, as all collections have to be remitted to the Bank without being reloaned. A society which works entirely on deposits will have to arrange to keep a certain amount with the Treasurer. This figure the Panchayat will be able to fix with reference to previous experience. In any case, the subsidiary by-law should prescribe the maximum cash balance that the Treasurer may keep on any day, suitable arrangements being made to keep the excess cash elsewhere or to remit it to the Central Bank in liquidation of its debts.

The subsidiary by-law may take the following form :—

Subsidiary by-law No. _____
dated _____ framed by the Panchayat in virtue of the powers conferred on them by by-law 29.

(1) Where the President is authorized to sign receipt—"With reference to by-law 25, the President shall be the person to sign receipts for moneys paid by members. When a person wants to pay money into the society he shall go to the Secretary who after referring to the books tells him the exact amount to be paid by him. The party shall then tender the money to the President and the Secretary shall make the necessary entries in the day book and the counterfoil receipt book. The President shall sign the receipt and issue it to the party. At the close of the day the Secretary shall total up the day book, strike the cash balance and write the amount in words. Both the President and the Secretary shall then sign the day book the former in token of having the possession of the cash balance and the latter certifying to the correctness of the cash balance. The cash balance with the President shall on no date exceed Rs. _____."



Sri S. Nijalingappa, Chief Minister of Mysore inaugurated the Southern Regional Junior Officer Training Conference held at Bangalore on the 12th, 13th and 14th August, 1957. Prof. D. G. Karve presided. Sri J. C. Ryan, Sri B. A. Patil and others are seen in the picture.



Sri N. S. Ramalingam presided over the Regional Conference of Land Mortgage Banks, held at Salem on 18-8-'57.



Sri K. Kamaraj, Chief Minister of Madras opened the Children's Playground at Ghandinagar Housing Colony, Adyar on 28-8-'57.



Sri Kamaraj, Chief Minister of Madras inaugurated the Kanyakumari Dt. Co-operative Central Bank, Ltd., on 14-9-'57 at Nagercoil.

(2) Where the Secretary or the Assistant Secretary is authorized to sign receipts—"With reference to by-law 25 the Secretary/Assistant Secretary shall be the person to sign receipts. When a person wants to pay money into the society, he shall go to the Secretary/Assistant Secretary who after referring to his books tells him exact amount to be paid by him. The party shall then tender the money to the Secretary/Assistant Secretary who shall immediately make the necessary entries in the day book and the counter-

foil receipt book and issue a receipt. At the close of the day the Secretary/Assistant Secretary shall total up the day book, strike the cash balance and write the amount in words. The amount should then be handed over to the President whose signature should be obtained in the day book acknowledging the possession of the cash balance. The Secretary/Assistant Secretary should also sign the day book certifying to the correctness of the cash balance. The cash with the Secretary shall not on any day exceed Rs. "

(By Order)

(Sd.) T. R. RANGANATHAN,
Acting Manager.

CO-OPERATIVE ADVISORY COUNCIL

Copy of G.O. Ms. No. 2698, dated 13th August 1957 from the Secretary to Government, Department of Industries, Labour and Co-operation,

ABSTRACT

Committees—Madras State Co-operative Advisory Council Reconstitution—Orders passed.

Read Again :

G.O. Ms. No. 1957, Industries, Labour and Co-operation dated 31st May 1955.

G.O. Ms. No. 1891, Industries, Labour and Co-operation dated 8th May 1955.

Read Also :

From the Registrar of Co-operative Societies, letter Rc. No. 171750/56, A. 1 dated 20th June 1957.

ORDER :

The Government of Madras direct that the Madras State Co-operative Advisory Council be reconstituted with the following members :—

1. The Minister in charge of Co-operation—Chairman.
2. The Registrar of Co-operative Societies, Madras.
3. The President, Madras State Co-operative Bank Limited, Madras.
4. The President, Madras Co-operative Central Land Mortgage Bank Limited, Madras.
5. The General Secretary, Madras State Co-operative Union Madras.
6. Sri M. P. Nachimuthu

Mudaliar B.A., B.L., President
Madras State Handloom Weavers
Co-operative Society Ltd.

7. Sri T. M. Narayanaswami
Pillai, M.A., B.L., Vice-Chancellor,
Annamalai University, Chidam-
baram.

8. Sri A. Krishnaswami Vanda-
yar, President, Tanjore Co-oper-
ative Central Bank, Tanjore.

9. Sri R. Nagaluswami Naidu,
President, Ramanathapuram Dis-

trict Co-operative Central Bank
Limited, Madurai.

10. Sri Ellappa Mudaliar.
President, Co-operative Central
Bank Limited, Kancheepuram.

The term of office of the five
members mentioned in items (6)
to (10) above will be two years
from the date of this order. The
Joint Registrar of co-operative
societies will continue to act as
the Secretary to the Council.

(True Copy)

KANYAKUMARI DISTRICT CO-OPERATIVE CENTRAL BANK—FORMATION OF

Copy of G.O. Ms. No. 2912, Industries, Labour and Co-operation,
dated 3rd September 1957.

Co-operative Central Banks—Formation of a Co-operative
Central Bank for Kanyakumari District—Proposals—Approved.

Read:—

From the Registrar of Co-operative Societies, Rc. No. 178233/56
A. 1, dated 29th April 1957.

From the Registrar of Co-operative Societies, Rc. No. 178233/56,
A. 1, dated 24th July 1957.

ORDER :

The Government approve the
proposal of the Registrar of Co-
operative Societies to register a
Co-operative Central Bank for
Kanyakumari District with head-
quarters at Nagercoil.

2. Sanction is accorded to the
appointment free of cost of a
Deputy Registrar of Co-operative
Societies for a period of one year
from the date of appointment to
work as Secretary of the proposed
Kanyakumari Co-operative Cen-
tral Bank.

3. The Government also sanc-
tion a subsidy of Rs. 2,400
(Rupees two thousand and four
hundred only) to the Bank to
meet the cost of Superintendent
and an Accountant for a period of
one year.

4. The Government do not
accept the proposal of the Regis-
trar of Co-operative Societies to
sanction to the Bank an ex-gratia
grant of Rs. 5,000 to meet the
cost of furniture and fittings.

5. As regards Government
participation in the share capital
structure of the proposed Kanya-
kumari Co-operative Central Bank
separate orders will be issued in
due course.

The expenditure towards staff
is debitable to "42, Co-operation-
b. Superintendence-A. General-
1. Pay of Officers-3. Allowances".
The expenditure towards subsidy
is debitable to "42, Co-operation-
C. Grants-in-aid".

(True Copy)

CO-OPERATIVE NEWS & NOTES

News and Notes

Madras Co-operatives' Protest

Madras Co-operatives Protest
against the transfer of the func-
tion of financing marketing socie-
ties from Reserve Bank of India
to State Bank of India.

Resolution :

"This Institution, while reaffir-
ming its faith in the solution
offered by the Rural Credit Survey
Committee in the matter of Inte-
grated Rural Credit and Market-
ing and having worked success-
fully on the above recommenda-
tions, is of the view that any
change in the pattern of financing
of Marketing Societies by intro-
ducing the State Bank of India is
detrimental to the development of
Co-operative Marketing in the
Country.

"This Institution therefore
views with grave concern the pro-
posed change in the pattern of
the financing of the Marketing
Societies, as any change in the
present pattern by ousting the
Co-operative Credit Structure
would completely upset the Inte-
grated Credit and Marketing
Scheme; and the introduction of
the State Bank of India in the
pattern of financing the Marketing
Societies would seriously retard
the development of those societies,
as the State Bank of India, by
tradition, outlook and nature, is
commercial."

The above resolution has been
passed unanimously by the insti-
tutions listed below :

The Madras State Co-operative
Bank Limited.

The Madras District Central
Co-operative Bank Limited.

The Pudukkottai Co-operative
Central Bank Limited.

The Coimbatore District Co-ope-
rative Central Bank Limited.

The Co-operative Central Bank
Limited, Tanjore.

The Ramanathapuram District
Co-operative Central Bank Ltd.

The Tiruchirapalli District Co-
operative Central Bank Limited.

Rasipuram Handloom Co-operative
Launches a Mobile Cart

A Mobile cart of the Rasipuram
Handloom Weavers Co-operative
Production and Sale Society Ltd.
was put on roads by Sri R. Munu-
swamy on 11-9-1957. The Society
received Rs. 500 as subsidy to-
wards the cart. Besides, the
Government of Madras have sanc-
tioned a subsidy of Rs. 125 per
month for 12 months towards the
pay of the Salesman, Cart-driver,
maintenance etc.

Bombay Minister for Co-operation
Visits Gujarat Divisional
Co-operative Board

Sri T. S. Bharde, Minister for
Co-operation, Bombay visited
Guzarat Divisional Co-operative
Board on 27th August 1957. Sri
L.M. Patel, and Sri B.M. Setalvad
and others were present. He said
that co-operation has three stages.
First stage consists in visiting
together to overcome difficulties
in credit, marketing or housing.
The second stage addresses itself
to the creation of wealth. Co-
operative Better-Living and Better
Farming Societies represent the
second stage, the third stage of co-
operation is social reconstruction.

The progress of the Movement
does not consist in having a strong
balance sheet, large profits or big
buildings for societies but in the
sense of co-operative conscious-
ness of its members.

Proceedings of the Half-Yearly Conference of Supervisors of the Co-operative Central Bank, Vellore

Sri B. Bhakthavathsalu Naidu, M.L.A., presided over the Half-Yearly Conference of Supervisors of the Co-operative Central Bank Ltd., Vellore held on 30-7-57. He spoke about the all-round progress achieved by the Bank (1) that the increase in the loan outstandings from Rs. 40.53 lakhs in 1955-56 to Rs. 74.66 lakhs in 30-6-57 (2) that the overdues have been reduced from 5,87,020 in 1955-1956 to Rs. 1,63,693 in 1956-1957 (3) that the number of defaulting societies has been reduced from 306 in 1955-1956 to 103 in 1956-1957 (4) the Bank earned a net profit of Rs. 48,396-73 in 56-57 as against Rs. 20,150 = 9 in 1955-56.

Sri B. D. Siromani, Deputy Registrar, South Vellore complemented the Supervisors on their good work. He appealed to the Supervisors to discharge their work, not only as a source of their livelihood but also as an act of social service to the betterment of down-trodden village folk, through the medium of co-operation.

Sri P. I. Subramania Pillai, Deputy Registrar, North Vellore said that supervisors should endeavour their best to prepare cultivation cash credit loan application. Messrs. G. Ghatikachalam, G. Fernando, Krishnamoorthy Gounder, P. Viswanathan, S. R. Manicka Mudaliar, P. S. Badrachalam Pillai spoke on the occasion. Sri R. Manickam proposed a vote of thanks.

Dr. Punjabrao Deshmukh's Visit to the Co-operative Training College, Poona

Dr. Punjabrao Deshmukh, Union Minister for Co-operation, accompanied by Dr. A. U. Shaikh, Registrar of Co-operative Societies,

Bombay State, paid a visit to the Co-operative Training College, Poona, on 20-9-1957 and addressed the staff and students of the College. Shri P. M. Chengappa, Principal of the College, welcomed the Minister and gave a short history of the origin of the College and also the present working. He said that this College was a centre for the training of Senior Officers and besides that courses for Intermediate Officers, Marketing Officers and Co-operative Training Inspectors were being conducted at the College. He also said that the College had one of the best libraries with about 10,000 volumes. He further stated that the College which started in 1947 by the Bombay Provincial Co-operative Institute had made remarkable progress in the field of co-operation. Much of the credit of the progress of the College, he said, was due to the untiring efforts of great co-operative leaders of the type of Shri V. L. Mehta, Prof. D. G. Karve, Shri R. G. Saraiya, Shri V. P. Varde and the authorities of the Reserve Bank of India, viz., the Governor, the Deputy Governor and the Chief Officer of the Agricultural Credit Department and the successive Registrars of Co-operative Societies of Bombay State. The Principal said that during his recent tour of America, Mexico, Canada, England and seven countries in Europe, he had seen much of co-operation and also of co-operative education. He said that the recommendations of the Rural Credit Survey Committee were really the best for India, which was on the lines of the Farm Credit Administration of United States of America.

The Minister, addressing the conference, gave some words of advice to the trainees and exhorted

them to make useful officers in the Co-operative Department. He said that the Prime Minister of India and the Government of India were taking very keen interest in the co-operative development and that after his new assignment as Minister in charge of Co-operation, he was doing all that was best for the promotion of co-operation in general and also co-operative education. He gave a fund of his experiences in the field of agriculture and also in the field of co-operation. He said that he had great faith in co-operation and that he would render all possible assistance for the spread of co-operative education. He congratulated the Bombay Government on the appointment of Dr. A. U. Shaikh as the Registrar of Co-operative Societies and also the Principal and staff of the College, some of whom were retired officers, on the work they were conducting here. He wished the College and students all success.

The trainees of the College, the officers of the Co-operative Department stationed in Poona, the Deputy Collector of Poona, the staff of the Registrar's office, the Agent of the State Bank of India, Shri D. V. Potdar and several other invitees were also present on the occasion.

Co-operative Employees Conference held on 8th September 1957 at Ambasamudram

A taluk Conference of employees of co-operative societies in Ambasamudram Taluk was held on 8th September 1957 in the premises of the Ambasamudram Co-operative Urban Bank Ltd., Sri S. Subbiah Mudaliar, President of the District Co-operative Employees Association, Tirunelveli presiding.

Sri Gomathi Sankara Dikshitar M.L.A., inaugurated the conference 112 employees attended the conference.

Resolutions requesting the President of the District Association to call for a district conference at an early date, requesting the Registrar to restrict the lending of services of the departmental officers on foreign service in the interest of trained non-official employees, to amend the by-laws relating to service conditions of the employees so as to create an outside body for hearing appeals from dismissal or suspension and to fix different scales of pay for different categories of employees working in the co-operative societies are passed.

Sri V. M. Subramaniam, Secretary, Ambasamudram Co-operative Urban Bank proposed a vote of thanks.

Sri K. Kamaraj Opens Playground at Gandhinagar.

The Chief Minister Kamaraj declared open a children's playground at Gandhinagar under the auspices of the Madras Co-operative House Construction Society on 28th August 1957.

Mr. V. S. Ratnasabapathy, President of the Society, welcoming Mr. Kamaraj said, the Society had already built about 1,000 houses in the four colonies of Gandhinagar, Kasturbanagar, Venkatesapuram and Rajah Annamalaipuram. They had plans for building 250 more houses for low-income group families near Venkatesapuram, Kasturbanagar, Kodambakkam and Vyasarpadi.

Detailing the amenities provided for the residents of Gandhinagar, he said they had a Gents' club, a Ladies' club, a High School, a Nursery School and an Arts

Academy. The latest addition was the children's playground. The land between the Adyar river and the playground belonged to the Government and he appealed to the Government to take immediate steps to stop the erosion into the land.

Mr. Ratnasabapathy said Government must make available sufficient supply of cement and steel if houses were to be built as quickly as possible. If adequate and timely supply of cement and steel was made available, houses could be built within six months. He also explained the modes of operation of the Madras Co-operative House Construction Society.

Mr. Ratnasabapathy said the playground materials were supplied from the 'common good fund' of the society in all the colonies. He thanked Dr. R. K. Murthi and Mr. K. Venkataratnam for their gift of games materials to the playground and Mr. D. M. Agarval for distributing fruits to the children on the occasion of the opening of the playground.

Mr. Kamaraj congratulated the Board of Directors of the Society and its President on the very valuable service they were rendering by building suitable houses in such a fine locality as Gandhinagar. The Adyar River flowing adjacent to the colony lent special charm to it and the residents of Gandhinagar should take pride in their colony and make it a model one. They would no doubt come across problems, but there was joy in doing anything to perfection. The residents of Gandhinagar had already set a fine example by equipping themselves with all the essential amenities.

Later, children of Rani Meyyammai High School, the Seva Samajam Boys' Home, Bala Brindavan, the Kasturbanagar

Nursery School and the Sivaji Scout Group provided an entertaining programme of dance, music and physical exercises. Mr. Ramaswami Iyengar sang a few songs in Tamil.

Mr. P. C. Panchanathan, Vice-President of the Madras Co-operative House Construction Society proposed a vote of thanks.

Formation of a Co-operative Agricultural Bank at Azhagappapuram

Under the Scheme of Integrated Rural Credit and Marketing included in the State Second Five Year Plan and which was extended to the Kanyakumari District after the latter's inclusion in the territory of the Madras State, a Co-operative Agricultural Bank was formed at Azhagappapuram in the Suchendram Community Development area of the Agastheeswaram taluk of the Kanyakumari District. The bank was formed by the re-organisation of the Azhagappapuram Multipurpose Co-operative Society which had on its rolls only 45 members, with a paid up share capital of Rs. 528 = 50 n.P. As a result of the intensive efforts made by the promoters of the agricultural bank, more members were admitted and more share capital was collected before the society was re-registered as an Agricultural Bank. On the 15th of July 1957, the bank was registered by the Deputy Registrar, Nagercoil on the basis of liability limited to a multiple of the share capital subscribed by members. It was the first of its kind to be started in the Kanyakumari district.

The bank's area of operations extends to all the villages of Azhagappapuram Panchayat of Kanyakumari Pakuthi and Tirumoolanagar village of the Kulasekharapuram pakuthi. The

population in its area is 12,000. The bank has now on its rolls 226 members with a paid up share capital of Rs. 5,048. It is expected to enrol at least 500 members and transact loan business worth Rs. 2 lakhs after a period of one year.

The management of the bank is vested in a Board of Directors consisting of the following 9 gentlemen who have been nominated by the Deputy Registrar, Nagercoil for a period of 3 years under the transitory by-law under by-law 19 of the bank.

President.

1. Sri V. S. Gnanasigamany.

Vice-President.

2. Sri T. Anbiah Nadar.

Treasurer.

3. Sri D. Gnanaprakasam.

Directors.

4. Sri K. Kurusu Michael.
5. Sri B. Sivasubramania Pillai.
6. Sri I. Swamidass.
7. Sri P. Peria Nadar.
8. Sri M. Thangiah Nadar.
9. Sri A. Savarimuthu Nadar.

The Governor of Madras inaugurated the bank on 25-7-1957. The Governor in the course of his inaugural address, congratulated the promoters on their efforts for organising the agricultural bank and wished the agricultural bank success.

The bank will commence its loan business soon.

Sri V. K. Appandarajan's Address to Tanjore Training Institute's Union.

The Samiappa Co-operative Institute Students' Union was inaugurated by Sri V.K. Appandarajan, Joint Registrar of Co-operative Societies, Madras in the premises of the Institute at Tanjore on 17-9-57. The Deputy Registrar Tanjore and the Special Deputy Registrar for Integrated Credit and Marketing Tanjore also attended the meeting on invitation. After welcome by Sri P. Rajagopalan, Deputy Registrar Principal and the Ex-officio President of the Union, the Joint Registrar addressed the students. In his address, he made a brief reference to the principles of co-operation and the growth of the movement in the country in the last 50 years. He then explained the important role assigned to the Co-operative movement in the various Nation Building activities of the Government under the 1st and 2nd Five Year Plans. He also laid special emphasis on the importance attached to the credit and marketing aspects of the movement. He then explained the importance of Co-operative education and how the students should equip themselves in order to serve the cause of Co-operation after their training in the Institute. The meeting ended after Sri V. Kasturi, General Secretary of the Union proposed a vote of thanks.

Just Out.

CO-OPERATIVE BANKING IN INDIA

By
G. M. Laud

Foreword by
Shri V. L. Metha

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The author is the Financial Editor of THE TIMES OF INDIA and has been a prominent co-operator. The book is the fruit of his patient research and rich experience as a director of numerous credit institutions including the district co-operative banks, urban banks, employees' societies and the Bombay State Co-operative Bank and bears the impress of a sympathetic critique.

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*626 Shri P. S. Rajagopal Naidu:
Will the Minister of Finance be
pleased to state:

(a) whether Government constituted any committee to examine the question of transfer of Agricultural Credit Department of the Reserve Bank of India to the State Bank of India; and

(b) if so, what are the recommendations of that committee?

Answer

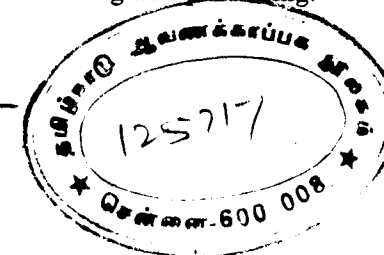
Shri B. R. Bhagat, (Deputy Minister of Finance.)

(a) At the instance of Government, the Reserve Bank constituted an informal committee.

(b) The Committee has recommended that:

(i) the advisory, developmental and co-ordinating functions in relation to agricultural credit should continue to be with the Reserve Bank; and

(ii) the State Bank of India should endeavour to meet the credit requirements of agricultural marketing and processing.



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