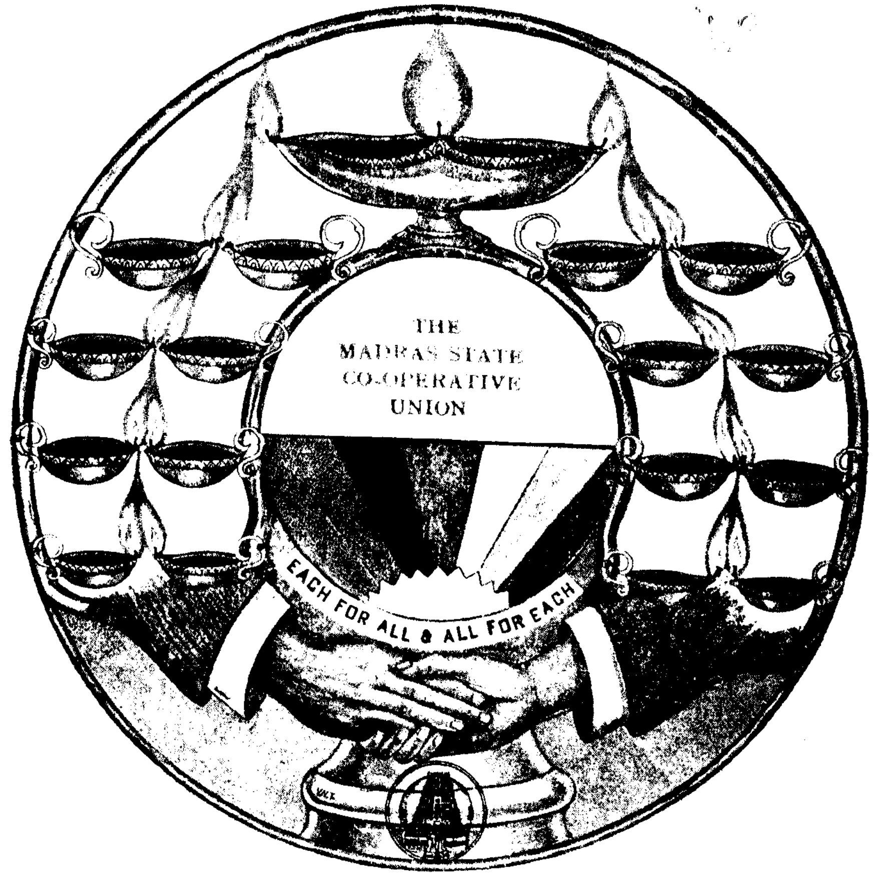
1057

The Madras Journal of Co-operation



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

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

VOL. XLVIII] APRIL, 1957 [No. 10.

JL
XMm 2 ... , N2
N5 ...

CONTENTS

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

APRIL 1957. No. 10, VOL. XLVIII PRICE As. 12 NP

Thought for the Month

A beautiful and a hopeful quality of modern life is that self-interest has extended its range to include social feeling. Self-preservation is seen to be something more than an individual problem. The welfare of each person depends on the higher development of humanity as a whole.

Not competition or collusion, but co-operation, releases the creative power that animates each man and woman. This cohesive influence extends to the national and international planes, signaling the possibililies of peaceful understanding in which revalries are are replaced by mutual aid. Self-interest which once seemed a narrow lane leading to individual advantage has become a broad highway for the progress of humanity on the long haul.

There are no shortcults to social advancement, and without the animating spirit no mechanized device, no improvisation of physical science can result in social progress.

As surely as the Lord helps those who help themselves, co-operators are doubly blessed, since they also help each other. Accompanying monetary advantages are many social gains; including a rise in the standard of living and the inner satisfactions of finding effective outlets for joint endeavor.

PAUL GREER—
"Co-operatives: The British Achievement"

Editorial Notes

CO-OPERATIVE SUPERVISORS' COURSE

The Co-operative Movement is on the eve of rapid expansion. Adequate Co-operative training facilities for employees should go hand in hand with co-operative development in order to ensure the tempo and continuity of the development process. The Madras State Co-operative Union has from the beginning taking considerable interest in expanding training facilities to employees. especially the field workers. To-day, the Union is in charge of conducting Co-operative Supervisors' Course at the three Co-operative Training Institutes at Tanjore, Coimbatore and Madurai. Nearly 500 students are being trained at these three institutes every year. The Co-operative Supervisors' Course consists of a nine month theoretical training in six subjects: Co-operation, Co-operative Law, Book-keeping, Auditing, Banking and Rural Economics and a practical training for a period of two months, thus making an overall training of eleven months. At the Conference of Principals of the Institutes and the General Secretary of the Madras State Co-operative Union, convened by the Registrar of Co-operative Societies on 28th January 1956, it was decided to revise the syllabus to suit the requirements of the Movement and to evolve a suitable programme for practical training. Consequent on the recommendations of the Conference, the Syllabus of the Co-operative Training Course was revised. Hitherto, practical training was given by the Dist. Co-operative Central Banks. It has been now decided to impart practical training by the teaching staff of the Institutes. Practical Training would be given in three staggered phases for 15 days in the I term, 15 days in the II term and one month in the III Term. Such a method of practical training is bound to be of immense advantage to the students, for it would enable them to grasp the practical problems of the Co-operatives in the context of their theoretical understanding. The Union has recently forwarded a comprehensive scheme of practical training to the Registrar of Co-operative Societies for his approval. It is hoped that with the beginning of the next academic year i.e., July, 1957, the revised syllabus and the new practical training scheme would come into force.

There have been a number of enquiries regarding the minimum educational qualification required for admission into the Co-operative Training Institutes at Tanjore, Coimbatore and Madurai. We wish to make it clear that only passed S.S.L.C. candidates and candidates, who have appeared at the S.S.L.C. examination and secured the following percentage of marks:

English	30	per cent
Tamil	30	,,
Mathematics	30	,,
General Science	25	,,
Social Studies	25	,,

163

are eligible for admission to the Co-operative Training Institutes. Very recently, the Executive Committee of the Madras State Co-operative Union has resolved to permit the employees of Co-operative Societies, who have been entertained in service before 30th June 1950 and who have passed the V Form to join the Co-operative Training Institutes. This action has been taken to enable untrained candidates, who have put in some years of experience to join the Institutes and get themselves qualified. It may be of interest to note that the Government have also come forward to give 91 stipends per year to the candidates sponsored by the co-operative institutions. We appeal to all the untrained candidates to take advantage of this opportunity and get themselves trained and qualified as early as possible.

With the vast opportunities for co operative expansion and the increased facilities for co operative training now in vouge, the Movement is bound to go forward, provided all the people concerned make a determined effort to improve both the quality and quantity of co-operative work.

FOURTH ALL INDIA HANDLOOM WEEK

The Government of India have decided to celebrate the Fourth All India Handloom Week from the 5th May, 1957 to 11th May 1957. A special feature of this year's celebrations would be house to house visits to persuade the people to buy handloom cloth. The Government of India have sanctioned a sum of Rs. 12,000 to each State, for expenditure connected with the celebration of the week. In our State, arrangements are being briskly made to celebrate the week in a fitting manner by the Madras State Handloom Weavers Co-operative Society in the City and by the 800 and odd Primary Weavers Societies in the muffasal districts. An exhibition would be conducted in the City. Besides, a special rebate of three naye Paise per rupee in addition to the rebate of nine naye Paise per rupee will be granted on all retail sales of handloom cloth made by co-operatives during the week.

We hope the celebrations of the week would bring home the message of the handloom to every nook and corner of our State and we appeal to the public to participate in the week with enthusiasm and thus help to stabilise this great cottage industry.

The Madras State Co-operative Union Examination, June 1957.

An examination for the students of the Coimbatore, Tanjore, Malabar and Madura Institutes will be held at the respective Institute's head-quarters from 22nd to 28th June 1957 as per programme given below.

Saturday	22-6-1957	10 a.m. to 1 p.m.	Co-operation—Historical, General & Principles.
Monday	24-6-1957	do	Co-operative Law.
Tuesday	25-6-1957	do	Audit.
Wednesday	26-6-1957	do	Book-keeping.
Thursday	27-6-1957	do	Banking.
Friday	28-6-1957	do	Rural Economics.

Candidates who failed in the previous State Co-operative Union Examinations held during 1942 to 1956 are hereby informed that they can also sit for the above examination.

Candidates who underwent training in the Institutes prior to 1941 have to appear and pass Part III of the examination under the new regulations for eligibility for a certificate.

In view of the subject 'Banking' having been included under Part III from 1945, candidates who have passed Part II in previous years need not appear for "Banking" under Part III this year. It will suffice if they sit for Rural Economics, Sanitation, Village Panchayats etc., only.

The examination in theory comprises of three parts :—

1.	Co-operation—Historical, General and Principles	Part I.
2.	Co-operative Law	Part I.
3.	Audit	Part II.
4.	Book-keeping	Part II.
5.	Banking	Part III.
6.	Rural Economics, Sanitation, Village Panchayats	Part III.

Candidates who have failed in any one of the subjects of any part have to sit for the subjects comprising that Part or Parts.

The examination fee is Rs. 11 for the whole Examination for students undergoing training in the Institutes for whom the marks obtained by them in the examination will be supplied through the Institutes However, this rule does not apply to supplementary candidates from whom the fee of Rs. 2 for furnishing marks will stand. The examination fee is Rs. 4 for each Part.

The last date for receiving the examination fees together with the application in the prescribed form is 30—5—1957. Fees must be remitted only by money order. Applications and money order received after the said date are liable for rejection, and no complaint in this behalf will be attended to.

For further particulars please apply to :

The General Secretary,
The Madras State Co-operative Union,
379, Netaji Road, Madras-1.

Co-operatives and the Second Five-Year Plan

PROF. D G. KARVE,

Vice-Chairman, Bombay Provincial Co-operative Institute.

The firm declaration that deficit financing has gone far enough and that, if the targets of the Second Five-Year Plan are to be fulfilled, the community will have to make a much more determined effort to raise resources, by way of taxation, loans and free contributions, than were contemplated in the Plan, which the new Finance Minister has been making comes as a tonic in a generally inert and passive situation. On the other hand, much of the wobbling on fundamental issues like land reforms and ceiling on incomes, which has characterized recent pronouncements of equally eminent persons, suggests that the top leaders are not prepared to create an equalitarian social structure, in which alone supreme sacrifices and efforts on the part of the mass of the people can be called for with any hope of carrying conviction. In the absence of a well-reasoned and planned programme of action in support of an equalitarian goal the apprent controversy about adjectives, e.g. "socialist" and "co-operative", appears to be no more than a tactical move.

That this interpretation is not altogether imaginary is suggested by the play, which is being made of a number of catch phrases. In the days of Mahatma Gandhi a Co.operative Commonwealth was declared to be the goal of Indian social and economic policy. Honestly interpreted, this goal should comprise all that a democratic and equalitarian society aspires for. At its minimum, a commonwealth should see the end of all privileges, be it of caste, or of class or of wealth. To ensure this result, ownership has to be widely distributed and the functions of ownership have to include a due subordination of individual to social gains. A commonwealth would by definition be an equalitarian society, where no exclusive privileges would exist. The description of this State as a co-operative commonwealth further provides that economic organization will be on a mutual service basis, and not on a profiteering foundation as under capitalism. Thus self-government and self-employment will fall into a common pattern of group organization and the requirements of equality and freedom will be realized without sacrificing prosperity or progress. To the extent to which individual action is on a non-exploitational level, it is permitted to continue. Where associated economic action is needed on account of improved technology, the same is supplied by co-operative organization. In the field of activities, which are of general, social or national interest, the democratic State itself is the co-operative unit, and hence State-operation is genuinely co-operative.

Co-operative commonwealth, if the terms are properly interpreted, should thus provide for all the essential requirements of freedom, equality and progress. Lacking a full understanding of these implications, some years ago, a few influential people within the Congress thought that Co-operative Commonwealth was not a sufficiently radical or progressive programme for them. The Congress ideal was, therefore, redescribed as a socialistic pattern of society. Actually this was a much less ambitious goal than either socialism or a co-operative commonwealth. Instead of promising the best of both the worlds, it offered only a colourless existence. Probably this was soon recognized as a weakness of the slogan, the real implications of which had not been thought of earlier, and within a year the description of the goal was revised as a fully socialist State. As contacts with reputed socialist States like Soviet Russia and China grew the totalitarian and expropriatory possibilities of a type of socialism came to be more fully comprehended. A retreat from sccialism, therefore, seems to have commenced and in the process the good old Co-operative Commonwealth has been revived. Lest it may appear once again to be too modest a goal, or lest the retreat from socialism be too marked, the latest description of the goal of the socio-economic policy of the Congress is "a Socialist Co-operative Common-wealth".

Taking even this latest Congress attempt at defining its special goal of planning as the creation of socialist co-operative commonwealth, the emphasis on the word co-operative should not be ignored. An economic commonwealth has to be in principle socialist, there is no escape from it, as no privilege is to be tolerated and effective equality of status is to be ensured. But as a commonwealth or a socialist State is feasible even under totalitarian conditions, the democratic alternative of a "co-operative" commonwealth favoured by India, has to be emphasized. In the modern context of technological progress, equality can be assured only under some form of socialism. But if freedom is not to be sacrificed, socialism has to be co-operative and not totalitarian or collectivist. Democratic

socialism can only be realized in a Co-operative Commonwealth. A step away from co-operation in the direction of State activity is a detraction from democracy. Unless, therefore, the nature of activity concerned is such that the purposes of mutual service are better realized on the State or the national level than on a co-operative level, the co-operative form ought not to be departed from.

With regard to the co-operative form itself several variants are, of course, possible. In fact, we ought deliberately to show more elasticity of approach in this respect than we have done in the past. In our country the element of subsidy has been almost congenitally associated with everything co-operative. This, as well as the desire to give to the poorer, less educated and less experienced section of the community a somewhat simpler form of association than was normally available under the Companies Act, led to the decision to have a special Co-operative Societies Act. As is well known not all countries have a special statute for co-operative as distinguished from normal business association. Along with special advantages came special responsibilities. These and other special features also justified the creation of a separate co-operative department in each State, having routine and extraordinary functions and powers in relation to the co-operatives. While these purposes have on the whole been well served by the Co-operative Act and Co-operative Departments, the new context in which co-operatives are being thought of should influence the future course of transformation of both these. It is increasingly true that co operative organizations will be called upon to play a vital role in the carrying out of social and economic policy. But it is not necessarily true, in any case it will be less and less true every day, that co-operatives are organizations of weak, ignorant and inexperienced people. They will be normal organizations of normal people, sometimes for purposes which affect only their members, but more frequently for purposes which have an important public significance as well.

It is this aspect of the social purpose underlying co-operative organization, which most writers on co-operation and leaders of co-operative activity from industrially developed countries are finding it difficult to appreciate. According to them co-operatives ought not to be instruments of State policy. They do not go on to say whether co-operatives ought not to be instruments of State policy even in regard to members of the co-operative themselves. This prejudice against association with the State dates from the days of a negative conception of the functions of the State. Freedom then consisted in being left alone. That for the weak and under-privileg ed generally, and even for the entire community under special circumstances, help from the State would be necessary to create favourable conditions for effective self-help and for real enjoyment of freedom was not so readily recognized. For instance, when supply of essential provisions was elastic, having consumer stores without special recognition from the State was easy. It was equally easy, and natural, to say that membership of a co-operative is like membership of a gentlemen's club—not only it is voluntary, but it is selective. All this fitted into the economic complex of *laissez faire* and unregulated individual enterprise. When, however, supply is not elastic or, taking the other end, when as a result of planned policy all the conjunctural risks of economic activity are passed on to the State, neither can co operatives work without special recognition from the State, nor is there any special economic function to be discharged by individuals in the sphere of enterprise. Freedom in the sense of absolute unrestraint for each individual has neither advantage nor justification.

On the contrary, in such a context, when it is open to the State to distribute resources and commodities in short supply through public, that is governmental agencies, which also would be non. profiteering channels, it may be out of regard for efficiency of distribution or for the social and cultural values involved in a popular organization offer to distribute through co-operative channels. If this offer is accepted, it would be natural to expect that membership will not be unduly restricted and conditions of sale such as prices, quantities and quality will not be such as run counter to State's policy. To ensure these two conditions, suitable powers will have to be assumed by the State. In this situation, which is obviously natural and beneficeint, membership cannot be said to be altogether voluntary, nor can the operation of co operatives be said to be altogether free. All the same, nobody would deny that in this manner of working co-operatives was contributing to keep intact to the maximum possible extent the limits of self-service as well as the limits of free action. It is most essential to realize that the limits of individual voluntarism and of individual freedom pertaining to co-operative organization are not absolute. They are relative to the general form of social organization.

For instance, to say that to the extent to which membership is not altogether voluntary, and to the extent to which the State

retains regulatory authority over co-operatives, the latter are not co-operatives at all, that they are to that extent collectivist, is to do offence both to language and to good sense. Whether an organization is collectivist will be judged by reference to the nature of the whole society. In an authoritarian or collectivist society, every single organization, whatever its formal constitution may be, is in effect collectivist. That is why "co operative", "democracy", "federation", "freedom"—have distorted meanings when viewed through communist ideology. But when we are thinking of a free society—a society which has freely elected assemblies, a free press and an independent judiciary—the functioning of co-operatives as participants in State policy, which is also the national policy, with the maximum of individual voluntarism and freedom consistent with social purpose as enunciated by the democratic State, cannot be justly called collectivist or authoritarian. It is legitimate demo. cratically organized co-operation.

The question whether co-operatives should obtain financial aid from the State-either in the form of loan or capital or rebate-is irrelevant in this context. The justifiable limits of co-operative partici. pation in State purpose, and of State influence on co-operative action follow from the social purpose, not from social assistance. Whatever the form and content of social assistance may be, it would not justify an iota of greater control over co-operatives than is called for on account of the social purpose involved in their operation. On the other hand, even in the complete absence of governmental assistance or participation State control would be justifiable to the extent to which social purpose needs it. It is no exaggeration to say that in our country the powers of Government to regulate the actions of co-operatives have not been added to in any material respect on account of State participation in the capital of any of the co-operatives. Rather, the State which was all the while power-conscious, is being made increasingly alive to its positive responsibilities. To the extent to which the State becomes more alive to its responsibilities in regard to co-operatives, its contact with them will be less negative and less irresponsible.

The underlying social purpose of selecting co-operatives as instruments of social policy consists in a desire to maximise the scale of private resources and of individual initiative. To ensure the realization of these two objects, Government assistance, in whatever form, should be given to such an extent and in such a manner as would bring forth a maximum of resource from the members themselves. Whether this is best done by adoption of the principle of contributory liability or by regulating the net advantages in keeping with the proportion of popular contribution is a matter of detail. Equally well the manner of exercise of powers of State regulation must be such as would leave the maximum possible scope for free action. Hence the State must never try to influence decisions by the physical weight of number of votes, nor should it normally interfere by the use of authority. As its assistance should maximise members' contribution, its participation in decision making should add to the knowledge and experience of the members themselves. Keeping State nominations to a minimum, and utilizing them to supplement the ability and the knowledge available to members are ways of using authority in support of successful use of liberty, and not in restriction of the same.

Being a society registered under the Co-operative Act is the least important thing about a co-operative. The most important thing is that it is organized for rendering useful service on the basis of mutual benefit, and that it is conforming to the socially accepted pattern of the use of resources. Any association, whether it is registered as a co-operative society or not, which answers to this description must be treated as co-operative. Issues like limited *vs.* unlimited liability, area of operation, State help etc. are important in their own way, inasmuch as they throw light on the operational efficiency of the organization. It is no longer enough to say what a co-operative society should do. It is obligatory to ensure that the co-operative is made structurally capable of actually doing what it is intended and called upon to do. So long as this active implimentation of declared objectives is ensured, it would be wrong to suppose that any basic or absolute value, the loss of which should shock the conscience of a co-operator, is involved in deciding these issues. All organizational aspects must be kept constantly under review, so as to bring about timely adjustments designed to maximise social usefulness consistently with maximum individual initiative and freedom of action.

A point of view, which most people in India find it difficult to appreciate is that co-operatives are designed to be staunch and strong allies of a democratic Government, not its weak dependants. The half-hearted manner in which Governments have in the past dealt with co-operation is the principal reason for the so-called failure of co-operation in India. The Government no doubt helped co-operatives

in a variety of ways, But by conforming to a somewhat rigid and negative pattern of economic individualism, which was being increasingly discarded elsewhere, by a complete absence of an active programme of productive improvement, and by exercising a purely restrictive control,instead of actively helping in building resources and competence, the governmental relations with co-operatives in most areas produced the maximum of frustration. It was only in a fewcases where the Governments went all out to support co-operatives, to encourage them to take initiative, and to provide for training, of co-operative officials and workers that a decidedly encouraging record was created by co-operatives. The operation of several co operative banks, stores and factories in the regions favoured by a progressive and active State policy prove beyond doubt that co-operatives are capable of economic activity which without being any less efficient than private business, is decidedly more patriotic and honest. Such favourable cases are at present rather few. But they, as well as a very large number of progressive co-operatives in other countries, prove the wisdom—economic as well as social—of the policy of choosing the co-operative, and not the authoritarian or collectivist, way in the programme of planned economic progress, which we are following.

It is most unfortunate that our policy makers are reminded of this great truth only on occasions like big political gatherings, elections and general pronouncements on policies. When it comes to implementation of policy sheer ignorance or prejudice, at best an unjustifiable feeling of impatience, induces them to depart from the co-operative way. According to the predilection of each politician, the escape from the onerous and responsible task of building a co-operative structure as a part of the nation's free existence lands them either in supporting private capitalistic business or in augmenting the scope of purely governmental organizations. For instance, dissatisfaction with co-operative financing and distributing agencies has occasionally led to the suggestion either that joint stock banks and private dealers should be assisted to carry out the purposes of State policy, or that the State Bank and departmentally organized shops should take over the functions now allotted to co-operatives. It is forgotten in both cases that apart from other defects of the policy of anti-co operative deviation, it is fatal to the purpose of democratic planning. In so far as a private agency is avoidably chosen in preference to a co-operative one, purposes of planning will not be assuredly carried out and exploitational conditions will emerge. If the escape is to a governmental agency, probably, though not assuredly, physical objectives such as distribution of loans and sale of goods will be carried out, but democracy, which is the higher value will be sacrificed. In both cases the beneficial effect that co-operative organization has on augmenting the resources of small and medium-sized private individuals, and of building up enterprise and competence on a wide scals is lost Thus every avoidable step away from co-operation, either in the direction of private or of public operation, is economically wasteful and socially unsound.

All those who ever talked of co-operative commonwealth and of democratic socialism, be they of the Congress or of other persuasions, let them once and for all make up their mind about the great truth ; building economic democracy in India is synonymous with building co-operative business. The difficulties of the one are the difficulties of the other. It is just misleading and fallacious to argue that because co operatives are less economical and less efficient, a bureaucratic or a capitalistic organization is chosen. The same would apply to democracy generally. It can be plausibly argued that the bureaucratic administration in India was cheaper in terms of tax-burden, and more efficient in terms of operational certainty. And yet what is our judgment of our democratic government ? that it is burdensome and somewhat halting, but beneficent, with an overall surplus of an experience of freedom and of social welfare. No doubt it is variable and occasionally dilatory, but it is a People's Government, where the people at large recognize their authority as well as their responsibility. In all major things, therefore, it is more successful than the bureaucratic governments. In several minor particulars it is less efficient, less certain and less quick than its immediate predecessor. We are hoping that with greater experience these faults will become less and less. But even with them we would not bargain away our freedom and our democracy for either an internal or an external autocracy.

The same reasoning applies in full to the conflict between economic freedom and economic autocracy either of an indigenous or of a foreign origin. Unfortunately, people who have grasped this truth firmly are not represented in sufficiently large numbers in seats of power. In the integrated life which technological changes have made normal for mankind, the principal field of governmental action is in the economic sphere. Political freedom and equality are for the most part meaningless in the absence of economic equality and

freedom. Free and fair conditions of work are at least as important as self-government, not only as an ethical value, but as a condition of successful planning in a democracy. Hence to maximise resources, to evoke enthusiastic popular participation, and to ensure loyal conformity to the purposes of national policy, the co-operative sector must be sedulously and scrupulously built up. As stated earlier, any alternative policy will be detrimental to freedom and welfare.

Nobody, and least of all persons of high competence ond patriotism, would desire to bring about an eclipse of successful democratic planning. Impatience may however, cloud clarity of vision and damp the enthusiasm for freedom. In all walks of co-operative business-wise organization, adequate resources, suitable training and helpful supervision are needed. It is only when such a policy of sustained action on the part of the State and the co-operative organizations has been vigorously followed for a long time that hopeful conditions would emerge. In some fields the position is even now well beyond the area of doubt. That the distribution of credit to the rural borrower must be arranged through the borrower's own organizations is almost generally conceded. It may be that even now there are some enthusiastic officers who feel that the best way to reach the cultivator is through the talati. Probably it is, if it is only a question of paying out a given sum. But if an appraisal of productive needs, assistance in making proper use of the loan, and following the investment through all stages of production and sale are treated as essential features of a system of developmental credit, only an appropriate institution can ensure its successful operation. Our dissatisfaction with the shortcomings of co-operation ought not to blind us to the even greater truth that every other alternative, private or State, has even worse shortcomings. These latter are economic as well as social. We have therefore, to forge ahead with co-operatives striving all the while to improve them. Experience has proved that a co-operative suitably backed at higher levels not only serves a larger section of population than any centralized institution can do, but it also promotes a higher sense of responsibility, individual and collective, even though the principle of unlimited liability may not be adopted in all cases.

For instance, as between a federated co-operative structure with a village base connected with the State Apex through a district central financing agency on the one hand, and a system of branches of the apex or State institution operating as an intermediary on the other, the former has generally been proved to be superior in all

3

essential respects. Under it more and better service is apt to be given and more local resources and initiative are likely to be called into action than under the latter. The institutional and private deposits of the co-operative financing agencies, which are an important and a growing part of our national resources, are for the most part the result of mobilizing small and medium savings. In any other than co-operative organization a large portion of these would be frittered away. In so far as in a federated co-operative structure, the management of each rung of institutions,is penetrated by representatives of others, mutual knowledge and appreciation tend to be maximized. Relations are not as between a borrower and a lender or as between a buyer and a seller but as among jointly responsible persons. Here again for efficiency of economic service as well as for a free and democratic social climate, the co-operative type of organization is so inherently superior that all attempts should be concentrated on its expansion and strengthening.

The need for strengthening is the greatest at the village level. As a part of economic planning generally, and especially as an essential feature of national extension and community development, all farmers must be brought within the system of co-operative business, credit as well as the rest. To bring this about not only are large resources necessary, but a new outlook of equalitarin and progressive development is essential. While many villagers have been among members of co operatives during the last fifty years it is futile to deny that co-operators themselves are not always free from the prejudices of the more propertied and more privileged persons against the less propertied and less privileged persons. Even co-operatives, like all social institutions sponsored by public support, are apt to degenerate into vested interests. To ensure that co-operatives fall in line fully with the objective of serving all sections of villagers, who are participating in the development plan, it is desirable to provide for enough safeguards against a spirit of exclusiveness or of wasteful use of public resources. Recent legislation on the subject is designed to secure this result.

In so far as the resources of the village primaries are limited, it is necessary to strengthen them further. The amount of loans which can be made to the primaries must, for financial soundness, bear some relationship to their owned resources. If an immediate need for large-scale lending is recognized, it is far better that the capital structure is strengthened at the time of making the loans, rather

than leaving the capital structure weak and making loans out of all proportion to owned funds. Though it is true that in a manner of speaking such strengthening of capital resources is to some extent done by importing external resources, still this must be treated as a legitimate way of building within the system a financial reinforcement, which would contribute to the soundness of the whole structure. That the external strengthening should be drawn on to the minimum necessary extent of amount and duration, and that its form should be essentially co-operative are precautions, which must be carefully observed.

At present, as a rule, the village primaries do not receive any deposits—current, savings or fixed. The reason, of course, is that the size of primary societies is so small and the level of their management is so amateurish that in their own interests as well as in the interests of the depositors the societies have generally to be discouraged from receiving deposits. But the situation is undergoing a marked change during the last decade. Not only have the villagers obtained greater experience, but as a part of national planning monetary outlays in rural areas are on the increase. Even apart from the effects of a policy of deficit financing the existence of large amounts of currency in rural areas outside the pale of the banking system would constitute a serious weakness in the planning mechanism. Village credit institutions can no longer afford to be merely lending institutions. They must take their function of promoting thrift more seriously, and holding the cash balances of members must be treated as a normal function of rural co-operative credit institutions. To acheve this without risk the societies must inspire enough confidence by their substance, their goodwill and the quality of their management. Any strengthening supplied to the village primaries on all these scores will enhance their usefulness to the members as well as to the nation as a whole.

The same need for building up the service capacity of primary co-operatives is apparent in regard to their non-credit functions. Credit functions are responsible and vital. But they are only ancillary to the more comprehensive function of initiating and organizing a developmental effort in all sections of the community. Mutual knowledge and local contacts are needed for this task along with the appropriate talent, and competence for efficient organization and management. Organizational assistance by way of material resources and trained management has to be fully adequate for the successful discharge of all developmental functions, which the primary co-operative is expected to discharge.

It is a truism that no superstructure of national economy would possess any greater strength than the strength of the village base. All attempts at strengthening the rural primaries must, therefore, be treated as a *sine qua non* of co-operative reconstruction. In doing so it may be necessary to modify the present pattern in appropriate respects, such as the area covered by a society, sources of capital, and nature of liability. As experience of extension and community development has shown, for different purposes of development different area have to be treated as community units. As a general proposition, it can be stated that the nearer the centre of decision to the people the better it is for democratic management. But the capacity for effective service will also have to be taken into account. If the choice is between leaving "a single village" primary in a state of dependence and weakness, and having a multi-village unit which may muster more adequate resource and strength which may enable it to carry out the purposes of its existence, the latter may prove preferable. As the scope of activity of rural co-operatives is now being extended to marketing, processing and other important functions the occasion for making a choice of suitable size and form will crop up again and again. While no rigid or dogmatic statement of merits is possible, it must be our policy to ensure adequate strength of operation to discharge the social functions which under the plan are placed on the co-operatives. Experience as well as a careful calculation of all our resources indicates that while it may be possible, with suitable care, to organize co-operative societies as mainly distributors of credit on a single-village pattern, for the multi-purpose developmental functions resources of more than one village would in many cases have to be pooled together, if plan objectives are to be actually realized. Success of the plan as a whole is built upon the success of all component plans, including the plan for village primaries. Subject to the functions designed for them being successfully carried out by the village co-operatives, there should be scope for variation in organization and method. An elastic and forward-looking approach is necessary in regard to the forms of co-operative activity.

Co-operatives are our deliberate choice, and they must be so organised and equipped as to ensure their success. The institutional equipment of all sectors of the economy, private, public and co-operative, has to be kept under constant review in the light not of

rigid *a priori* ideas of right and wrong, but in the light of capacity to perform the functions of democratic development adopted by the plan. Within each sector and as between sectors appropriate institutional relationships have to be established. Three trends, which have been gathering strength in our economic policy make an overall review of these relationships an urgent matter of public policy. The co-operatives are no longer a mere tolerated and protected group of the under-privileged. They are increasingly being adopted as a normal form of healthy and public spirited economic activity. On the other hand, business institutions in the private sector are being put under increasing restrictions. and they are in several cases being helped financially and in other ways In fact, except for small units in a few branches of business there is hardly any pure private sector left. Still a vital difference would persist. Whereas in the public sector not only are resources public but decisions are also made by public agencies, in the private sector though resources to a certain extent are public, and an overall structure of policy and services is also provided by the public, positive decisions are to a large extent left to the private managements themselves. In the co-operative sector resources may more clearly be of public origin, and their decision making may be more directly a part of public policy than is the case in the private sector. The co-operatives, frankly, do not form a privileged portion of the private sector. It would be more appropriate to describe them as a democratically organized and decentralized partner of the public sector. It is in this spirit that co-operative work must be carried on, and it is in this faith that the State has to adjust its relationship with co-operatives.

In the purely public sector the number and range of nationalized institution is growing. The degree of nationalization and the form of management chosen for each nationalized institution is almost an essay in itself. It is, therefore, natural that while influencing the scope and manner of action of any one of these several forms of organization—private, co-operative, partially assisted and controlled, and fully nationalized—repercussions should occasionally be caused on others which are not intended. Indian planning is not being done on a blank sheet, as happens when all, or almost all, traces of past institutional history are wiped off by a violent revolution as was the case in Russia and China. Fortunately not only our freedom struggle but also the organization of our economic institutions has been on the whole peaceful and evolutionary. The ease with which a republican cabinet took over from a bureaucratic one as the chief executive in the Central and State Governments is only an instance in point. Other institutions like Supreme Court, the Auditor-General, the Public Service Commission and the Reserve Bank of India are also important functional authorities, whose position is governed as much by their history and by accepted conventions, as by the letter of the constitution and status affecting them. In view of the changing purposes of national policy and especially in view of the nationally accepted programmes in the Five-Year Plan, changes may have to be made from time to time in the operation of these institutions.

In a democracy, and especially in a parliamentary democracy the cabinets are empowered to say what objectives must be served by the institutional framework of our democracy. This framework, including co-operative as well as governmental organs, must be kept in constant review. But whenever a feeling grows that in their present form any of them are not fulfilling, adequately and satisfactorily, a legitimate purpose of the State, a thorough inquiry should be undertaken to outline the course of reorganization and progress. To be true to democracy and to our own reasoned experience this is the only proper way of appraising and altering the basic institutional equipment, which in its present form we have chosen for ourselves. That members of the cabinet should operate as executive heads and not merely as parliamentary ministers, that the Supreme Court's jurisdiction should be waived from certain spheres of legislative action, that the Auditor-General should not concern himself with the operations of public corporations, that the Public Service Commission should select a list of qualified candidates instead of recommending an order of preference and that the Reserve Bank of India should transfer its functions of rural credit to the State Bank of India, which may itself deal directly with primary co operative societies are only some of the major proposals for structural reorganization in the institutions of our democracy which are made from time to time. Any government of the day before it sets its hand to any such major alteration in the basic institutions of the nation ought so equip itself with the results of a thorough inquiry into the subject. While it is not obligatory on government to accept the results and recommendations of the inquiry, the government owes it to itself and to the country generally that a thorough inquiry is held before major changes in important organs of national life are contemplated.

The principal merit of the Rural Credit Survey Committee's report lies in the facts of the situation and of experience which it has

systematically collected and which have been made the basis of its recommendations. Few who have actual experience of the working of rural co-operation over the last fifty years will feel inclined to disagree with the Committee's finding that local knowledge and honorary management which were expected to be strong points of village societies have as a rule failed to bring about desired progress in the scope and competence of their business. If progress in the extent and quality of service is to be realized in a measure commensurate with the purposes of the Plan, a major reorganization of co-operatives substantially in accord with the recommendations of the Rural Credit Survey Committee would seem to be imperative. Broadly these recommendations have been accepted by all concerned —by co-operative organisations, by State Governments and by the Union Government. Most of them have been incorporated into the Second Five Year Plan, and crucial steps such as the nationalization of the Imperial Bank of India, amendment of the Reserve Bank of India Act, creation of earmarked funds by the Reserve Bank and State Governments, and the setting up of the National Co-operative Development and Warehousing Board have already been taken. All those who are interested in the success of the Second Five Year Plan should now concentrate on pushing forward with united strength the co-operative programmes made on the basis of accepted recommendations.

In doing so there is no need to disturb the existing structure too suddenly, and certainly not by any measure of official coercion. In this as in other aspects of Indian progress gradualism and variety would be more in keeping with Indian conditions and temperament than rigidity and enforced transformation. But the emphasis of newer developments must be on ensuring adequacy and efficiency of service in keeping with the purposes of the plan. It is, on past experience, a very reasonable expectation that comparatively larger societies doing multipurpose business will be able to promote development more satisfactorily than small-sized credit societies. Those who are inclined to doubt this lesson of past experience may be reminded that some years ago, many people, who thought that they knew better, doubted the legitimacy of the multi-purpose pattern which was then newly recommended. It is now the turn of the large-sized society. The urge towards widening community of interests and towards emphasizing all round efficiency of service is so great that willynilly the large area of operation will come to prevail. This is happening all over the world. If some people want still to stick to the "pre-war and pre-plan" model let them by all means do so. But let the rest have freedom and encouragement to go forward with what they in common with the progressive parts of the world desire to do. Aspects like strengthening and training of staff, establishment of marketing societies and warehouses, and promotion of processing industry are so unanimously adopted as *sine quo non* of further progress that nothing would justify a slowing down of the pace of progress in regard to them. The last year and a half has seen little progres in the actual working out of co-operative plans, except in a few selected areas, e.g. the pilot areas and in the co-operatively developed States. If the same hesitations and divided counsels dog the steps of co-operative workers in the years to come a large part of the agricultural portion of the Second Five Year Plan would be seriously in peril. A determined drive behind all parts of the second co-operative plan is urgently called for, if our expectations of progress during the current plan period are to be realized.

An Assessment of China's Agricultural Producers' Co-operatives*

SHRI R. K. PATIL.

In June 1956, 92 per cent of the rural households were members of agrarian co-operatives (in which land was pooled and jointly cultivated). Of these, sixty-two per cent or just over two-thirds were members of advanced co-operatives to which the members have surrendered the ownership of their land and in which the remuneration for land ownership has been abolished and is related exclusively to the labour put in. The remaining one-third are in primary co-operatives. In this type the ownership of land rests with the individual and he is paid a land dividend besides the return for labour. In the course of our study tours in China, we visited six provinces and a suburban area around Shanghai and saw twentytwo co operatives of both types. The impression left on our mind is that these co-operatives by and large are working smoothly and successfully without any stress or strain. The leadership of these co-operatives is in the hands of local people, who have displayed considerable enthusiasm, tact and initiative in running the co-operatives. They are patient and accommodative and the anxious to achieve results by education and carrying conviction to the members.

Formation of co-peratives has helped the adoption of simple scientific advances, such as, pure seed. better plant protection, improved implements (not power driven), collection of manures and use of fertilizers. All these have contributed to increased agricultural production. But striking as has been the progress in these spheres, it is particularly noticeable in the increase in irrigation. There has been a progressive rise in the irrigated areas corresponding with the increase in co-operative activities starting from the labour exchange stage. Co-operatives have also helped to fight floods and drought and given social security to the old and infirm, who can now rely on the Welfare Funds of the co-operatives for their maintenance, if the co-operatives are unable to offer them any suitable work for their livelihood. Subsidiary occupations have been better organised and we saw co operatives working piggeries (pigs are also maintained individually), brick kilns, carpentary, grain husking, bean noodle factories, etc.

Agrarian co-operatives have been accepted as the principal instrument of State policy for promoting socialism and for increasing

*Source: From an article published in the A. I. C. C. *Economic Review* dated 1st February 1957.

production. The State has set up agencies which are able to provide to the farmers large amount of rural finance and consumer goods. Furthermore, the State offers guaranteed prices for farm produce. The prices are announced in advance of sowings. This helps the co-operatives in preparing production plans before hand and adopting a pattern of crops, which is suitable and profitable to the co-operatives. The State policy of giving them every support has created a sense of security in the farmers. They are not worried about price fiuctuations and shortage of funds. The entire rural people are therefore able to concentrate on production, without any fear of prices going down due to increased production.

There is apparently no loss to the individual from the surrender of his right to take independent decisions on each aspect of farm operation and marketing in favour of the co-operative. Other methods of participation by the members in reaching a more informed decision have been devised. Incentive for hard work is maintained by a long list of norms, which covers all the important conceivable items in farming. Every operation has norms, the average which each person is expected to attain, and this norm has in every case been arrived at as a result of practical experience. Increases above the norms are suitably rewarded and points deducted for work below the norms. A co-operative is generally split up into teams to which a separate plot of land along with animals, implements and all the where withal of production is provided under a contract system. The team undertakes to produce a particular quantity of agricultural output at a particular cost. This is known as a long contract system. A substantial percentage of the increased output above the contract is allowed to be divided by the members of the team as their reward for good work. In a similar way, failure to complete the contract for causes not beyond the capacity of the team is punished. For promoting a spirit of healthy competition and encouraging better performance, the co-operatives elect model workers and model teams to whom suitable rewards are awarded. There is a similar assessment of co-operatives at the country, province and national level. Thus, there is enough scope for the operation of individual and group incentive and we did not notice any general tendency to slacken or mismanagement. Production everywhere has been going up and the whole nation appeared to be at work as if the co-operatives had never been formed, so smoothly the transition appears to have been achieved. It is doubtful whether efforts of this magnitude could be put in by small farmers without the co-operative form of organisation.

A few enterprising or enlightened individuals will no doubt make improvements even in the absence of co-operatives, but the level of input and output of the majority would continue to be low—and for such people, who constitute a bulk in China, the co-operatives have been a great help. In almost every case formation of co-operatives led to greater collection of manures, speedier and better development of irrigation resources, larger use of insecticides and introduction of new implements which was bound to increase the capacity of individual cultivators. It is, however, difficult to express the benefits of co-operatives in terms of percentages of increased production as the factors of production tended to increase the formation of co-operatives. It is, of course, possible to assess the increase in production which can be achieved only by the rationalization of labour power resulting from the formation of co-operatives. But such an assessment has not been made anywhere in China. But when information on this aspect was sought, we were generally told that the estimated increase on this score was somewhere around fifteen to twenty per cent.

There is another important reason why in the Chinese conditions the answer to this question presents special difficulty. Undoubtedly by 1949, due to various factors, that is, evils of landlordism, insecurity, etc., agricultural production had touched a very low level and a considerable portion of the present increase in production would certainly have occured on the restoration of normal conditions and the incentive given by a stable Government, such as credit, marketing, etc. in stepping up production. It may be stated generally that by 1952 these factors had exhausted themselves and the prewar level of production was reached. The subsequent increase can be attributed largely to co-operativisation, unified management of land and labour power and better utilisation of both. The theoretical advantages of co-operation in farming are generally accepted. But the human problem iuvolved in the voluntary surrender by each individual of his right to manage his plot of land has baffled solution uptil now. Indeed, past experienced in this regard is of a character which deters people from even contemplating the type of co-operative farming, which involves pooling of land and joint management. In Russia, the result had to be achieved under circumstances which Stalin himself considered more trying than the total war effort involved in repelling the German attack in the Second World War. And in this process the Soviet agriculture received a setback from which it took a long time to recover. The loss of human values involved in forcing and suppressing a number of recalcitrant peasants was incalculable. In Yugoslavia, where the pressure of population is not so severe and the ceiling of holdings is twentyfive acres, the opposition to collective system of agriculture developed to such an extent that after a few yeare of indifferent trial the system had to be given up and out of six thousand co-operatives barely one thousand remained after the farmers were given freedom to leave the co-operatives.

On the other hand, we have seen the Chinese picture as a whole nation organising its agriculture in co-operatives, wherein each single household is pulling its weight in a tremendous effort to raise production. The explanation given by the Chinese for their spectacular success is as follows. In the past the Chinese peasantry was greatly oppressed under a system where the landlord was also a local representative of the Central Government and frequently exercised judicial powers. Thus, he not only used to exact heavy rents from the peasants ranging from 50 to 80 per cent of his crops but also used to forcibly recruit them in the army, levy usurious interest and many other illegal dues from them and harass them in many other ways. After the land reforms the land of the landlords and rich peasants was distributed amongst the poor peasants, which included the landless labourers, on a per capita basis, and everybody in the village became an owner of a part of the land. But the land distributed to them was so small and the difficulties experienced were so great that under the leadership of the Party, they organised themselves into labour exchange and mutual aid teams, and thereby achieved some increase in their production. But they could not go much for as each owner still managed his own small plot. Therefore, they encountered various difficulties in obtaining full benefit from the mutual aid teams. The next step was the formation of the co-operative of the primary type. Under this system land was pooled and managed by co-operative through the managing committee. Each individual member was entitled to a return from the land which either was a fixed amount or a fixed portion of the gross agricultural production after deducting production expenses. The remaining was shared by all according to the labour each put in. There was thus a return for labour as well as for landownership. The next stage was the conversion of the primary co-operative into an advanced type. The Chinese found that with the notion of property in individual plots still holding the field, full benefits of unified management could not be obtained. Individuals were reluctant for

land development which affected adversely their individual plots though benefitting the co-operative as a whole. And, of course, so long as the return for ownership of land prevailed, there was correspondingly a less return for labour and consequently less incentive for it. In this period, other sectors of Chinese economy also underwent a socialist transformation and therefore the movement of advanced type development received the support of a large majority of the peasants and the co-operatives of the lower grade were transformed into co-operatives of higher grade. Thus, every co-operative of the higher grade has almost invariably passed through the stages of a mutual exchange team and a lower grade co-operative.

This is the story of co-operatives one hears throughout China. Under the leadership of Party and the Government the people were persuaded to join the co-operatives. The obvious advantages of a co-operative, in that it helped to increase production and received more assistance from the Government, were complementary factors to such a development. Even so the progress was at first slow and halting. In 1953, the effort at formation of co-operatives appears to have slackened and the Party had to call for renewed effort in 1954-55. In some places the co-operatives were doing so badly that a large number had to be dissolved. In others, the movement was at a stand-still. Under these circumstances the State Council and the Central Committee of the Party adopted a cautious and conservative attitude in pushing ahead and the directive of the State Council in 1954 asked for consolidation of existing co-operatives rather than the expansion and creation of new ones. An article in the Party magazine in June 1955, only two months before Chairman Mao's historical address, criticized the blind optimism of the cadres in expanding the co-operative movement. There were, indeed, drives for boosting up of the movement off and on. As against 14,900 co-operatives by the end of 1953, the number suddenly rose to 1,91,000 by March 1954 and in the autumn the figure rose to 2,25,000. In summer 1954, Vice Premier Tung Tse-Hui stated that they hoped to increase the number of co-operatives to 5,00,000 by the spring of 1955, to 1.5 million by 1956, to 3 million by 1957 and completing the task by 1958. Undoubtedly, by the middle of 1955 the movement was encountering difficulties and Party leaders appeared to have been divided on the policy for further progress and development. At this stage Chairman Mao undertook a two month tour in rural areas and studied the problem himself. He found that the masses were ready to march ahead but the leaders were hesitating. He recommended co-operativisation at a rapid rate. This historic address in July 1955 restored the singleness of the purpose of the Party. After Chairman Mao's historic lead, the waverers in the Party were settled and singleness of purpose was again created and the cadres were inspired with a new enthusiasm, a new objective and a new determination to achieve their goal.

While considering the achievement of China in the field of agrarian co-operatives, the socio-economic and administrative setting in which these results were achieved has to be taken into account. The Government does not believe in the Parliamentary democratic form of Government. There is no organized opposition to the Government's philosophy and policy and there is little possibility of such an opposition coming into existence. Thus, what the Party and the Government had to contend against was the conservatism of the peasants and not another group of people advocating a different approach and doing their best to condemn Government policy and exhorting the peasants not to give up the path of individualism. The Chinese Government as well as the Party have a very good understanding of peasant psychology, which is of great importance not only for the successful running of the co-operatives but also to determine the circumstances under which it would be possible to replicate such results.

Did the peasants join the co-operatives voluntarily or had they to be forced into them? This is a question which is often asked. It is certainly very difficult to ascertain the subjective state of the mind of a people, particularly in the rural areas. And if one cannot speak to the people except through an interpreter and one is not conversant with their past, the difficulties become still greater. Inspite of these obvious handicaps, we did our best to fathom the guiding motives which must have influenced such a large body of people to give up the historically accepted and what seems a natural and obvious mode of cultivation in favour of a new and not sufficiently experimented pattern. Apart from talking with the office-bearers of the co-operatives and other members we talked with individual farmers who had not yet joined the co-operatives, and ex-landlords who had joined the co-operatives. We went into the houses of the people and talked freely to them. We stayed overnight in a co-operative and we tried to ascertain the atmosphere of the crowds who used to gather around us. We questioned closely people from different walks of life with whom we

came in contact. Briefly, short of a Gallup Poll, and within the limitations already explained, we did our best to sense the atmosphere prevailing in the co-operatives. And our feeling is that a great majority of the peasants joined the co-operatives voluntarily and willingly. Far from noticing any signs of suppression and helplessness, we noticed enthusiastic and active work in the country-side. We noticed rural China at hard work, a regenerated nation trying to make up for lost time and looking with confidence towards the future. People explained that they were much better off than before. A revolution is taking place in the country-side, the dominant motive of which is not fear but change in people's ideas and minds which no administration by itself could bring about. Self-sacrificing and disciplined leadership actuated by the high ideal of a quick building up of their country into a powerful, industrialised modern State, have succeeded in persuading the people to accept a new way of life in organised agriculture which not only has paid immediate dividends but appears to be the only solution for small uneconomic farmers. The tremendous confidence which the peasantry of China has today in the leadership of the Government and the Communist Partv is the one single factor which is largely responsible for this development. This leadership has been achieved by the cadres of the Communist Party living in the midst of peasants and rubbing shoulder to shoulder with them through years of struggle for their liberation, through land distribution, through providing an orderly Government which fought inflation and did numerous other acts which have given them the taste of new life and a hope of better one in the future.

Large masses joined the co-operatives because they felt it was good to do so, and they found that those who had joined were better of. The peasants' leaders were convinced that they could not expect to share in the national prosperity with their individual ownership of an insignificant piece of land which alone could be their share over the major part of China. Thus, when we enquired about the determining factors which induced the peasant to join the co-operative, whether it was the desire to secure better economic prospects or to achieve socialism, we were constantly reminded that the two objectives were one and the same. Without socialism, the peasant could not hope to better his economic condition, and conversely the only way to better his economic condition was for the peasant to advance on the road to socialism. Thus, socialism and the economic prosperity of the peasant was inseparable and mutually convertible.

And hence the advance of the peasant along the road to socialism had been so smooth and orderly and achieved by and large in a vountary manner.

This is not to say that every person joining the co-operative has done so voluntarily and from a complete understanding of the full implications of the movement. Human behaviour proceeds from a variety of motives. Many joined because their local leaders wanted to join and persuaded them to do so. Some others were not so convinced and did not want to join, but felt that they could not keep out when such a large body was joining and therefore they also joined. The Government policy of encouraging co-operatives also resulted in the comparative neglect if not positive discouragement of individual cultivators. All the individual cultivators whom we interrogated stated that with a co operative working by their side it was impossible to get labour assistance at crucial times of the season. In a few cases overenthusiastic cadres actually used force and compulsion to bring recalcitrant individuals into the co-operatives. But the fact stands that by and large the co operatives were formed by the voluntary acceptance of the lead given by the Government and the Party on the part of a revolutionary peasantry.

The Party has indeed played a dominant part in the whole socialist transformation in the agrarian sector, and this is a fact of great significance in determining how far Chinese experience can be useful, elsewhere. The mere circumstances of farmers with small holding having come together as a result of land reforms would never have produced this result without a definite and positive intention on the part of the Government and the Party to bring it about. Perhaps there was some previous history of mutual aid in China. Perhaps the Chinese are more co operative by nature. But these circumstances only provided a good soil for the development of the co-operative seed, which had nevertheless to be planted and nurtured. The idea that the peasants joined voluntarily after seeing a successful function of the co-operatives is correct only in the sense that was one of the contributory factors to their development. But without an incessant and very far-reaching effort on the part of the Party, the co-operatives would not only have never seen the light of the day but would also not have been functioning so smoothly and evenly.

The Communist Party is ubiquitous in China. It is in Government offices, in factories, in agrarian co-operatives, in the houses, in

the streets and in almost every conceivable place where group of people can congregate. Every group has a party man whose function is to make the group understand the basis of Government's policy and convey to his superiors how his group feels about it. Thus constant interchange at all levels keeps the Government adequately posted with the state of public opinion and gives it confidence and ability to carry out a particular policy. The Party man has to uphold the ideals of the Party.' He must be of abstentious habits, of good character, of self-effacing nature and completely devoted to the Party ideals and Party work. He must have no other occupation, which would be a rival to the Party work. The Party is the backbone on which the whole structure of the Chinese Government and the whole development of the Chinese people rests.

For its work the Party relies mainly on education and propaganda. It is said that in the days of Kuomintang, people had to pay too many taxes and too many exactions. In Peoples' China, there are too many meetings, too much indoctrination, too much exchange of ideas. Modern propaganda has given a bad odour to this expression, but in effect it is not different from missionary's attitude to his work. His flock must be convinced and properly shepherded. That is how a missionary looks towards his flock. The Communist cadre with his tremendous zeal and enthusiasm is equally anxious to convince the group in which he works and he employs every art in his armoury to achieve his task. The philosophy of the Party is "to enlist and win the support of the masses and to rely on their political consciousness, determination and activity." The Party does nothing which will indicate even remotely that they are the leaders and the masses have followed them. They are always anxious to produce a situation, which will convey to the masses that it is they who have achieved the results. The technique behind the accusation meetings had also the same objective. In a similar way, the cadres were careful to see that the movement for co-operatives was made a conscious movement of the broad masses. This involved active awakening in them and mobilising them for action. This mobilisation was against those individuals among the peasantry, who stood for individualism. The landlord was the first target and thereafter the rich peasant and the speculative merchant. A single class is made a target of attack and the rest of the great majority is mobilised in the attack against this target. Thus, at any given moment, Party has been able to carry the great majority of people with it.

The method of work was by dividing the peasants according to the economic status and level of understanding and organising them group by group and not all at once. The spearhead of the movement was the poor and the lower middle peasants, who were in majority. These formed the basis of the co-operatives and the remaining were brought in later by education, persuasion, demonstration, etc The exclusion of the landlord and the rich peasants in the initial stages and drive against rich peasants in the second stage was intended to maintain ideological purity. In the early stages there was every danger of the individualist and capitalist contaminating the major class of the poor and lower middle peasants. Indeed, Chairman Mao's Report shows that these tendencies had already started appearing. Land was being sold, pauperising poor peasants and enriching the rich ones, and this tendency would have been accentuated, but for the rapid development of the co-operative movement.

Government policy in other spheres has greatly helped the development of co-operatives and given them full incentive in production. Almost every Hsiang has now a credit co operative and 91 million households comprising 77.2 per cent of the total rural households are members of these co operative. The total allocations made by the Government to the People's Bank for giving loans to these co-operatives are as follows :

1949—54	3,600 millions.
1955	1,000 ,,
1956	2,200 ,, (of these 1800 million had already been advanced by July).

The total outstanding loans in July 1956 were 920 millions.

These credit co-operatives also accept deposits from their members and in July 1956 the total desposits were of an order of 570 millions. The co-operatives are encouraged to invest their savings in schemes for increased production and it has been estimated that during last winter to 19th June, 1956, water conservancy projects throughout China together with more than 100 million mou of expanded and irrigated area have greatly exceeded the target set by the Five-Year Plan and the total irrigated area reclaimed during the past six years.

The State policy regarding marketing has greatly helped the development of agricultural production. Indeed, a nation-wide

State purchasing system agricultural produce preceded the formation of the co-operatives. The State fixes the prices of agricultural produce and announces them well before the sowing, so that the co-operatives can plan their production in a manner, which will give them the best income. The State undertakes the purchase of the produce at these fixed prices and, therefore, the cultivator feels no danger that prices will fall due to over-production. After the State quota is filled, he is free to market his produce amongst the cultivators. The prevailing fair price for his produce and the fixation of prices of industrial products at a parity level ensures him a good and rising standard of life proportionate to the increase he can secure in his output.

Articles of daily necessity, i.e., cloth, soap, etc., and requisites for production, such as, implements, seeds, insecticides, manures and fertilizers are supplied to the cultivators through the net-work of marketing and supply co-operatives at fixed prices. Departmental stores have been opened in almost every Hsiang and through these the cultivator can obtain his necessities at fixed prices. The State has frozen agricultural taxation at the 1952 level. Thus the cultivator is allowed enjoy the full benefit of his increased production. And, finally, the State gives the cultivator every inducement to invest his savings in local agricultural development. The policy of the Chinese Government appears to be to secure rural development entirely at the cost of the peasants; if necessary the Government helps them by making loans, so that agricultural development is financed out of the increased production of the peasants and receipts of the State can then be diverted to the development of heavy and light industries.

In establishing the agrarian co-operatives, the Chinese Government has been actuated by a series of motives, besides their policy to advance towards socialism. Industrial development requires capital investment and foreign exchange. Both are greatly dependent on the exports China can make to more industrially developed countries. These exports would largely be of agricultural produce, which the State must be in a position to get control of. It is certainly very easy for the State to obtain the marketable surplus through a million co-operatives. Distribution of articles required for increasing producton is very much facilitated. Co-operatives help to stimulate local investments. It is easy to approach the farmers and explain to them the new agricutural techniques and other social and economic concepts. The State can now collect the agricultural taxes from one million co-operatives instead of approaching each one of 110 million families. Co-operatives are thus helping the State in simplifying administration and reducing its cost. They are also proving a useful check on anti-social elements. Theft of property or crop of the co-operative leads to disapproval of the entire community. Such a programme helped economically to obtain increased production. Politically the co-operatives have also strengthened the alliance between the workers and thc peasants and consolidated the unity between the poor and middle peasants by eliminating the foundations of capitalism from the countryside.

The organisational movement for the formation of co-operatives is practically over and there is now need for consolidation. A great majority of the co-operatives have been formed after the lead given by Chairman Mao after the autumn of 1955 when a surging tide of socialist transformation of agriculture swept the countryside of China. In such a tidal development some defects have naturally crept in. In some cases the co-operatives have been formed without sufficient preparation. Some of ihem are too large and tend to become unmanageable. It may, therefore, be necessary to work out a suitable size which will ensure efficiency as well as democratic character. Avoidable waste and extravagance have also occurred in a few co-operatives. Future planning has not been sufficiently detailed in all cases. Some societies have concentrated unduly on grain crops to the detriment of commerecial crops and subsidiary occupations. Others have yet to learn sufficiently from the experience of more successful co-operatives. Technique of labour management and the system of long-term contract with three guarantees has also been introduced. The local leaders of the co-operatives, and at higher levels the Communist Party and the Government, are aware of these shortcomings and are taking steps to remedy them.

The large man-power required for administering and managing one million agrarian co-operatives has been acquired from the local people in the village itself. Men, who had primary school education andelementary knowledge of arithmetic are given a short course of training in book-keeping and accounting and appointed as accountants. A farmer who was accepted by the members as a very good cultivator and had knowledge of agriculture is assigned the task of planning production. Scientific knowhow is imparted to him through technique popularisation centres. Meetings and discussions

are frequently held with experts and men incharge of the co-operatives before every important form of operation begins and there is considerable exchange of ideas and experience. Other office-bearers, presidents, vice-presidents, etc., have been similarly trained, Having met the urgent need in this manner, arrangements are now in progress for further intensive training.

Women in particular are playing an important role in developing the co-operatives. The managing committee generally includes at least two or three women members. Many of them hold the responsible position of President and Vice-Prisident. But apart from this, wherever we met women officebearers we noticed that they were there mainly because of their qualities and not only because of their sex. Indeed, emancipation of women and the great part they are playing in national reconstruction was one of the dominant impressions left on our mind.

The Chinese experience clearly indicates that if correctly approached and properly led, it is possible for most of the small peasants to get organised in co-operatives and these are of great help in increasing production in a short time and stimulating savings for local development. The socialist transfomation in agricuture can be achieved comparatively easily when a similar policy is followed in other sectors of the economy and even within agriculture wide disparities in land holdings are reduced by land reform. And China appears today to be poised for a great movement of national development based largely on surplus agricultural prodution.

The Sacred Principle of Freedom*

ANDERS ORNE

[Precisely one month after the wide international circle of friends, whose esteem and regard Anders Orne had won during his long membership of the I.C.A. Central Committee, had been congratulating him on his 75th birthdays, they were mourning his accidental death. Although he had been for several years in official retirement after a distinguished career in the service of the Swedish Government, he remained in intimate contact with the Co-operative Movement, national and international.

Orne's clear, acute mind and calm judgment were always freely available to the leaders of the Swedish Co-operative Movement, whose policy and strategy he helped to shape more than a generation ago. His colleagues will sadly miss his counsel, his realism and analytical power.

With kind permission of "Vi", the illustrated weekly of the Swedish Co-operative Movement, the Review reproduces below the last article written by the late Anders Orne. This profound meditation on Freedom was his valedictory utterance; it was already in type when the news of his death was received—*Editor*.]

The word freedom has a rare spendour. In all ages it has been inscribed on the banners of militant people's movements. The demand for greater liberty has rallied and constantly rallies fervant supporters and has often inspired oppressed classes and nations to rise against their masters.

Often in the course of history, the word freedom has been no more than a habit which ambitious politicians have held out to their supporters' through whose united strength they wished ultimately to acquire for themselves power or influence over their fellow men. That is why many revolutions launched in order to create greater freedom for all have resulted in autocracy, minority dictatorships or increased control over the great majority of the people. Under the pretence of securing the fruits of revolution for those whose heroism and sacrifices brought it about, leaders and leading cliques have established combined political and military regimes which, so far from being abolished after complete victory, were established permanently

*Source: "Review of International Co-operation", Dec. 1956, pp. 280—283.

and step by step tightened the iron grip of the administration on the citizens.

Mis-used Terms

Through their power over the press, literature and oral expression, and not seldom over the citizens' social life and conversation, such dictatorships have succeeded in entirely distorting the meaning of terms. They call inexorable state-compulsion freedom, autocracy or minority-rule democracy and what we, using the word in its correct sense, call democracy (government by the people) they call monopoly capitalism or some thing else equally strange. That which we and the people who helped the dictators to attain power, mean by police and military force, they describe as guarantees of freedom.

Moreover, in those states where the people determine the general course of government through free elections, or control the activities of the Government and administration through their elected representatives, words are often mis-used in a careless fashion. To call foodstuffs and clothing democratic or undemocratic is a dreadful misuse of these terms. Not even if fashions in clothing or food were decided by parliament or plebiscite would clothes or food be "democratic" Democracy is a form of government and nothing else.

Clarity Essential

The word liberty is misused daily in all the Western democratic countries. In many cases it is applied to phenomena and institutions which do not merit description by so lofty a word. This may appear a matter of little importance because in most cases no harm is done by employing wrong expressions. But we must not accustom the public to solvenly terms and concepts in affairs of vital importance. The lines must be kept clear. Otherwise we can never overcome the modern inclination to regulate as much as possible in our daily life, even such things as would regulate themselves just as well or better if we had the right to choose between several possibilities.

Consumers' Co-operation, as the writer of this article has maintained and strongly emphasised for decades, is a movement of liberation, the instrument fashioned by the consumers themselves to safeguard their free choice of commodities and, at the same time, to be an effective weapon against exploitation and economic domination. The consumers' societies and their central, national and international unions are obliged to ignore a multitude of details, so that they can concentrate their efforts on what is more important for their members. If they try to act in every possible sphere they will lose their striking power and their ability to benefit their members economically.

There was a time—and it is not yet 50 years behind us—when many members wished their societies to engage in the supply of all kinds of goods, house hold utensils, ironmongery, machines, textiles and the like, although the societies had not even capital enough to organise the supply of foodstuffs. Where ardent members got their way, development came to a full stop because the societies, through attempting too much, could no longer fulfil their most important tasks. In many cases they collapsed. What had these ardent members gained? Nothing. On the contrary the society had lost its hold upon the distributive trade it could have dominated and along with it, lost the little capital which the members, despite their poverty, had been able to contribute. The art of limiting onself to the possible and to what is first and foremost necessary is unfortunately not given to all.

A Lesson

The desire to treat a good thing in such a manner that every possible triviality is emphasised, instead of the broad lines and the practically attainable, can also damage both the state and free organisations. When the Consumers' Co-operative Movement began in France the members wished to bring their democratic organisation to the highest conceivable degree of perfection-as they saw it. The equality of man was a fundamental principle for them. Thus every individual member had the same ability as all the others to share in the administration. Board members were not elected but were chosen by lot from the whole membership. In order that those elected in this way should have no chance to abuse their power, fresh members were chosen each quarter to replace them. The result was that the board chosen quarterly in this manner had no opportunity of becoming versed in the society's management and was not even capable of drawing up a balance sheet. The book-keeping fell into the greatest disorder. And when absolutely ignorant persons were appointed as committee members, which happended most often, no proper committee work can be done. Such societies collapsed in of course of a few years. Yet this did not prevent those self-confident discoverers of the only true democracy in the field of Co-operation from starting fresh societies with the same rules and stipulations and with the same results from their experiments.

New forms of organisation in the sphere of government and free association must be not only democratic but also capable of survival and practical application. This is a lesson which we can take to heart from such experiments.

The compulsion which must be imposed in many ways upon the citizens of democratic states must not be carried further than is indispensable to achieve the purpose of the state's activity under the control of the citizens. Anything beyond this is an evil. A certain amount of compulsion is unavoidable if the state is to succeed in fulfilling its functions. If taxation were voluntary, the total revenue to finance the state's activity would be rather small. Reforms which, it is certain, are not indispensable, but which will inevitably limit the citizens' right to self-determination, must therefore be avoided in our democracy.

Essential Liberties

Freedom belongs first and foremost to the intellectual realm. Freedom of thought, belief, expression and organisation are the primary and most essential liberties which a citizen can possess. Together they constitute the basis of popular government and every conceivable freedom. In production as it is organised in our time, scarcely any freedom remains for the great majority. Almost every one has to chose between working for wages or ceasing work and starving. And the ENTREPRENEURS themselves, contrary to what is generally thought, have only a limited freedom. They are subject to the law of necessity just as much as their employees.

Naturally, the sacred principle of freedom is not seldom invoked to justify mere trifles. Not all matters belong to the category of liberties. If a consumers' society finds itself obliged to close a shop which is not paying its way or to transfer it to other premises, the members served by this shop cannot rightly plead in the name of freedom that it shall be maintained at the same place.

Test Objectively

In debate we often encounter violent exaggeration. Those who disapprove of a proposal or on action, whether in public life or in free organisations, are prone to employ the strongest words in the language in order to condemn what is planned or carried out. I remember vividly how the new system of ensuring the members' influence in the Swedish Co-operative Union, K.F., and the large societies was attacked over 40 years ago. No objections founded on facts could be raised. But unfounded opinions were expressed which inspired the opposition to unlimited exaggeration. Every one knows what has happended since the changes were made. Not one of the prophecies of collapse or disaster were fulfilled. This is often the case.

What old Job* said in the 12th Chapter of the Book in the Bible named after him, the friends who visited him and discussed his affairs, holds good; we should let the ear try the word as men try the taste of food. We must try to test objectively everything which we encounter and not allow chance feeling to mislead our understanding.

*Job XII, II.—" Doth not the ear try words? And the mouth taste his meat?"

Inauguration of the Regional Office of the Indian Medical Practitioners' Co-operative Pharmacy and Stores Limited at Bangalore on 29-3-'57.

INAUGURAL ADDRESS

BY SRI A. PALANIAPPA MUDALIAR, M.A.

Registrar of Co-operative Societies, Madras.

Honourable Minister for Health, Mysore State, Captain Srinivasa Murthi and Friends.

I am thankful to the President and Directors of the Indian Medical Practitioners' Co-operative Pharmacy and Stores Madras for the honour they have done me in inviting me to inaugurate the Mysore State Regional Office of their institution. Indeed it gives me immense pleasure to be present on this occasion and to meet the co-operators of the Mysore State and my pleasure is enhanced by the fact that the President of this function is the Honourable Sri A. B. Shetty, who as Minister for Co-operation in the Madras State, has rendered valuable services to the cause of the Co-operative movement in that State. I have had the good fortune of serving under his personal guidance and have received considerable help and encouragement from him in my work as Registrar of Co-operative Societies during his term of office as Minister for Co operation in Madras. I take this opportunity to pay my humble tribute to him for his meritorious services to the country in general and to the Co-operative movement in particular. Sri C. Subramanyam, Finance Minister to the Goverment of Madras who unveiled a bust of Sri Shetty this week in the Government College of Integrated Medicine has paid a glowing tribute to the services rendered by him in the cause of medicine and public health in the Madras State. And I am not using any conventional language when I say that in him the Mysore State has a seasoned administrator endowed with mature wisdom, ripe experience and intimate knowledge of the intricate problems facing the country. It is a happy augury for the future of the Mysore State Regional Office of the Indian Medical Practitioners' Co-operative Pharmacy and Stores that he has consented to preside over its inaugural function.

2. This institution, Gentlemen, as you are all aware, is the first of its kind in the Indian Union and it owes its origin to the pioneering efforts and far-sighted leadership of Vaidya Ratna Captain G. Srinivasamurthi and his devoted comrades. It was on 6 9 1944 that it was registered with an authorised share capital of Rs. 40,000. Under his fostering care and vigilent attention, the institution has been making steady progress. Its membership, paid-up share capital, and sales transactions have been steadily increasing from year to year and at the end of December 1956, it had 1,627 individual and institutional members with a paid-up share capital of Rs. 62,880. The sales of medicines effected by the Stores increased from Rs. 20,329 during the first year of its working to Rs. 5,81,240 during 1955-56. The net loss of Rs. 1,019 sustained by the Stores during the first year of its existence was wiped out in the subsequent year and during the year 1955-56 the institution earned a net profit of Rs. 71,365. This is no mean achievement and is indicative of the growing popularity of the Stores and the steady increase in demand for the medicines manufactured by it. The President and Directors of the Stores deserve to be congratulated on this brilliant record of progress of the Stores.

3. As the President of the Stores has pointed out in his welcome address, this co-operative institution was started with a view to manufacture genuine Indian Medicines (Ayurvedha, Sidha and Unani) under expert supervision and direction and to supply the requirements of practitioners of Indian medicine in respect of prepared medicines, raw materials and appliances required by them, at reasonable rates. The need for ensuring genuine supplies of Indian medicines cannot be over-emphasised, if the efficacy of Indian medicines is to be assured and the public saved from spurious Indian drugs and medicines of poor quality. The Stores has satisfied this need to some extent, thanks to the support and encouragement extended to it by the Government of Madras who have advised all the Local Bodies to become share holders in the Stores and to make their purchase of Indian medicines from it and granted it a loan of Rs. 1.5 lakhs repayable in 20 years at 3½ per cent per annum for construction of pharmacy building. It is pleasing to hear from the President of the Society that all the Municipalities and Panchayat Boards and almost all the District Boards in the Madras State which are maintaining dispensaries of Indian medicine have become members of this Stores and are obtaining their supplies from it. The Stores has done well to extend its area of operations

to the whole of the Indian Union and to increase its authorised share capital to Rs. 1 lakh. The opening of a regional office for the Andhra State at Vijayawada which was inaugurated on 30-1-'54 by Sri D. Sanjeevayya, Minister for Health, Co.operation and Planning, Andhra State is a step in the right direction taken by the Stores. The Mysore State Regional office which is being opened here to-day is the second regional office of the Stores. Now that the activities of the Stores have been extended to the entire Indian Union, I envisage the opening of more regional offices by the Stores in the near future. I need hardly tell you that this Stores is a shining example of the successful application of the co-operative method in organising the preparation and supply of genuine Indian medicines at reasonable prices. As in every other aspect of life, co-operation has permeated in the field of health and hygiene also. In many countries, co-operative societies of all types—consumers co-operative societies, producers societies and rural credit societies —have undertaken additional functions in this field, such as medical and surgical treatment, vaccination, installation of public conveniences, etc. There are also special co-operative societies for health and hygiene in most countries as for example, the co-operative pharmacies in Belgium, Great Britain, Italy, etc., the "Co-operative Health Union" in France have been pleased to provide financial assistance to these societies to meet their recurring and non-recurring expenses. I must say that these institutions are becoming popular and I do hope that the extension of this line of co-operative activity will go a long way towards providing medical relief to villagers near their doors, such relief being organised by the co-operation and participation of the people themselves to supplement the work of the other agencies engaged in public health. I have no doubt that the Indian Medical Practitioners Pharmacy and Co-operative Stores will make their preparations of medicines available to the health co-operatives—those functioning now and those that will be formed hereafter.

4. I have heared with great interest the report on the working of the society and the striking progress made by it and its earnestness to widen the sphere of usefulness to the public. As a laymen however, I may be permitted to make a few observations with regard to its future working and I do hope that they will receive the careful consideration of the Board of Directors of the Society.

(i) Indian medicines are cheaper and in the case of certain ailments, are believed to be more efficacious than allopathic medicines and I should think that there will be no difficulty in populariring these medicines in the rural part. Patent preparations like laghyams, thailams, etc., could be made available in rural parts through the agency of the various types of co-operative organisations. For this purpose, these organisations may be enrolled as members of the Pharmacy and Stores..I am glad that the Stores has already decided to stock its products with the Co-operative Wholesale and Primary stores in all the States under certain conditions in order to make the medicines readily available to the people even in the interior parts of the country. At present the popularity and the sales of the pro. ducts of the Stores are however limited by the fact that sales are restricted to individuals who produce prescriptions of recognised medical practitioners only. The President has stated that throwing the sales open to the public would involve self-prescription by non-medical members which is not considered desirable. But the difficulty could be overcome if the medicines manufactured by this Stores are standardised so that the public could purchase them even without obtaining prescriptions from the doctors. I may suggest that atleast in the case of certain articles, the society may take to the preparation, such as, hair oils, sherbath, tooth powder, general tonics, etc., which can be purchased by the public from any stockist without prescription from a doctor. If such articles are put on the market, it will serve to widen the scope of its activities and extend its usefulness to the public. The society will also become widely known and its pro. ducts with a co-operative label may command greater popularity and confidence.

(ii) Another step that may be taken to popularise the products of the stores is to furnish in the labels of the container of each medicines an indication of its ingredients and composition, the diseases which it is intended to cure, the directions for its use, etc.

(iii) I am glad to find that the directors of the Stores have introduced certain mechanical contrivances to improve efficiency in the preparation of medicines. It is also noteworthy that the Stores has arranged for the preparation of Phamacopoeia of Indian Medicines (Ayurveda, Sidha, and Unani). I am happy to notice that the society has recognised the importance of research and has in view the organisation of a Research Institute.and Clinic, the undertaking of Pharmacognosical Research and the setting up of properly organised Herbarium and Botanical Museum. After the achievement of political independence, much interest is being evinced by the Central

and State Governments and the public to the revival of the indigenous drugs and it cannot be overstressed, having regard to the popularity of Indian medicines among the poorer classes. I hope that with the necessary financial help from the Government the Stores will implement its scheme of research and standardisation of indigenous drugs soon.

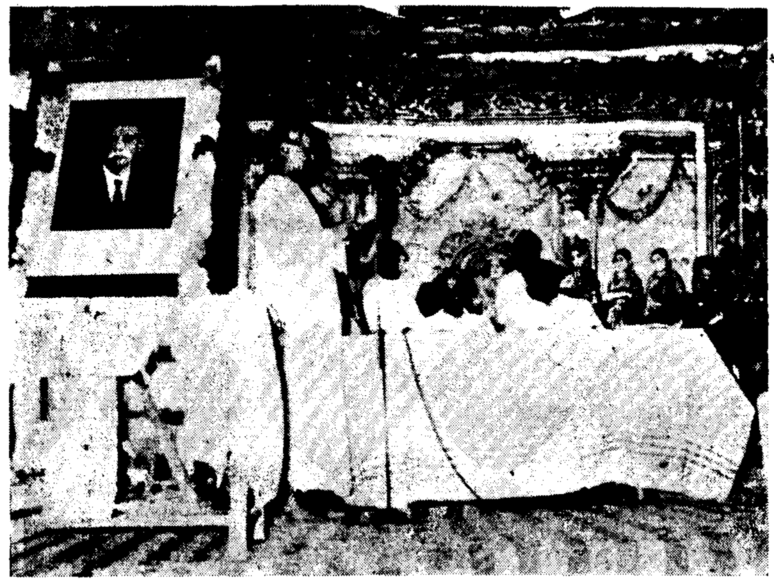
(iv) Lastly, I may suggest that particularly at this present juncture when its activities are being extended throughout the Indian Union a spread of the knowledge of the Indian Medicians is necessary. The products of the society should also be published and their efficacy made known to the public. The society may also interest itself in dissiminating knowledge of Indian Medicine and simple rules regarding health and living conditions. For all these purposes may I suggest that the society may consider the possibility of publishing a journal on health or medicine monthly or quarterly. I consider that such a journal will go a long way to dissiminate a knowledge of Indian Medicine and give wide publicity to the products of the Stores.

5. There is a great future ahead of the Indian Medical Practitioners' Co-operative Pharmacy and Stores, which is rendering a very useful service to the people. It is my fervant hope that this pioneer co-operative venture of the Madras State in the sphere of manufacturing Indian Medicines under expert supervision and their supply at reasonable rates will be an outstanding success and I appeal to the Local Bodies and Co-operatives of the Mysore State to enroll themselves as members of the Stores and obtain their supplies of Indian medicines exclusively from it. I understand that the Mysore Government have just have a few days back informed the District Boards and Municipalities in the Mysore State that they might join this society and obtain their supply of medicines of Indian origin required for their Ayurvedic and Unani wings. This encouragement on the part of the Mysore Government will, I am sure, go a long way towards popularising the use of the medicines which are produced by the society and enable the society to extend its sphere of services to the Mysore State. The pressence of the Honouroble Minister for Health, Mysore State at this function must assure us that the Stores will receive every encouragement from the Government of Mysore which has always been taking an active interest in the promotion of the Co-operative Movement. I appeal to the public and the several institutions maintaining dispensaries of Indian medicines to patronise the society in a larger measure and thus help it to achieve its laudable

objective of manufacturing and supplying genuine indigenous medicines of standard recognised quality. I thank the President and the Directors of the Stores once again for the opportunity they have given me to associate myself with this pleasant function. I have now great pleasure in inaugurating the Mysore State Regional Office of the Stores and wish it every success.

———

The Madura Urban Co-operative Bank, Ltd.,
No. 28, Madurai.
GOLDEN JUBILEE 27-2-57.



Sri Rani A. Subbaram addressing the gathering after unveiling the photo enlargement of Sri R. Ramanatha Iyer, Vice President of the Bank.

Srimathi B. Meenakshi, one of the members of the Golden Jubilee Committee reading the messages.

The Madura Urban Co-operative Bank, Ltd., No. 28, Madurai.
GOLDEN JUBILEE 27-2-57.

Sri Medai Dalavoi Kumaraswamy Mudaliar, President of the Madras State Co-operative Bank, Ltd., is seen delivering his Presidential Address.

Sri A. Palaniappa Mudaliar, M.A.I.A.S, Registrar of Co-operative Societies, addressing the gathering prior to unveiling the portrait of Sri V. Chinnikrishna Naidu, President of the Bank.

Golden Jubilee Celebrations of the Madurai Urban Co-op. Bank, Ltd., Madurai

WELCOME ADDRESS

SRI V. CHINNIKRISHNA NAIDU,
President of the Bank.

Mr. President, Ladies and Gentleman,

On this happy occasion of the Golden Jubilee of the Madurai Urban Co-operative Bank, I extend to you my hearty welcome and request you to participate in the celebratlons. The Bank is happy in its useful service to the middle class people in this historic temple city of Madurai throughout the past 50 years and has attained a stage and efficiency as one of the Premier Co-operative Institutions in the District of Madurai and assure you further progress and help to the citizens of Madurai.

From humble beginnings, the bank started from borrowed funds and has steadily built up a strong share capital and reserve and is able to attract enough funds through member and non-member deposits, to meet its requirements. Though credit facilities are available to the bank from the Madurai District Central Co-operative Bank the confidence of the public in the bank enabled this bank to raise all its requirements from the public itself.

The Bank was primarily a credit institution; but in the beginning, was supplying provisions to the members; when the activity of the stores department became considerable, a separate society, (i.e.) the City Co-operative Stores was organised for the purpose in the year 1923 and the Bank is always fostering that institution.

The main business was to grant surity loans to members but as service in other directions was required by the members, the bank advances Jewel Loans from 1934 and house Mortgage Loans from 1937. A perusal of the history of the bank will show the steady advance of the bank in the above directions.

This bank is not lending on produce and has no godown of its own. Though produce loans can be undertaken, that business is properly attended to by the Co-operative Marketing Sale Societies and the bank is not therefore competing with them.

The happy feature of the bank is the harmonising spirit of service and emulation has been the watch word of the members and the

Board of Directors and I am very happy to inform you that. class or group rivalry, caste or religious or political faction is tabooed and every one shows a spirit of Co-operation and mutual help for the betterment of all.

Because of the spirit of comradeship and spirit of service many of the directors have been reelected for several years and the bank's service motto and indefatigable energy and interest of the directors were able to enlist the co-operation of the officials of the co-operative department, central and provincial co-operative banks and the public of Madurai. The Bank owns a building of its own, the present premises, and it has rented a portion on favourable rent to sister co-operative institutions, the co-operative stores and the audit union.

To keep up the democratic tradition, the bank has reduced from Rs. 200 to Rs. 100 the share capital necessary for eligibility of directorship.

Though in the Second Five-Year Plan the Urban Banks are not given special development, the bank hopes to provide credit on house property for remodelling of building, liquidating small debts, providing working capital to small craftsman engaged in small-scale industries and to introduce a more popular system of Recurring Deposits, to encourage savings from middle class people and to take their legitimate share in the Nation's development in the Second plan period.

The Bank has invested Rs. 500 in Government Securities Rs. 2,300 in the C. L. M. B. debentures and has a share capital of Rs. 44,576 and Reserve Fund of Rs. 41,307 at the end of 1955-56. The Bank has invested another Rs. 5,000 in C.L.M.B. debentures.

As a pioneer Urban Bank, its services are always available to all upper and lower middle class people of Madurai Town and will be lending money to small traders and industrial workmen and at the same time help them to save for the future. Like a 50 year old father, the Bank will strive and put forth all its energies to the well being, growth and progress of its present and future members whether they be wage earners, traders or handicraftsmen.

I hope the impetus given by the 2nd five year plan to small businessmen and industrial craftsmen will develop the activities of the Bank considerably and it is our aim and endeavour to make this an ideal co-operative institution.

I again offer you my whole hearted welcome on this memorable Jubilee Celebrations and with the guidance of the Government and its

Officials and the Co-operation of the citizens of Madurai, the directors will do their best to give you all the possible service.

INAUGURAL ADDRESS

MR. R. SOUNDARARAJAN, B.A., B.L.,

District and Sessions Judge, Madurai.

Mr. President, Directors, Ladies and Gentlemen,

I have great pleasure in inaugurating today the Golden Jubilee Celebrations of the Madurai Urban Co-operative Bank Limited. The fact that you have reached the Golden Jubilee starting from small beginnings, is itself a great achievment and you may look back with pride to the progress you have made in the 50 years, especially when it is seen that the Bank had a very lean period during times of depression, and the management had by their wise and courageous policy, made it possible for the Bank to survive the depression and turn the corner and progress steadily thereafter. Those who are associated with the growth of this Institution, therefore, deserve to be congratulated on a historic occasion like this. Your Bank can be said to be as old as the Co-operative Movement in South India, and if not the first, it is really a pioneer institution in the Co-operative Banking of which you can well be proud.

I think my task is not complete unless I digress a little about the future of Co-operative Banking in India. You will agree that I can approach the problem only as a layman and not as one with specialised knowledge of your Institutions of which the speakers to come, are better fitted.

In India, as in many other countries, Co-operative movement started as a means of ensuring, for the poorly equipped citizens, advantages which better placed persons were able to command by not only their individual resources but also from Joint Stock Banks.

With the adoption of the principle of social regulation, the Co-operative organisations, which from the beginning have been socially sponsored and supported have come to occupy a more positive role. The Co-operative forms of organizations can no longer be treated as a species within the private sector in this era of democratic planning, but is an indispensable instrument of planned economic democracy. While in the immediate future, extension of Co-operatives is urgently called for in the rural areas, where agriculture operations play a dominant part, the Urban sector of the Co-operative movement has also to be developed along systematic lines, if, in due course, it is to make its contribution to planned development. In the Urban sector, the successful Co.operative movement mainly rests on the Co-operative banks, No doubt, in Madras or in Bombay, Urban Co-operative banking has already made an appreciable progress, but there is still greater scope for further expansion to meet the needs of the ever growing Urban population. The Co-operative Urban Banks with their familiar ways and sympathetic knowledge of its members' affairs, have been mitigating, by providing credit facilities on reasonable and business like basis, the distress of the middle class people of the Urban areas, whether they are small traders, merchants or professionals, and the success of the Urban Co-operatives mainly depends upon middle class people. It may not be out of place to quote here Mr. A. B. Shetty, the Ex-Minister of the composite State of the Madras, who stated thus: " The purpose of an Urban Bank is not the same as the purpose of a Joint Stock Bank, and the Urban Banks should not, in their anxiety to expand their business, cater to the rich business people, but should, in the expansion of their business, widen their field among the middle class and poor class people as the primary objective of such banks is to cater to the needs of the middle class people and people like artisans, small shop keepers etc."

The Urban Co-operative banking is closely associated with other forms of Urban Co-operatives and will remain so if the purposes are to be fully developed, and there is much scope for development in future. The success of Co-operatives will however depend upon their ability to perform their functions efficiently and to the satisfaction of the members of the community. Loyalty of the members can be retained, not on the basis of monopoly agreements or under duress but on the strength of their goodwill by rendering service. A unit of business whatever its form, cannot servive if it does not perform the task which it undertakes. It also ceases to grow if the management is not watchful for new opportunities. I am glad to note that this bank has been from time to time venturing into new lines and their latest venture is to advance money on Jewels, which, it seems to me, is a evry proper method; because middle class people's only property more often than not, is the gold jewels that they manage to make for themselves at times of plenty and also as a result of saving. I find from the report that the Bank has also prudential deposits which give an opportunity for the lower class people to get into the habit of thrift and saving, and

it also enables the bank to have accumulated funds of the small saving, of the middle class.

The process of economic development now started with a series of five-year plans, will make demands on the banking systems and the new opportunities are going to be more varied and large. As the purpose of these plans is to change the economy of the country from one based on invidualistic enterprise into one of socially regulated and Co-operative basis, the success of these plans will be controlled, among other things, by the extent to which it is implemented through Co-operative organizations and the State's interest in the growth of Co-operative banking for enlarging credit facilities in Urban and rural areas, is therefore ensured. In short, when the central object of planning in India is to initiate a process of development for raising the living standards and per capita income and building up a Co-operative sector as a part of the scheme of planned development whieh is one of the Central aims of national policy, the success of Co operative banking is assured, and you can look forward to the Diamond Jubilee with still greater and better record.

I thank you all for having given me this opportunity of associating myself in today's celebrations, and wish the Bank all success and prosperity in the years to come. I have great pleasure in inaugurating the Jubilee Celebrations.

PRESIDENTIAL ADDRESS

SRI MEDAI DALAVOI T. KUMARASWAMY MUDALIAR,

President. The Madras State Co-operative Bank, Ltd., Madras.

Ladies, Friends and Brother Co-operators.

It gives me very great pleasure to preside over the Golden Jubilee Celebrations of this Bank, one of the oldest Co-operative Institutions of the State and I most sincerely thank the President and other members of the Board of Management for having given me this honour.

The origin and growth of the Bank during the last five decades of its existence has been clearly set out in the Golden Jubilee Souvenir issued by the Bank and the various speakers who spoke here have also made mention of the details. I therefore do not propose to repeat the same here.

Fifty years of useful service to the citizens of Madurai in the co-operative field is no ordinary achievement and I am sure, you will all join with me, in paying a well deserved tribute to the several gentlemen who have devoted their time and energy in a spirit of selfless service to fellow countrymen. Portraits of some of whom were unvieled here a few minutes ago.

I now propose to make a few observations about the Urban Banks in general and their place in the future economy of the country.

I leave it entirely to you to take it for what you think fit and proper for the further growth and development of the movement. Please do not for a moment think that I am criticising you. I only appeal to your good sense. I have not come here to criticise you.

You all know very well that our country, India, is mainly an agricultural country. The condition of the rural indebtedness attracted the attention of the state from very early times.

The position of city dwellers, the petty artisans, the small shop-keepers and the lowest middle class people was no better and they had to depend for their credit needs mostly on money lenders paying exhorbitent rates of interest.

The provision of credit on reasonable rates of interest to the people in Urban areas with facilities for early and easy repayment, was no less important than the provision of rural credit though the importance and urgency of the problem has not been sufficiently recognised even to-day.

Co-operative Urban Banks have thus performed a very useful function and have been in general a success in the State.

I may be permitted to make one or two suggestions which I trust will increase the scope and activities of the Bank.

I find that the Bank has been able to meet all the requirements from deposits without having to borrow from the Central Bank. I am extremely happy to know that you stand on your own legs. The rates of interest allowed on deposits are also low and that reveals the confidence and reputation which it enjoys among the general public.

However the need for charging a fairly high rates of interest viz., $7\frac{1}{2}$ per cent on all loans except those issued on the security of Gold etc., and deposits is not quite obvious.

The Bank enjoying such reputation as yours and getting deposits at fairly low rates of interest which earn the gratitude of the general public in a abundant measure may consider, if the interest rates

could be reduced a little keeping a fairly good margin for the satisfactory working of the Bank.

I do dot think by the reduction in the lending rates of the Bank you may not be able to distribute dividend even at the existing rate. The transactions of the Bank are low and should increase and with the increase in transaction, the net profit will also increase.

I find from the statement of loan figures that surety loans from roughly 20 per cent of the loan outstandings. In a very big city like Madurai I am sure the loan transactions under this head to lower middle class people particularly the monthly wage earners can be easily increased if a special drive is made for the increase in membership which will be keeping in with the present day development of business. The pressure of pathan money-lenders at all important offices on pay days is a sight which must be appealing to all good citizens and our claim to success will be in proportion to the extent to which who have been able to eliminate them from this field of money lending.

I am glad to say we are on the onward march to a fair extent.

With the increase in prices, the average citizen may not be able to save much but even then the prime object of co-operation is to initiate thrift and this can be done by offering attractive terms for investment. The deposit rates in general have gone up during recent years and your Bank may perhaps offer slightly higher rates for provident fund deposits.

I am indeed very happy to know that the Bank has made a good start already and has 37 accounts on date. Special device may perhaps be launched to bring home the advantage of such accounts to a larger number of middle class people who may require substantial amounts for certain items like marriage etc. The minimum fixed for the kind of deposits may be reduced and with the reduction large number of accounts may be opened. This is a very valuable service the Bank may render to its members. I leave it for your kind consideration.

The progress achieved has been spectacular and I strongly feel that in a city like this there is scope for considerable increase in the transactions. In the State next in importance to Madras is Madurai and this premier co-operative institution with a record of 50 years of useful service will be able to grow from strength to strength. Lastly I appeal to you to be very cautious in your activities. As trustees of the funds entrusted to us we have to see to our utmost that the trust imposed on us is well maintained at all costs and at all times. I shall not detain you any longer.

We are all happy that our popular and enthusiastic Registrar has agreed to be in our midst and have unveild the portrait of one of the oldest co-operators and the President of your Bank Sri V. Chinnikrishna Naidu.

The zeal and enthusiasm of our Registrar is too well known to all assembled here.

He has recently received the official recognition also by his recent nomination to I. A. S.

I am sure he will, with his wise and intimate knowledge of co-operative movement for the last three decades continue to give us many valuable suggestions and guide us in our activities as he has been doing in the past.

I wish the bank many more years of useful service to the public and once again I thank the President and other members of the Board for inviting me to participate in this unique event.

G.O.'s and Circulars

CONSUMER STORES—SECURITY FROM LORRY MECHANICS AND CLEANERS—SCALES PRESCRIBED

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

Rc. 131698/56 S. 1. Dated 4-1-'57.

SUB: Co-operative Stores Societies—Security from paid employees—Security from lorry mechanics and lorry cleaners—Scale—Fixation of—

READ: Registrar's proceedings Rc. No. 83404/49 S. 1., dated 25-5-50.

ORDER:

Under Rule XXVII-B of the Rules framed under the Madras Co-operative Societies Act VI of 1932, the Registrar of Co-operative Societies, Madras directs that the paid employees of the wholesales and primary stores societies under the following catagories of service now in the employ of or to be employed in the Co-operative Societies shall furnish cash security for the sums specified against them.

S. No.	Category of employees		Amount
1	Lorry Mechanics	...	Rs. 150
2	Lorry cleaners	...	Rs. 50

(By Order)

Manager.

AGRICULTURAL BANKS—BOARD OF DIRECTORS—WEEKLY MEETING

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

Rc. No. 222864/56 A-2. Dated 9-1-1957.

SUB: Agricultural Banks—Working of—meeting of Board of Management on every Saturday—Suggested.

REF: Registrar's Circular Rc. 188857/56 A-2, dated 13-11 1956.

In paragraph (3) of the Circular cited, it was suggested that the meetings of the Board of Directors of the Agricultural Co-operative

Banks formed under the Scheme of Integrated Credit should be held atleast once a fortnight or twice if necessary. The Uttiramerur Co-operative Agricultural Bank in the Chingleput District is holding a meeting of its Board of Directors *every saturday*, in order to conduct the affairs of the bank quickly and efficiently. This is a good and healthy arrangment, which can be emulated with advantage, by all other agricultural co-operative banks in the State. All Special Deputy Registrars for Credit and Marketing and Deputy Registrars on general duty are requested to suggest this arrangement to all the agricultural banks working in their area and see that they follow it without fail.

A. PALANIAPPAN,
Registrar.

WEAVERS' CO-OPERATIVES—VERIFICATION OF STOCK BY CENTRAL BANKS STAFF—INSTRUCTIONS

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

D. Dis. 211430/56-K. 2. Dated 11-1-1957.

SUB: HANDLOOM INDUSTRY—Weavers Co-operative Societies—verification of stock with the weavers co-operatives by the staff of the Central Bank—Instructions—issued.

One of the recommendations of the committee on co-operation (1955-56) is that it is necessary that the Central Banks arrange for a physical verification of the stock in the weavers' co-operative societies once a half year (preferably in the intervals between departmental verification at the end of each half year).

2. The stock of finished goods and raw materials in weavers co-operative societies are at present verified by the departmental staff once in a half year (i.e. on the 30th June and 31st December of every year). Besides this, the Special staff for supervision of weavers co-operative societies test check the stocks during their visits to the societies. According to the by-laws verification has to be done by the directors once a quarter. The recommendation of the committee envisages the physical verification of stock in weavers co-operative societies by the Central Banks once in a half year. The Registrar considers that when the Central Banks finance the weavers co-operatives, it is necessary that they are given all facilities to

ensure that the loans are properly secured by means of physical inspectien of the stocks etc. through their officers and other paid staff. The Central Banks may, arrange for the verification of stock with the weavers' societies by their staff, if they consider it necessary, once in a half year. The verification may be done on the 30th September and 31st March of every year because the departmental staff verifies the stock on the 30th June and 31st December of every year.

G. RAMACHANDRAN,
For Registrar.

AGRICULTURAL BANKS—JEWEL LOANS—REPAYMENT —TWO HALF-YEARLY INSTALMENTS—INSTRUCTIONS

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

D. Dis. 31/57-A.2 Dated 19-1-1957

SUB: Agricultural Banks—Issue of Jewel loans—Period of Repayment—Suggestion to fix the period of repayment in two half yearly instalments instead of every month—Accepted—Instructions—Issued.

1. Model by-law 44 (6) (c) of Co-operative Agricultural Banks lays down that there shall be monthly repayment of instalments of loans borrowed by members on the pledge of jewels. It has been suggested that having regard to the fact that the agriculturist-members of agricultural banks generally derive their income only twice a year at the time of harvest of their produce, the jewel loans taken by them from the agricultural bank may be made repayable in two half yearly instalments, within a period of twelve months. The Registrar accepts this suggestion and accordingly suggests the following amendment to the existing by-law 44 (6) (c) of agricultural banks.

By-law 44 (6) (c) to be amended as :—

"The loans shall be repaid with interest at the rate mentioned in by-law 43 in two half yearly instalments within a period of 12 months".

2. The Deputy Registrars and the special Deputy Registrars are requested to communicate the above amendment to all agricultural banks working in their area for adoption.

A. HIRUDAYASWAMY,
For Registrar.

INTEGRATED CREDIT SCHEME—CULTIVATION LOANS—MODEL FORMS OF AGREEMENT BY BORROWERS—COMMUNICATED.

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

Rc. No. 142158/56 A-2 Dated: 25-1-1957.

SUB: Scheme of Integrated Rural Credit and Marketing—Issue of cultivation loans by societies to members on the security of anticipated crops etc,—Execution of agreement by borrowers—Model form of agreement—Revised model form—communicated.

REF: Registrar's Memorandum No. L. Dis. 86677/57 A-2., dated 17-5-56.

1. As the Central Banks and the Deputy Registrars are aware, one of the main features of the scheme of Integrated Credit and Marketing is the effective linking of credit with marketing. Under this scheme, short-term cultivation credit will be provided by the societies mainly on the security of anticipated crops or on the standing crops of the members as also on personal or mortgage securities; subject to the condition that an agreement is executed by the borrower member in favour of the society to the effect that the harvested produce shall be delivered to the credit society and sold through the credit society or through the nearest marketing society to which the credit society is affiliated. A form of the agreement to be obtained from the borrowers was communicated to the Central Banks and Deputy Registrars with the memorandum cited. As it is found to be defective in some respects, a revised model form of agreement has been got prepared by the Government Pleader, Madras. This revised model form is communicated to the Central Banks, Deputy Registrars and Special Deputy Registrars for Credit and Marketing. Central Banks are requested to see that the credit societies (Rural Credit Societies and Agricultural Banks) obtained from all borrowers who take cultivation loans from them an agreement in the revised model form, enclosed in addition to the usual loan bonds.

2. The Central Banks are also requested to get the form translated into Tamil and in consultation with their Legal Adviser, get it printed in Tamil and supply sufficient copies to all agricultural banks and rural credit societies in their area.

A. HIRUDAYASWAMY,
For Registrar.

MODEL FORM OF AGREEMENT

THIS DEED OF AGREEMENT is made at on the day of 19

BETWEEN the President of Co-operative Society/Agricultural Bank in and on behalf of the Co-operative Society/Agricultural Bank, hereinafter called "THE CREDITOR".

AND M. No. hereinafter called the "PRINCIPAL BORROWER"

M. No. as the First SURETY
M. No. as the Second SURETY

Both the above First Surety and the Second Surety hereinafter collectively to as "THE SURETIES"

WHEREAS the borower has applied to the Creditor for the advance of a LOAN NO. of Rs. repayable with interest at per cent per annum for cultivation expenses in and upon the land bearing S. No.

WHEREAS the borrower agrees to furnish as security for the said loan all the crops now standing in and upon lands bearing S. Nos. OR growing in and upon lands bearing S. Nos. OR to be raised in and upon the lands bearing S. Nos.

WHEREAS the sureties have agreed to give security for the repayment of such loan in the manner hereinafter appearing.

WHEREAS the creditor has agreed to advance such loan of Rs. at Interest per annum.

Now this Deed Witnesseth as follows :

In pursuance of the said agreement and in consideration of rupees (Rs. paid by the creditor in full or in instalments" as desired by borrower (the receipt whereof in the manner aforesaid is hereby acknowledged), the borrower and the sureties hereby jointly and severally covenant with the creditor as follows :

(1) The Borrower and the sureties will pay to the creditor the said sum of Rs. with interest at the rate of per cent per annum computed from the date hereof.

(2) The Sureties jointly and severally guarantee the repayment of the said loan in accordance with the terms and conditions herein mentioned.

(3) The Borrower and the sureties shall be jointly and severally liable to the creditor for All the liabilities herein mentioned on such terms and conditions described in the next page.

(4) The Borrower hereby furnishes as security for the said loan all the crops now standing in and upon the lands bearing S. No. or growing in and upon lands bearing S. No. or to be raised in and upon lands bearing S. No.

(5) The Borrower shall allow full liberty, free access, and relative facilities for the CREDITOR'S BOARD of Directors, either individually or in groups or in entirety or anyone authorised by the Creditor's Board of Directors in that behalf, at all reasonable times, hereafter, so long as the said crops shall be growing standing, or lying on the said land or at or on the thrashing floor, to enter upon the same to see the state of such crops or for the purpose cutting and carrying away the same and for all other necessary purposes.

(6) The Borrower shall deliver the harvest produce of the said crops in and upon lands bearing S. Nos. to the creditor.

(7) The Borrower shall deliver the said harvested produce for "sale" through the creditor or through the nearest marketing society, viz.

(8) The Borrower shall give notice of his intention to harvest the crops standing or growing standing or lying in and upon the said land days prior to the intended harvest, to the creditor.

(9) The Borrower shall give notice to the Creditor immediately after the said harvesting is completed, as to the completion of harvesting.

(10) The Borrower shall allow the Creditor or his authorised representative, after notice of harvest, to appropriate the whole OR such portion of the harvest produce as shall be necessary, in the creditor's judgment to the discharge of the BORROWER'S LIABILITIES to the CREDITOR.

(11) The Creditor shall make suitable arrangements for the sale of such appropriated produce.

(12) The Borrower shall be liable for commissions, handling charges etc. incurred by the Creditor with respect to the appropriated produce and the sale of the said produce.

(13) The Creditor shall deduct from the proceeds of the sale of the said produce the entire loan together with interest occured upto date: commission, handling charges etc.

(14) The Borrower shall make good any deficit with respect to the aggregate dues of the Borrower within "Seven Days" of any such notice by the Creditor.

(15) The Creditor shall remit back to the Borrower any surplus amount from the proceeds of sale, remaining after deductions towards the said loan, together with interest upto date, commissions and handling charges etc.

(16) The Creditor shall allow the Borrower, if he so chooses to pledge the appropriated produce with the creditor, there by converting the "Crop loan" into "produce pledge loan".

(17) The liabilities of the Borrower and the sureties shall not cease unless and until all the aggregate dues are cleared.

(18) The liabilities of the Borrower and the sureties shall not cease or be effected even if the crops fail either wholly or partially on acount of drought, scarcity of water, theft, insect pest, grazing of cattle or on acount of any other cause.

(19) The Borrower shall take the loan either in one full lump sum OR draw it in instalments according to his convenience; and shall be calculated for the instalments so taken from date of interest disbursement each such instalment.

(20) The ;Liabilities of the sureties shall be discharged and cease as when the "CROP LOAN" is converted into "produce pledge Loan" as mentioned herein before.

(21) The Liabilities of the sureties shall subsist unless and until all the liabilities of the Borrower or discharged.

The Borrower shall carry out the terms and conditions above described.

The Borrower and the sureties shall be liable to the Creditor, for all damages and loss arising in and out of breach of or failure to carry out any one of the terms and conditions set out herein.

The Creditor shall have a right to immediate payment of the money advanced together with interest at per cent per annum, in a case of breach or failure to carry out the terms and conditions set out here in.

In witness thereof to all the terms and conditions here in before detailed we have signed here under this day of the year Nineteen Hundred and fifty.

Signature of the Principal Borrower.

(1) Signature of the First Surety.
(2) Signature of the Second Surety.

Witness:
(1)
(2)

News and Notes

MADRAS GOVERNOR'S TRIBUTE TO THE MADRAS CO-OPERATIVE MILK SUPPLY UNION LTD.

Their Excellencies Sri A. J. John and Srimathy John visited the Madras Co-operative Milk Supply Union on 9th March 1957. He was received by Sri K. Nachchinarkinia Sivam and Sri M. Arulanandam, Secretary and was introduced to the Directors of the Union. His Excellency and Srimathy John was taken round the departments of the Union and they were much impressed with the working of the Union. His Excellency Sri A. J. John, Governor of Madras has made the following observations in the visitors book

"Visited the Union and went round all the sections. I am very glad to note that the Union is doing a real service to the City of Madras by supplying pure milk. The milk supplied by constituent units is tested and pasteurised and then distributed in sealed bottles. The Union is also giving loans to the villages to purchase milch cows etc. and thus giving them an additional income. This Union deserves all help and encouragement I congratulate the Management."

(Sd.) A. J. JOHN,
9-3-'57.
Governor of Madras.

REFRESHER COURSE FOR THE MADRAS CO-OPERATIVE OFFICIALS.

On the 9th April 1957, Sri D. Balasundaram, I.A.S., Commissioner of Corporation, Madras, delivered the valedictory address of the Refresher Course for the Co-operative Officials of the Madras City at the Office of the Deputy Registrar of Co-operative Societies, Madras. Sri D. Balasundaram during the course of his address explained that co-operation permeated every walk of life e.g. in the running of the family and said that it was applicable to the economic activities of man. It is based on the principles of self-help and mutuality. In one sense, it also paved the way for the economic democracy, envisaged in the concept of socialistic pattern of society. If all the Co-operators and those connected with the Co-operative Movement understood the basic principles of Co-operation and put them into practice, Co-operative Movement will grow as a powerful social force and there may not even be the necessity for a Co-operative Departmont to regulate the Movement.

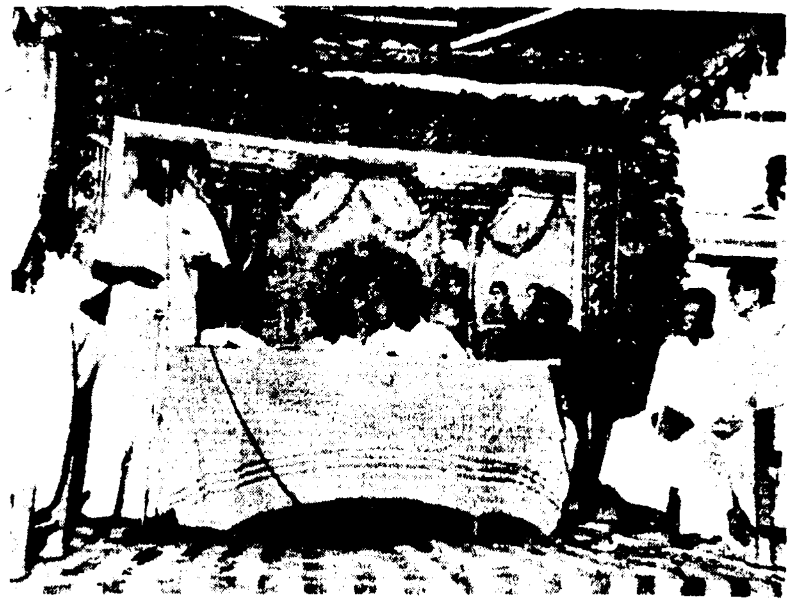
Madras Governor's Visit to the Madras Co-operative Milk Supply Union.

Their Excellencies Sri and Srimathi A. J. John visited the Madras Co-operative Milk Supply Union Ltd., Ayanavaram on 9-3-57, Sri K. Nachchinarkiniyasivam, Mrs. Sivam, Sri M. Arulanandam are seen in the picture.

Sri D. Balasundaram, I.A.S., Commissioner of Corporation, Madras, delivered the Valedictory address of the Madras Co-operative Officials Refresher Course on 9th April 1957. Dr. P. Natesan and Sri P. Radhakantam are seen in the picture.

Sri A. B. Shetty, Minister for Health, Mysore presided over the inauguration of the Regional Office of the Indian Medical Practitioners Co-operative Pharmacy and Stores Ltd., at Bangalore on 29-3-57. Sri A. Palaniappa Mudaliar, Registrar delivered the inaugural address.

The Madura Urban Co-operative Bank, Ltd., No. 28, Madurai. GOLDEN JUBILEE 27-2-57.



Sri R. Soundararajan, B.A., B.L., District and Sessions Judge, Madurai, delivering the inaugural address.

Dr. P. Natesan, who inaugurated the course earlier explained the problems of the Co-operative Movement in a period of transition —language, state-participation, Reserve Bank's role in rural credit, the proporal for the transfer of the Agricultural Credit Department of the Reserve Bank of India to the State Bank of India, the question of interest rates etc. He envisaged a bright future for Co-operation and exhorted the officers to work with zeal and efficiency. Sri P. Radhakantam, Deputy Registrar of Co-operative Societies, Madras in his welcome address stated that in Madras, both the official and non-official co operators worked hand in hand for the progress of the Movement.

The meeting came to an end after a Tea.

ANNIVERSARY DAY OF THE SAMIAPPA CO-OPERATIVE TRAINING INSTITUTE, TANJORE.

The Anniversary Day of the Samiappa Co operative Training Institute, Tanjore was celebrated under the auspices of the Students Union on 18th April 1957. Sri V. Karthikeyan, I.A.S., District Collector presided. Sri T. K. Winfred, Principal welcomed the audience and the chief guests. Sri A. Y. S. Parisutha Nadar, Chairman Tanjore Municipality unveiled the protrait of Sri A. Krishnaswamy Vandayar, President of the Institute. Sri T. M. Narayanaswami Pillai, Vice-Chancellor, Annamalai University unveiled the portrait of Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies. Mrs. V. Karthikeyan distributed the prizes to the students. Two Tamil dramas were enacted by the students. Sri S. R. Govindarajan proposed a vote of thanks.

RAMALINGAM CO-OPERATIVE TRAINING INSTITUTE, COIMBATORE. VALEDICTORY ADDRESS OF THE STUDENTS' UNION.

Sri T. B. Lingam, President, The Nilgiris Co operative Central Bank, delivered the valedictory address of the Nilgiris Students' Union of the Institute on 30th March 1957. He said that the well-being, future development and strength of the Co-operative Movement depended upon the well-trained and well-equipped staff—both officials and non-officials. He appealed to the students to work hard and make themselves useful to the Department and Societies.

Sri K. Nanjundiah, Vice-President of the Bank explained to the students their duties and responsibilities and the essential part, they should play in the future development of the Country.

Sri G. Madalaimuthu Udayar, Secretary of the Niligiris Co-operative Central Bank explained to the students the scheme of Integrated Rural Credit and Marketing. Sri P. Sundaram. Principal of the Institute also spoke.

The student-president of the Union proposed a vote of thanks.

THE SECOND ALL INDIA CO-OPERATIVE EDITORS' CONFERENCE

In view of the increasingly important role, which the Co operative Movement will be called upon to play during the period of the Second Five Year Plan, editors of co-operative journals have a proportionately important and, in fact, vital task to perform. Not only will their grave responsibility to make members in particular and the people in general more sharply aware of the purposes, nature and methods of co-operation be increased, but they will also be called upon to make a well planned and concerted drive to accelerate the tempo of the Movement.

To-day co-operative journals are doing commendable service to the Co-operative Movement—many of them in spite of serious handicaps and against heavy odds.

In view of the above the All India Co operative Union has decided to convene the Second All India Co-operative Editors' Conference on May 31st and June 1st, 1957, in the premises of the Union. The purpose of the Conference is (1) to discuss the difficulties which co-operative editors are experiencing, (2) to examine ways and means for making co-operative journals more purposive and more effective media for popularising the Co-operative Movement, and (3) to review the extent to which the decisions of the First All India Co-operative Editors' Conference, which was held in July, 1954, have been carried out. The tentative agenda of the Conference will follow in due course.

The Union would greatly appreciate the receipt, at a very early date, of your valuable suggestions in the light of the above in order to enable it to make the final agenda as comprehensive as possible, as also the name of the Editor or his representative, who will be attending the Conference.

Editors or their representatives will be required to bear their own expenses for travelling and during their stay in Delhi.

THE TUTICORIN SALT EMPLOYEES CO-OPERATIVE STORES LTD.

The above Stores was registered and started by on 14-4-'57. The object of the Stores is to supply provisions to the members of the Tuticorin Salt Refineries Ltd., and Mannariah and Sons. (Private) Ltd. The membership consists of kanganies, office staff and coolies. 90 members were admitted on the date of starting. The finances required by the stores is to be advanced by the companies. Provisions are to be supplied to the members for 50 per cent of their wages and their value is to be recovered from the pay by the companies. 285 members are expected to join the stores very shortly; some more companies intended to join in due course. The management of the companies are very enthusiastic and there is a very good prospect of working the stores. Salt is the main production in Tuticorin and the salt workers are next to mill labourers, the success of the stores is therefore ensured. The purchases can be forecast, sales are guaranteed, the companies undertake the recoveries, hence there is no chance for loss for the stores. The working of the stores will be watched and encouraged.

SRI SAIBABA WEAVERS CO-OPERATIVE PRODUCTION AND SALES SOCIETY LTD., PONDURU, SRIKAKULAM DIST.

Sri Saibaba Weavers Co-operative Production and Sales Society Ltd., was started on 3-2-1942; in 1954, the Committee was superseded and a Special Officer was appointed. The Society has 475 members, a share capital of Rs. 15,175. It has a Dye House Section. The members are sent to Mangalagiri Weaving Factory for training, with the help of Cess Fund schemes; the Societies monthly production is being stepped up to Rs. 50,000.

AGRAHARAM FISHERMEN CO-OPERATIVE SOCIETY AT YANAM.

With a view to improve the economic conditions of the fisherfolk at Yanam and other 7 villages in and around Yanam, it was decided to start a Co-operative Society exclusively for them. Out of 1692 fisherfolk in these villages, about 600 fishermen are entirely dependent on the fishing industry. There are about 175 boats which are used for fishing in the region. In order to eliminate the middlemen from exploiting the fisherfolk and enable the fishermen to earn better profits, a second fishermen Co operative Society has been organised and registered as the Agraharam Fishermen Co-operative Society Ltd., F. No. 58 on 12-3-1957. There are 113 members in the Society, with a paid up share capital of Rs. 254 4-0

THIRTY THIRD BUSINESS CONFERENCE OF TIRUNELVELY DISTRICT CO-OPERATIVE CENTRAL BANK.

The Thirty-Third Business Conference of Supervisors and Union representatives of the Tirunelveli Dist. Co-operative Central Bank was held on 20th March 1957 under the presidentship of Sri Medai Dalavoi Kumaraswamy Mudaliar. The Conference fixed the society wise target for the issue of short-term loans for the first half year as Rs. 9,10,900, while that of medium term loans was fixed as Rs. 2,01,900. The Conference has resolved to address the Government to give grants to the poor agriculturists for the payment of their share capital.

LITTLE KANCHEEPURAM COOPERATIVE URBAN BANK LTD.

The General Body Meeting of the Little Kancheepuram Co-operative Urban Bank Ltd. was held on 20th April 1957, Sri M. Ponnuswami Mudaliar presiding. The Bank has popularised jewel loans for sums over Rs. 20. The percentage of balance to demand under Principal and Interest were 2.71 and 0.59 respectively as against 12.7 and 1.8 respectively in the previous year.

54TH BIRTH DAY OF THE TRIPLICANE URBAN COOPERATIVE SOCIETY

The 54th Birth Day of the Triplicane Urban Co-operative Society was celebrated on the 9th April 1957. Sri Patanjali Sastri, former Chief Justice, Supreme Court presided. He suggested that the term "Patronage Dividend" may be used, instead of the word "profit". He also suggested that the Triplicane Urban Co-operative Society should widen its Consumer service by undertaking to sell pure ghee, and standard patterns of dhoties, towels, etc. He also suggested the payment of a monthly bonus, instead of an half-yearly bonus.

Sri P. S. Kumaraswamy Raja, Ex-Governor, Orissa and former Chief Minister, Madras, died due to heart attack on 16th March 1957. He was keenly interested in the Co-operative Movement and was also the Vice-President of the Madras State Co-operative Union from 1936-49.

Rao Bahadur Sri M. Vedachala Mudaliar, President, The Kancheepuram Co-operative Central Bank, and a prominent Co-operator of Chengleput District passed away on the 10th April 1957.

Sri P. P. I. Vaidyanathan, I.C.S., Secretary, Food and Agricultural Department, Government of Madras, delivered a thought-provoking address. He said, "In my view, co-operative distribution of consumer goods is an excellent compromise between a free market and controlled sales".

Earlier, Sri S. Muthukrishnan, President, Triplicane Urban Co-operative Society Ltd. welcomed the audience.

SRI VEDACHALA MUDALIAR, A PROMINENT CO-OPERATOR PASSES AWAY.

Sri M. Vedachala Mudaliar, a prominent Co-operator passed away at his residence in Pondicherry on the 10th April 1957. He was 61. He is survived by his wife. Sri M. Vedachala Mudaliar was a pioneer in the field of Co-operation and he was the President of the Kancheepuram Central Co-operative Bank for more than two decades. He was also the President of the Chingleput District Wholesale Stores Ltd. for more than two decades. His services in that capacity had earned for him the title of "Rao Bahadur" during the British regime. He was also a director of the Madras State Co-operative Bank. As President of the Co-operative Building Society from 1952, he was responsible for the emergence of a new colony named after him. Mr. Mudaliar was a great source of strength to the Co-operative Movement in the State, more particularly in the Chingleput District.

Sri Mudaliar took a keen interest in Local Self-Government and was the Chairman of the Chingleput Municipal Council since 1928.

Sri Vedachala Mudaliar was a rich business magnate. He was known for his many acts of philanthropy. He had made liberal donations to many educational and religious institutions. Very recently, he had offered Rupees one lakh for the improvement and development of the District Headquarters Hospital.

As a mark of respect for the departed co-operative leader, the Office of the Madras State Co-operative Union remained closed on 11th April 1957.

Edited and Published by Dr. P. Natesan, M.B., B.S., at M. S. C. Bank Buildings, Esplanade, Madras. Printed by Sri G. Subramaniam. L. P. T., Secretary, at the Central Co-operative Printing Works, Ltd., 1/17, Mount Road Madras -1490 4-57.