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THE
Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

Journal of the Tamil Nadu Co-operative Union, Esplanade, Madras 1

HONY. EDITOR :

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

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APRIL 1958.

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THOUGHT FOR THE MONTH

Unique Quality of Co-operation

Every sound and established Co-operative Society should become not only a centre of economic strategy, not only a centre of teaching and an example, but it should become a centre of evangelization.

If we would create a World in which men will do the best things for society, it must be a World in which what is good for the individual is good for society. We must recognise the natural egotism and selfishness of man. In the Co-operative Society, the natural selfish tendency of the individual is to made to be serve all. This is the unique quality of Co-operation. This is the reason for its power to impel the individual to serve all, and all to serve the individual.

DR. J. P. WARBASSE in
"Co-operative Democracy."

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Editorial Notes

AWAKENING THE CO-OPERATIVE CONSCIENCE

At the Third Indian Co-operative Congress at New Delhi, the question of building up a strong, self-reliant Co-operative Movement came in for much discussion. Many of the speakers, including the Prime Minister of India referred to the "overwhelming officialdom" in the Movement. There was a great desire among the delegates for democratising the Movement. But the central question was: "how to do it"?

One of the surest ways of building the Movement and preserving the integrity of the Movement as a People's Movement is to build up a large band of educated and trained co-operators, who will be in a position to manage the millions of co-operative institutions in the most democratic and efficient manner. Sri K.D. Malaviya, President of the Congress appropriately observed: "The process of organising societies, let me repeat, is that of education and rousing the spirit and not just registration". The only way, therefore, to strengthen and broad-base Co-operative Movement as a real People's Movement is to launch upon a comprehensive scheme of member-training. It is a difficult task of fundamental education in the principles and practice of co-operation, a gigantic effort to draw out the talent and powers of leadership and constructive organizational acumen of the membership and indeed one of the most effective and enduring programmes of nation building.

Thanks to the financial assistance of the Government of India and the Madras Government, we are in a happy position to report the significant progress of our achievements in the field of mem-

ber-education. We have been working out the scheme since June 1957, and the scheme has made spectacular progress. In order to suit the variegated needs of the members, the scheme is divided into three graduated courses:

(i) Three-day Orientation Courses for members and prospective members, which would be mostly propagandist in character, just to rivet the attention of the participants to the advantages of the Co-operative method.

(ii) Panchayatdars Training Courses extending for a week designed to impart instruction to the members of the managing committee on the business procedures, in order to enable them to take a more lively interest in the working of the co-operative institutions.

(iii) Office-Bearers' Courses extending to five to six weeks for the Presidents and Secretaries of co-operative institutions; these courses are designed to familiarise the participants with the actual working procedures, accounts, etc., so that they may become capable and efficient administrators of the Co-operative Movement.

The Member Training Scheme, which was implemented in two blocks in the districts of Chingleput and Madhurai had produced very good results. Nearly 5,682 members, 464 panchayatdars and 68 office-bearers were trained in these courses; apart from the numbers who benefited by this scheme, the scheme has created a new enthusiasm, a new vigour and a new awakening in the rural areas. We are glad to report that in many centres, the members not

only participated in the courses with a great enthusiasm, but also they have taken active steps to vivify the activities of the co-operative institutions, by enlisting more members, reducing the overdues etc. In some of the Seminars, which were organised, the participants exhibited a rare insight into the practical problems of the co-operatives, with which they were associated. Given the necessary help, guidance and facilities, they are inclined to think that the members, who live in the villages are eager, enthusiastic and energetic to learn not only the living principles of co-operation but also the intricate methods and techniques of running co-operative institutions on the most efficient lines.

The prime need of the hour is, therefore, the implementation of a well fledged programme of member education with the help of a well trained cadre of educators and with all the accessories of fundamental education like audio-visual aids and the financial assistance of the Government. We, therefore, feel, that if we want to energise the lakhs of co-operative members in Madras, if we are to create a new enthusiasm for the co-operative plans, if we desire to stir and awaken the co-operative conscience, the one and only method is to expand and extend the member-education scheme,

not only in selected districts but also in all the districts in the State, so that by the end of, say a decade, we shall be in a position to create a sound and well-trained non-official leadership, capable of managing on the most efficient lines, the millions of co-operatives, that are being started all over the country.

We wish to conclude with the wise observations of Dr. P. Warbase:—

"Co-operation can progress no faster than the people to understand it and administer its business. It cannot be handed to people ready-made nor can it be administered by others for them. The people themselves must do it. Co-operation has two sides; the business administration of economic affairs, and the social or idealistic reorganisation of the people. The first requires technical experts. . . . Education in the larger social aspects of co-operation and in the philosophy of the Movement, however, is universally neglected. Education and more education are the need. The Co-operators themselves need a better and larger understanding of their Movement. . . . Co-operation truly succeeds only when the people see in it a great social enterprise and are gripped by the desire for justice and the will to make the World a better place, in which to live."

Tamil Nadu Co-operative Union Examination June 1958.

An examination for the students of the Coimbatore, Tanjore and Madurai Institutes will be held at the respective Institute's headquarters from 9th to 14th June 1958 as per programme given below:—

Monday	9-6-1958	10 a.m. to 1 p.m.	Co-op. Historical, General and Principles.
Tuesday	10-6-1958	do	Co-op. Law.
Wednesday	11-6-1958	do	Auditing.
Thursday	12-6-1958	do	Book-Keeping.
Friday	13-6-1958	do	Banking.
Saturday	14-6-1958	do	Rural Economics.

Candidates who failed in the previous State Co-operative Union Examinations held during 1942 to 1957 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 the Subject "Rural Economics" of the examination under the new regulations for eligibility for a certificate.

The examination in Theory comprises of the following subjects.

1. Co-operation—Historical, General and Principles.
2. Co-operative Law.
3. Auditing.
4. Book-keeping.
5. Banking.
6. Rural Economics.

The examination fee is Rs. 12 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. 2/- for each subject.

The last date for receiving the examination fees together with the application in the prescribed form is 30.4.1958. 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 :

Tamil Nadu Co-operative Union,
379, Netaji Road, Madras-1.

Tamil Nadu Co-operative Union Limited, 379, Netaji Road, Madras-1.

CIRCULAR

Consequent on the amalgamation of the Madras State Co-operative Union, Madras and the Tamil Nadu Co-operative Federation Ltd., Coimbatore, a new society has been registered as "Tamil Nadu Co-operative Union Ltd., No. X - 387".

All correspondence Registered Tapals, Money Orders, Cheques, etc., intended either to the Madras State Co-operative Union or Tamil Nadu Co-operative Federation should in future be addressed to the **Convenor, Tamil Nadu Co-operative Union Ltd., 379, Netaji Road, Madras-1.**

P. NATESAN,
Convenor.

தமிழ் நாடு கூட்டுறவு யூனியன் லிமிடெட்,
379, நேதாஜி ரோடு, சென்னை-1.

சுற்றறிவிப்பு

சென்னை ராஜ்ய கூட்டுறவு யூனியனும், தமிழ் நாடு கூட்டுறவு பெடரேஷனும் (கோயமுத்தூர்) ஒன்றாக இணைக்கப்பட்டு "தமிழ் நாடு கூட்டுறவு யூனியன் லிமிடெட், நெ. X-387", சென்னை, என்ற புதிய சங்கமாக பதிவு செய்யப்பட்டுள்ளது.

ஆதலால் மேற்படி இரண்டு ஸ்தாபனங்களுக்கும் அனுப்பக்கூடிய கடிதங்கள், ரிஜிஸ்தர்கள், மணியார்டர்கள், செக்குகள் முதலியவைகளை இனிமேல் கீழ்க்கண்ட விலாசத்திற்கு அனுப்புமாறு கேட்டுக்கொள்ளப்படுகிறது.

கன்வீனர், தமிழ் நாடு கூட்டுறவு யூனியன், லிமிடெட்,
379, நேதாஜி ரோடு, சென்னை-1.

பி. நடேசன்,
கன்வீனர்.

THE
Tiruchirapalli District Co-operative Central Bank, Ltd., No. 178.
TIRUCHIRAPALLI
 (ESTABLISHED IN 1909)
 Fort Station Road, Teppakulam P. O., Tiruchirapalli-2
 Tel:—“CO-OP. BANK,” Post Box No. 324. Phone No. 189
 Branches:—KARUR & ARIYALUR.

Authorised Share Capital	Rs.	10,00,000
Paid up Share Capital	..	8,31,500
Reserves	..	12,25,370
Working Capital	..	1,52,29,370

Loans are issued mainly to Agriculturists through village Co-operative Credit Societies besides financing Stores, Weavers and Cottage Industries Societies.

Interest allowed on Current Accounts (upto Rs. 25,000 only)	1 1/2 %
do. Savings Deposits (upto „ 10,000 only)	2 1/2 %
do. Provident Deposits (Compound)	3 1/2 %
do. Recurring Deposits (Simple)	3 1/2 %
do. Fixed Deposits 6 months	3 %
1 Year	3 1/2 %
2 Years and above	4 1/2 %
do. Rs. 10,000 and above for 3 months received upto 30-4-58.	4 %

All banking business are transacted. For further particulars apply to:
The Secretary,
 The Tiruchirappalli District Co-op. Central Bank, Ltd.
 Fort Station Road, Teppakulam-2 Post, Tiruchirappalli.
 Post Box No. 324. **T. S. MUTHUKUMARASWAMI PILLAI,**
President.

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With Rules and Act X of 1904, and
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 with Case Law and Amendments up to 30-9-57
 (TWELFTH EDITION)
 EDITED BY
Sri T. NARAYANA PILLAI, B.A., B.L.
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Tamil Nadu Co-operative Union, Madras.
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TANJORE.
 (ESTD. 1920)
Now receives
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 of Rs. 50 and above

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For 6 months	...	3 1/2 %
For 12 months	...	3 3/4 %
Above 12 months to 24 months	...	4 %
Above 24 months to 36 months	...	4 1/4 %
Above 36 months to 48 months	...	4 1/2 %
5 years and above	...	5 %

Please apply to the Secretary.

The Madras District Co-operative Central Bank, Ltd.,
 13/14, Mukkur Nallamuthu Chetty Street, Madras-1.
 ESTD. 1930 TELEPHONE No. 2384.

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

Authorised Capital	...	Rs. 15 lakhs
Working Capital	...	Rs. 60 lakhs

Loans are issued to all Primary Societies and Co-operative Urban Banks
All kinds of deposits accepted.

Rates of Interest.

Current Deposits	...	1 1/2 %
Savings Deposits	...	2 %

With effect from 1-2-1958 the Bank will receive Fixed Deposits
 at the following rates of interest.

<i>Fixed Deposits for</i>		
Six Months	...	4 %
One Year	...	4 1/4 %
Two Years & above	...	5 %

Further particulars can be had from the undersigned:
N. M. SIVAPERUMAL,
Secretary.

TELEGRAMS: "CENMORBANK"

TELEPHONE: 71061

The Madras Co-operative Central Land Mortgage Bank, Limited,

POST BOX No. 609, LUZ, MYLAPORE, MADRAS-4.

President:

SRI N. S. RAMALINGAM, B.A., DIP., POL. & PUB. ADMN., M.L.A.

Authorised Capital	...	Rs. 30,00,000.
Paid up Capital	...	Rs. 18,17,000.
Reserves	...	Rs. 23,69,303.

The Bank is the Apex Co-operative Bank for long term agricultural credit and issues debentures for 15 and 20 years on the security of first mortgages transferred to it by Primary Land Mortgage Banks and its assets.

The principal of and the interest on debentures are guaranteed by the Government of Madras. They are TRUST SECURITIES and are also approved Securities under the Insurance Act, 1938. REDEMPTION FUNDS (SINKING FUNDS) are constituted to pay off the debentures on maturity.

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

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

*The figures are subject to revision after audit.

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

and order; and to protect the area from the Kuomintang forces. The Red Army was particularly careful to respect all public property, not to desecrate places of worship and not to confiscate any property belonging to the people in the area and not to molest any woman in any place. On the other hand, they rendered all possible help to the workers and peasants. In each Village, they were advised to resort to agriculture by a co-operative method by forming ploughing teams, teams for irrigation, teams for weeding, teams for hoeing, harvesting etc. in a mutually and reciprocally helpful manner amounting to voluntary mutual aid. At the same time, they were advised to resort to subsidiary occupations such as pig breeding, cattle raising, sheep farming, poultry farming, fish farming, handicraft production etc., in order to raise their income. In addition, the villagers were organised on the basis of platoons, companies, battalions etc. for providing the requirements of troops, such as rations, clothing, footwear, arms and ammunition, medicines etc. These groups were called Indusco or Industrial Co-operatives. All the local industries sustained by individual entrepreneurs, were also revived. In addition, people were encouraged to form village groups for maintaining sanitation, curing ailments, improving their literacy and educating the children. Village creches were formed to release the women for farm work. The idea of self help and mutual help by voluntary method was thus infused into their minds gradually and progressively. They also realised that the Red Army was out to help the people and the Government has as its fundamental policy, their careful looking after the people and attaining independence for the entire country.

After the attainment of independence of China, in 1949, the Agrarian Reform Law was passed in 1950, which prohibited any further eviction of the rich peasants from their lands. All the landlords had already been evicted during the period of liberation. Thereafter, the peasants were organised into the following progressive groups for improving agricultural production:

1. *Seasonal mutual aid societies*; as ploughing teams etc. On the basis of voluntariness and mutual benefit: As the rural population had already been conversant during the period of liberation, with the benefits of mutual aid, they naturally followed the advice given to them by the Government without any question or challenge. During seasons of sowing and harvesting, there was naturally more work to be done; and any voluntary help rendered by the people in the locality in a mutual and reciprocal manner was highly appreciated.

2. *Permanent or Annual Mutual Aid Societies*: After appreciation of mutual aid during the seasons, such societies were converted into permanent ones re-sorting to subsidiary occupations of various types in order to raise their income during the non-sowing and non-harvesting seasons. Any help needed by the individual persons or families was rendered either by the State or by the Mutual Aid Society.

3. *Elementary Agricultural Producers' Co-operatives*: The above Permanent Mutual Aid societies were gradually converted into Elementary Agricultural Producers' Co-operatives, wherein the land, draught animals, farm tools etc., though individually owned by the peasants, were pooled for the Central Management; after

the formation of these co-operatives, norms were fixed for various types of work, and workpoints were allotted, as generally agreed upon and decided by the inspectorate. Any dispute that arose among them was settled by mutual and comradely discussions. Any loans that were required by them were obtained from the Rural Credit Banks.

4. *Advanced Agricultural Producers' Co-operatives*: When the peasants realised that their incomes had gone up by the formation of elementary co-operatives, and when they also realised that the dividend was mainly proportionate to the extent of labour that they themselves contributed towards agricultural production, and that the dividend on the respective land holdings was uniform and equal, amounting to a negligible factor, the peasants themselves voluntarily agreed to give up the dividend on land as such. The other means of production such as farm tools, draught animals etc., were valued by a Central Committee and taken over by the Co-operatives after payment of due compensation to the owners. Thereafter, the land was held in common by the Co-operatives, viz., by all the members of the Co-operatives, and there was no dividend on land as such. The produce after payment of 7 per cent of their net income as agricultural tax and other deductions of various percentages for reserve fund, welfare and amenities, future production schemes etc., was divided among the peasants. Better methods of farming, better farming tools, application of organic and chemical manures in a rational manner, adoption of water conservancy and minor irrigation schemes, improvement of seeds etc., raised their income to a great extent.

Removal of barriers, levelling up of lands, digging of channels across the lands etc., could be accomplished without any let or hindrance, for collectivisation, extension of arable lands and increase of production. Their income naturally went up by 60 or 70 per cent. By the end of 1956, China was able to produce 186 million tons of grain at an average of 15 Cwt. per acre though several areas produced yields upto 60 to 70 cwt. per acre. They are hoping to produce 400 million tons per annum by 1962 even though the rate of increase of their population is only 2.2% per annum. This amount of production should be ample for a population of 800 millions. Such phenomenal development is due to the release of the productive forces in the countryside by socialist transformation of agriculture. By the end of 1956, 96 per cent of the rural population had joined agricultural and other co-operatives; over a million co-operatives have been opened, half of which are of the Advanced Type. Thirty six thousand Rural Credit Banks, Tractor Stations, Institutes of Agriculture for imparting technical advice etc., have been opened in various parts of the country. Weather forecast stations have been opened for rendering advice to the farmers in regard to impending meteorological changes. It is admitted by the Chinese Government that about one out of every 50 peasants has not yet joined the Co-operative Movement as they have got better land, and better farm tools and as they are able to sustain themselves independently. The Government are also rendering any necessary help to these individual peasants. This proves clearly that there has been no element of coercion in so far as the formation of co-operatives, especially after the Agrarian

Reform Law was passed in 1950, soon after the attainment of independence in China.

India

India is a vast agricultural country with over 90 per cent of its population living in rural and semi-rural areas despite the increasing urbanisation taking place at present, owing to non-development of agriculture in the countryside on correct and proper lines. Unless agriculture is looked after to the fullest extent, neither light industry enterprises nor heavy industry projects could be constructed and made to work in a manner useful to the people of India as agriculture holds a key position in regard to these developments. The raw materials and funds that are required for the development of light industry have to be provided by agricultural projects; and the market for the purchase of goods produced by light industry has to be found mainly among the rural population. The funds required by the development of heavy industry have to be obtained from agriculture and light industry; and the market for the goods produced by heavy industry such as tractors, combines, fertilisers, machines for irrigation and power development, transport facilities building materials, soil and water conservancy schemes etc., has to be found mostly from agricultural schemes. As stated above in regard to socialist countries, the formation of agricultural co-operatives has been effected mainly by education of the peasants themselves on the principal of voluntariness, mutual aid and mutual benefit. Such a state of affairs has been made possible only after the Government affected land reform by expropriation of the available arable land mainly from the landlords and partly from rich

peasants and distributing such lands among the landless agricultural labourers, agricultural tenants and poor peasants. In China, the Government adopted the policy of uniting the poor peasants with the middle class peasants and gradually eliminating the rich peasants by various measures, such as, State Trading Concerns and Supply and Marketing Co-operative Societies, neutralising the speculative trade of rich peasants; and the Rural Credit Banks offering the peasants easy credit, as and when required at low rates of interest thereby neutralising the usurious money lending of the rich peasants. Hence the following are suggested in order of priority, as stated below:—

1. *Land Reform* should be carried out immediately by State legislation in all the States of India. Fixing a ceiling not more than 2 to 4 acres of wet land, depending on the availability of land in each locality, for each actual tiller of the soil both men and women working peasants included, up to a maximum of not more than 15 acres of wet land or proportionate amount of dry land or of both for each peasant household. Not more than 1/10th of the allotted land should be reserved to the peasant's private use for building purposes, growth of vegetables, subsidiary occupations etc. and the remaining 9/10 of the allotted land should be made available for incursion in the Co-operatives by a gradual process of education, persuasion etc. by mutual aid—seasonal or permanent as the case may be, on the basic policy and principles of voluntariness and mutual benefit without any coercion or compulsion for this purpose. The expropriated owners should be compensated, not by payment of a lump sum working out on any basis but by the form of annual interest

ranging from 2 to 6 per cent of the agricultural assets valued on the basis of their annual agricultural income computed according to local standards. With a view to level up such incomes, the principle should be, the greater the extent of land expropriated, the smaller the rate of interest payable to such owners. Such expenses incurred on payment of interest should be met by the co-operatives concerned. The expropriated landlords and rich peasants should further be provided with suitable work in the co-operatives and neighbouring state farms to enable them to earn their living by their own labour and help them to remould themselves as workers of the country. When this process has been completed, payment of interest to them should be proportionately reduced and finally stopped. Such State legislation for expropriation and distribution of the land should be completed by a fixed target date.

2. *Co-operatives:* (a) With due deference to the Government and all the authorities responsible for the present concept and practice of organisation and administration of agricultural co-operatives, I suggest that the whole scheme should be reorganised with a changed outlook in regard to the peasant. Model regulations, as recommended hereunder, should be drawn up for agricultural co-operatives of an elementary type and should be recommended to the peasants of every village for adoption after due consideration by them, the final decision being left entirely in their hands. Once the peasants are in possession of a certain land holding, I have no doubt whatsoever that they will themselves voluntarily resort to mutual aid, listen to correct advice and gradually convert themselves into co-operatives; and form first

Elementary, and, later, Advanced Co-operatives.

(b) Government should adopt the system of three point fixed quotas in dealing with co-operatives in respect of essential commodities such as grain, pulses, edible oils, seeds and cotton, as detailed below;—

(i) Fixed quota of output from each co-operative depending on its extent and facilities available; that means, each co-operative should be given a certain fixed target for the production in order to fit in with the annual plans of agricultural production of the Government.

(ii) Fixed quantity for purchase by Government for sale to urban and semi-urban population, to be compulsorily released by the co-operatives. Not more than 1/6th of the total output is considered adequate for this purpose. Purchasing, warehousing and distribution of this quota should be effected by Supply and Marketing societies organised by the Government including all the present dealers in items of staple food in the locality.

(iii) Fixed prices in respect of each item of essential commodities for purchase by Government which should be announced to the co-operatives at the time of sowings, so that the peasants could be sure of a certain market sponsored by Government itself in order to enable them to undertake agricultural production with confidence. Prices for sale of different items of staple food etc. by Supply and Marketing Societies and by individual peasants in the open market should be stabilised at a particular level and steadily brought down after each successive harvest as production increases. This could only be effected by

stock piling by Government, enabling necessary adjustment by stepping into the market as and when required.

(c) Agricultural taxes should be stabilised for a period of three years at a rate not exceeding 1/30th portion of the total agricultural output or 7 per cent of the net income of the peasants. Taxes should not be raised, if the production increases. But they should be remitted, or proportionately reduced, if production decreases due to natural calamities or any other reason.

(d) This arrangement of supply of a fixed quantity of essential commodities compulsorily to Government and payment of fixed taxes would leave 80 to 90 per cent of the agricultural output for distribution among the peasants and workers in the co-operatives, less deductions for reserve fund, amenities, direct or indirect production expenditure, future requirements etc., entirely in the hands of the co-operatives themselves.

(e) Government help should be made available for provision of fertilisers, irrigation facilities, technical advice, tools and machines and loans to the extent needed.

(f) Government should organise and work State farms from temple and other Government lands, providing a State farm of 100 acres for every 1,000 acres of land owned by Co-operatives. These State farms should also be organised on co-operative lines, and managed by workers themselves, except that there will be no dividend on land, farm tools, draught animals, machinery, transport and other direct and indirect means of production, which would be provided by Government on loan to them.

Such schemes should form an incentive for the reorganisation on sound lines and correct management of the elementary co-operatives in the vicinity and for their gradual conversion into the Advanced Type of Co-operatives ultimately, and leading eventually to the abolition of dividend on land and other means of production. State farms should also serve as Service centres, Loan centres for tractors, transport, agricultural machinery etc., not owned by the co-operatives and also render correct technical advice to them as and when required.

3. *Funds:* For the development of any backward country, necessary wealth must be created within the country by means of labour productivity, namely by proper organization and utilisation of labour, mainly agricultural labour in cultivate all available arable land in a proper manner to ensure maximum production. Dependence on foreign aid either for current requirements of food-stuffs or for development is very costly, takes too long a period and deprives the country of its initiative, besides giving room for economic penetration and domination by foreign countries and its attendant evils.

The following story of the development of a Pauper's Co-operative in China will illustrate clearly regarding how the process of self-education and resourcefulness of the peasants is naturally developed and Government's action in respect thereof.

"In a certain Village in China, there were eight households possessing in all about two acres of arable land and 3 acres of rocky land. They approached the Government for help; and the Government, in their turn, desired

them to show what they can do by their own resourcefulness; and informed them that they would render necessary help thereafter. The families concerned consulted among themselves, and allotted the household work to the old women and divided themselves into work groups. They proceeded to the hills about five miles away from the village, collected brushwood, sold them in the town nearby and thereby earned their livelihood. Within two or three months, they were able to raise sufficient amount necessary for sustaining themselves and for cultivating the arable land in their possession in a joint manner. At the same time, they collected all the excreta of human beings and cattle and animal droppings, and, with permission, collected sewage loam, ash and refuse from the neighbourhood for use as manure in their field. At the end of the season, they had produced sufficient grain to sustain themselves and put by something for their requirements in future as well. After repeated consultation, they devised methods of using their rocky soil. Many of them said nothing could be grown in the rocky soil. One among them stated that trees have been found to grow on hill tops and that something should be done to that effect. In the end, they argued and discovered that, as long as the trees are able to take root on the rock, they would be able to split the rock and proceed in search of water even in the middle of the rock, thereby themselves discovering the principle of Geotropism. Later, as a result of the above discussion, they piled two to three feet of earth on the rocks, protected the soil by piling up stones all around in order to prevent the soil from being washed away by rain; and then, they used the area for planting

fruit trees, for growing vegetables or other cultivation as considered feasible. To make a long story short, this group of co-operatives consisting of eight families during a period of three years evolved themselves into a Model type of Advanced Co-operative. Till then, they never ran to the Government for any help or advice, who, later, discovered their initiative and resourcefulness, and voluntarily gave them all necessary help."

This account proves clearly that, once the peasants have in their possession even a fragmentary holding of land, they themselves would voluntarily form mutual aid teams and develop such teams into co-operatives of elementary or advanced type, as it is in the interest of their own benefit, immediately here and now, after every harvest.

Model regulations as adopted from China and recommended for Agricultural Elementary Co-operatives in India.

1. *Introduction*: The decision regarding final adoption of the following recommendations with or without modifications should be left entirely in the hands of the members of the co-operatives, to whom these regulations are intended to serve as guide. The principles governing organisation are voluntariness, mutual aid and mutual benefit. Means of production, such as land, animals, tools etc. are put under Central management; members are grouped collectively as production teams and the out-put is distributed as per common plan, according to the work-points earned by each member, according to the principles, 'To each according to his work', 'More work, more pay' and 'Equal pay for equal work for all'. The interest of the State, the co-operatives and the members should

be safe-guarded, ensuring correct delivery of out-put in quantity and quality for State purchasing agencies on correct dates. Apart from observance of unity and democracy in management, close contact should be maintained among agricultural, supply and marketing, rural credit and handicraft co-operatives in the area.

2. *Members*: Apart from exclusion of landlords and rich peasants, who owned more than 100 acres of land prior to expropriation, all others should be voluntarily admitted. Management should rest entirely in the hands of poor peasants, old as well as new. The aged and adolescents may be included for suitable subsidiary work. Each member has the right to work and take part in the activities, to engage in subsidiary occupations without interference to his work in the co-operative, and enjoy all available amenities, with due obligation to observe the rules, carry out the allotted work in correct manner and care for the co-operative and its interest in every way. Members are free to withdraw on payment of suitable compensation to the co-operative; and they may also be expelled for serious violation of co-operative discipline.

3. *Land*: Depending on the quality of land owned by the member, not more than one-tenth should be reserved for own use such as building purposes, growth of vegetables etc. As the income is mainly dependent on labour productivity forming skill etc., the dividend on land as such should be kept down to the minimum, though a reasonable dividend is likely to attract large families to the co-operative. Members receiving dividend on land should be made to pay the agricultural tax thereon. Eventually, when dividend on land as such is

totally abolished, the agricultural tax should be paid by the co-operative. Dividend on land should be fixed by mutual discussion; and should not increase with rise in production. Any waste land available in the vicinity should be reclaimed by the Co-operative. Harvest at the time of joining the co-operative should belong to the owner. All minor irrigation works should also be handed over along with the land; and suitable compensation should be arranged therefor.

4. *Other means of production*: Draught animals, large farm tools and farm transport should also be handed over to the co-operative on payment of suitable compensation by instalments. Groves, orchards, fish ponds, flocks and herds etc., should also be brought into the co-operative. Equipment of subsidiary occupations may be left alone. Large farm tools, tractors, bull dozers and combines, farm transport etc. may be hired from the State farms. The Co-operative also buys manure accumulated by members' households.

5. *Share Fund*: Share fund is intended for production expenditure and for buying means of production. The extent of contribution of share fund by the members is mainly dependent on their respective labour productivity. Poor peasants can obtain loans for this purpose from the Rural Credit Bank. Contributions should be credited to the members' individual accounts and should not carry interest; and they can be withdrawn only when they quit the co-operative. When the co-operative is short of capital, members should make investments according to their means, which should carry the credit bank rate of interest.

6. *Production*: All available arable land should be brought

under cultivation, using latest farming technique, selected strains of seed and using accumulated manure and fertiliser in a rational way, according to technical advice rendered by the State farms. All women members should be helped to overcome obstacles in their way. All members should acquire scientific farming knowledge, which should be arranged for by the State farms. Production plans should cover sowing operations, irrigation schemes, out-put targets efficient use of all available manpower, capital construction and subsidiary occupations.

7. *Organisation of work*: Depending on the size of the co-operative, production brigades or production groups should be organised from among the members by mutual discussion so as to fit in with the general plan. Part or whole time book-keepers, technicians, store-keepers etc., should also be appointed. The leader of the brigade group is responsible for his own unit. The brigades or groups should be more or less equal in their labour power, skill and ability and other facilities. Brigades or groups should work on a seasonal or annual basis. The brigades or groups should also be responsible for its own draught animals, farm tools etc. At the end of the day's work, the leader or inspector should inspect each member's work in his presence according to the norms set and register the number of work points earned by the member. Strict observance of labour discipline should be ensured by all concerned, dealing with derelictions in a disciplinary manner. Norms for all specified jobs must be set separately for each job, determining most carefully the extent and quality of work that can be done with certain given facilities. Payments

for fulfilling the norms must be in units of work points; or one work day may be considered equal to ten work points. Confusion must be avoided in fixation of norms and rates of payment, according to the actual work turned out. Extent of payment for each work day or each work point would depend on the annual income of the co-operative, less production expenses, reserve and welfare funds, dividend on land etc., divided by the total number of work days. The greater the number of work-days earned by any member, the bigger his income. Responsibility should be fixed for each specified job, both on short term and long-term basis as considered feasible. Over fulfilling of out-put norms should be suitably rewarded, by being credited with additional work-days; Prizes should also be given for outstanding work or distinction in emulation drives.

8. *Financial arrangement*: The management committee should draw the year's budget showing the annual income and expenditure in kind and cash, annual production plans, scheme of distribution of income to the State, the co-operative and its members, and the extent of loans and the need therefor and submit to the general body for discussion and approval. Strictest economy should be practised and waste should be avoided. A top limit should be fixed for every item of expenditure and administrative expenses should not exceed one per cent of the value of total annual income from production. The book-keeper must account for every item of income or expenditure by proper receipts or vouchers. The functions of the book-keeper and the cashier should never be mixed up and should never vest in the same

person. Corruption, embezzlement or destruction or loss or damage of co-operative property should be severely dealt with and the loss sustained should be made good by the party concerned.

The Store-keepers should maintain inventories by items and undertake periodical stock-taking.

The Supervisory committee should inspect the accounts monthly and make them public once a quarter.

The reserve fund should, as a rule, not exceed five per cent of the net annual income of the co-operative and must be reserved for capital construction, buying draught animals, soil conservancy and minor irrigation projects, minor afforestation and land reclamation in the area.

The welfare fund should not exceed one to three per cent of the net annual income and should be reserved exclusively for welfare and amenities for members.

The reserve fund, welfare fund and accumulated common property of the co-operative must not be distributed among its members.

9. *Culture and Welfare activities* Apart from ensuring unity and democracy, the Co-operative should institute literacy classes, agro-technical studies, emulation drives, improvement courses for

production techniques, and also, provide for members' safety in work, physical condition and medical treatment and disability pensions and gratuities.

10. *Management*: The General Body of members is the highest management body of the co-operative. It should elect at its meeting management committee of 5 to 15 members, a Supervisory Committee of 3 to 9 members and a Chairman of the General Body who is also the Chairman of the Management Committee. General Body meetings should be held at least once a quarter, supervisory committee meetings at least once a month and management committee meetings as and when required. All necessary by-laws should be framed and adopted by the General Body. The Management Committee appoints leaders for production brigades or groups in agreement with its respective members. The Supervisory Committee supervises the accounts and the work of the Chairman and of the Management Committee, and also appoints one or two Vice-Chairman to assist the Chairman. The Chairman of the Co-operative, book-keeper, cashier and supply clerk shall not hold concurrent posts in the Supervisory Committee. At least ten per cent of Staff and leading Officers should be women members. Every Co-operative should be registered in the corresponding Government Department.

WHAT IS WEALTH ?

That country is the richest, which nourishes the greatest number of noble and happy human beings; that man is the richest who having perfected the functions of his own life to the utmost, has also the widest, helpful influence, both personal and by means of his possessions, over the lives of others.

—JOHN RUSKIN.

The Rural Credit Scheme*

ITS BASIS UNASSAILABLE

(Contributed)

Prime Minister Nehru's criticism of some of the recommendations of the All India Rural Credit Survey Committee is of importance not only because of the change in approach implied, but also because it clearly shows in a way the need for a sound theoretical frame work and a realistic assessment of the process of planning. Here an attempt is made at describing some important aspects of the theoretical frame work behind the process of planning of the agricultural credit system. Pandit Nehru was particularly critical of the principle of state participation recommended by the Survey Committee. He now confesses that he had made a mistake in accepting this recommendation in 1955. In the context, let us examine the Integrated Rural Credit Scheme and its implementation.

After an analysis of the survey data, the Committee concluded that there were glaring inadequacies, and that the co-operatives had failed to supply in most parts of India even a modicum of credit to any significant number of agriculturists. As regards the causes for the failure of co-operative credit, the Report came to the conclusion that the causes to which failure was usually ascribed were all superficial. Absence of emphasis on organisation of limited liability societies, or the predominance of single purpose societies as distinguished from multipurpose societies, lack of co-ordination between different co-opera-

tive agencies, or the lack of training and educational facilities or absence of proper education did not explain why co-operation had failed. The report also rejected the view that official sponsorship of the Co-operative movement was responsible for the absence of growth.

The Committee set down the more important causes of an economic or socio-economic nature. The institutional set-up in which co-operatives had to be organised was itself not favourable to the growth of co-operation. For example, the land tenure and tenancy system, divorce between use and ownership of land, and small size of holdings were to some extent responsible for the absence of growth of the co-operatives. It is only after India's freedom that the state had taken steps to remove some of these disparities.

Disadvantage of Co-operatives

Another and a more important cause of the failure of co-operatives, the Committee found was the competition, amounting almost to opposition, which the co-operatives had to withstand from private agencies. If the cultivator, for instance, decided to carry out transactions relating to credit, marketing, storage or processing through a co-operative, he usually found that neither the society nor the organisation was one-tenth as useful as the moneylender or trader. The moneylender might stipulate a higher rate of interest than the co-operative; the trader might pay

a lower price. But the fact remained from the point of view of the cultivator that he was able to get from the moneylender a loan large enough for the sub-standard needs of consumption and production which he had to meet from time to time before the harvest. From the point of view, it did not matter that the co-operatives aimed to act for the benefit of the cultivators and had objectives not shared by a private agency.

The ubiquity of the private agency, the widespread network from the village to town and city, and more particularly the financial strength which he derived from its connections with some of the most powerful elements of the urban economy were all the important factors, which placed the co-operative society and organisations at a great disadvantage in comparison with the private agency.

By far the most important factor in the co-operative sphere itself were elements, which had hampered the development of the movement. From relying on the character and repaying capacity of the cultivator, as judged from local knowledge, and kept under review by local vigilance, co-operative credit had gravitated to ownership and landed security. The deviation between co-operative principle and practice was explained partly by the tendency on part of the societies to take the line of least resistance, by giving loans to those who had substantial property.

Urban Rural Complex

The main reason for the lack of development of co-operatives was a basic need, which was more important than just credit, viz., that of effective access to the urban market, which by and large only the private trader provided to the

cultivator and which could not be provided by co-operatives.

Thus, the reason for the failure of co-operation was that the conditions prevailing were not such that co-operatives could operate efficiently and for the benefit of the weak. The Report came to the conclusion that there was some truth in that co-operation in India was a "plant held in position with both hands by Government since its roots refuse to enter the soil." More than the roots of co-operation, it was the tentacles of private economy that had acquired grip on rural India. The weaker classes could combine co-operatively and get the same advantages as the strong. But the very weak were not in the same position as the not-so-strong, certainly not if the strong had, in addition, a whole reservoir of institutional strength from which they could add immeasurably to their own.

In India to-day, there is an aggregate of financial power which, in point of location, is purely urban and in point of bias, viz., practices, attitudes, preferences and interests of the individuals and institutions who share the power, is almost wholly urban-minded. The conflict, therefore, is between new urban interests and the old rural interests. The new pattern was such that the access to the seat and resources of power was largely cut off from the weaker sections, which formed the bulk of the rural population. The location of power and finance is urban; not only in the case of private institutions but also in the case of the more important institutions of the State and Government departments. To these seats of finance and power, public and private, is established a chain of contact, influence and financial interrelation. At the far end of the

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chain, i.e., the village, are the village leaders, who occupy local seats of power, and village financiers who, like the moneylender and trader, are the local sources of finance.

In view of their being a part of the channel of power and finance, they are also recipients of power and finance from sources and reservoirs higher up the channel. All too rarely is effective village leadership based on merit, culture, capacity to be of service to the village itself. When the leadership is outside the village the co-operative society, in the present context, is a danger: when it is inside these institutions, it is an even more potent and more immediate danger. The danger arises from the fact that while the state has vested interest in the success of co-operation, private buying and private trade, particularly at the village level, have a vested interest in the failure of co-operation.

Criteria for Reorganisation

Some of the important criteria which a reorganised credit system should satisfy, according to the Rural Credit Survey Committee, are:

I. The need to invest in a productive purpose, and in case of credit for consumption purposes, to link it with repayment capacity as measured by anticipated crops.

II. There should be an institutional system of credit which is a good alternative to, though not a complete substitute for private credit agencies.

III. The system should have resources and trained personnel.

IV. It need not be a single creditor, though it should co-ordinate not only with short, medium and long term credit but also with marketing.

V. The type of security should be consistently adequate from the point of view of the creditor; as large a number of solvent producers as can avail themselves of credit should be served. A large part of the credit would be that advanced to the producer on the strength of anticipated crop, for example, rather than on tangible security.

In spite of the past record of failure of the co-operatives, the Report recommended the implementation of an Integrated Credit Scheme with co-operatives as the pivot. This failure is explained by the Report in terms of total impracticability of any attempt to combine the very weak with the very strong and to expect them, by themselves, to create the conditions, firstly, for the emancipation from the interests which oppose them, and secondly, for their social and economic development in the face of severe disadvantages historically imposed on them by a structure of the type described. According to the Report the problem was not so much of reorganisation of co-operative credit as the creation of new conditions in which it could operate efficiently for the benefit of the weaker. The prevailing conditions cannot be transformed by the very persons who are oppressed and rendered weak by their existence. The forces of transformation have at least to be as powerful as those which are sought to be counteracted. Such forces can be generated not by co-operation alone, but by co-operation in conjunction with the State.

Basic Pre-condition—State Help

The basic preconditions for a reorganisation of co-operatives is, according to the Report, that initial help can only come from the state

if it is to be of the requisite magnitude and of the type which will enable the co-operative organisation to withstand the pressure of opposition of vested interests. The manner of the help, therefore, cannot, be merely administrative. The state's way of help has been to 'overadminister' and 'underfinance'. But that cannot solve the problem, which is really not one of rural-minded credit alone, but of rural-minded credit in conjunction with rural-minded development of agriculture and rural-minded organisation of marketing and processing. The whole programme may be described as one of rural reorientation of the operative forces of the country's administrative and financial organisation. It implies a combination of rural conscience, rural will and rural direction. Such a combination, strong enough to be an overriding factor in the situation, has to come from Government and its more powerful institutions. In co-operation, there is a combination of the weak at the bottom. The state is or ought to be a combination of the weak at the top. An effective programme is possible only if the state at the one end joins hands with the co-operatives on the other, in an effort to create the rural-mindedness that is needed.

The two most important features of the Integrated Rural Credit Scheme can be summarised as follows:

I. Orientation of the loan policy of primary co-operatives in particular and higher co-operative agencies in general, with a view to implement the crop loan system whereby every cultivator, who has some produce to sell, is in a position to become a member of the co-operative and get loans from them commensurate with his repaying capacity as measured by the value of anticipated crop.

II. State participation in co-operatives to ensure that

(i) the smaller cultivator has as much access to co-operatives as the big cultivator had in the past;

(ii) the co-operatives do not become the preserve of the more fortunate;

(iii) the attempts of vested interests (especially traders and moneylenders) to prevent extension of co-operative activity in the sphere of marketing and processing are properly counteracted;

(iv) the primary co-operatives have large enough resources of their own to enable them to borrow adequate amounts from higher co-operative agencies; and

(v) the central financing agencies in the district do not spare any effort in mobilising deposits and in helping implementation of the crop loan system.

The Theory Behind the Scheme

The execution of any scheme by itself involves painstaking efforts by those connected with such a scheme. This would apply with greater force to the implementation of a scheme, which implicitly involves curbing of the power of the vested interests and increasing the bargaining power of the down-trodden small cultivator. So far as the Integrated Rural Credit Scheme is concerned, it required that at all stages, viz. state co-operative banks, central banks at the district level, the primary credit co-operatives in the villages, and marketing co-operatives, those connected with it must have a thorough grasp of the theory behind the scheme, more particularly of the crop loan system and that they put adequate effort for the implementation of the scheme. It is not unlikely, however, that in

many states the actual performance falls short of the expectations thus resulting in difficulties and giving rise to misgiving.

The aim behind state participation was to mobilize the powerful forces of the state behind the smaller cultivator, as also in favour of neutrality and credit co-operatives *vis-a-vis* the private trader and the moneylender. It may be that in certain areas, some of the overzealous administrators failed to understand the theory and philosophy behind the scheme, and took decisions which were not in consonance with the policy or the theory underlying the scheme.

It would be idle to deny that there may be cases where an overburdened revenue collector, who has been made the Chairman of the Central Co-operative Bank fails to give proper directives, where an injudiciously selected state nominee interferes with the internal administration of a society, where a district co-operative official who has been nominated as a state nominee on a primary society fails to attend the meetings of the society due to his multifarious activities or where the Registrar finds it difficult to select proper state nominees for the societies. State participation has failed to procure results expected of it. But can we generalise on the basis of stray and isolated instances? Further, can we reject the entire theoretical framework, because of the lapses in implementation?

The recent remarks of Pandit Nehru have to be analysed in this context. Admittedly, there are a few co-operators who believe in "free association," and "mutual help" and who have not taken kindly to the idea of state participation. With them we can only agree to differ on honourable

terms. The old school feels that the clash of interest between groups in rural areas can be resolved by education. Another view is that "internal contradictions" (a phrase which is not the monopoly of the Marxists alone) can be resolved only through state participation. If Pandit Nehru's statements means a change in the policy of co-operation, then it will mean (in the absence of a well thought out policy for co-operative farming) we will be reorientating the policy on the lines of the view of the old time co-operators. Can we take a risk especially in the face of glowing reports about Red China's achievements? Is this a calculated risk?

Attack Anticipated

One can only hope that people in Delhi will have the time to study and understand the basic theory behind the integrated scheme of rural credit before they throw it out or condemn it. Prof. D.R. Gadgil, one of the sponsors of the scheme, has put it succinctly as follows:

"The present position of the top agriculturists depends on their command of extensive land areas and will continue as long as this command lasts. Therefore, their position could be effected only by certain type of land reform proposals.

"Both these programmes, that of land reform and co-operative development are to-day largely paper programmes. It is indeed possible that they may be seriously whittled down even before they are launched. It is clear that there are today powerful forces operating at the highest level working for retention of the trader moneylender class in rural India. Two recent events may be noted which are significant in this connection. The first is the keenness

of many in authority to ensure the continuance of the operations of the private trader even in handling foodgrains. The second is the attack on the whole programme of strengthening of co-operative primary units by making their sizes economic and supplying them initially with requisite financial resources by contributions from the state. The opposition takes the form of raising a cry of voluntarism. It safely ignores or deliberately shuts its eyes to the universal lesson, specially emphasized by experience in India, that the unaided activities of the poor and the weak can make no advance against heavily entrenched position of the trader-cum-moneylender class. The plea for small uneconomic single village units and for denying financial aid to primaries of poor peasants in a country, where all the largest industrial units have been esta-

blished through or maintained by sacrifices imposed on consumers and have all kinds of state aid, including concessional finance, appears no more than an unsuccessful attempt at concealing the real intentions of those who want to maintain the status quo. The great difficulty of doing anything effective in the matter of land reform shows the strength of the other element which is powerful in the countryside".—'Indian Journal of Agricultural Economics', October-December 1957.

If some feel that the Integrated Rural Credit Scheme is not in consonance with the overall objectives of policy for development of co-operatives, should they not put forward an equally well thought out and practical scheme, which is to be an alternative to the Integrated Rural Credit Scheme of the All India Rural Credit Survey Committee?

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Secretary.

CO-OPERATIVE CONFERENCES AND MEETINGS

Proceedings of the Third All India Co-operative Congress held at New Delhi on the 12th and 13th April 1958.

[The Third Indian Co-operative Congress, which was held at Vigyan Bhavan, New Delhi, on the 12th and 13th April 1958 under the auspices of the All India Co-operative Union was inaugurated by Pandit Jawarlal Nehru, Prime Minister of India. It was a momentous Congress. Sri K. D. Malaviya, President, All India Co-operative Union conferred the title of Lok Mitra on the Prime Minister of India amidst thunderous applause. Nearly 1,400 delegates from all parts of India, 15 representatives of co-operative institutions abroad, Ministers of State and Central Governments, Registrars and other officials and non-officials attended the Congress.

Prime Minister Nehru, who inaugurated the Congress was highly critical of some of the recommendations of the All India Rural Credit Survey Report and said that people should be allowed to learn to do things for themselves and to develop a spirit of self reliance and self dependence. He further added, "I want the Co-operative Movement to become bigger and bigger and, therefore, I want a close understanding between the Co-operative Movement and the Community Development Scheme."

Earlier, Shri Brahm Perkash, M.P. welcomed the delegates and stressed the need for the Co-operative Movement to stand on its own legs. A number of messages were received, including the one from Dr. Rajendra Prasad, President of India. The delegates from Poland, Hungary, Thailand, U. S. A. and the U. S. S. R. conveyed the greetings of the respective Movements.

The report "Co-operative Developments in India from 1953-1954 to 1955-1956" was discussed.

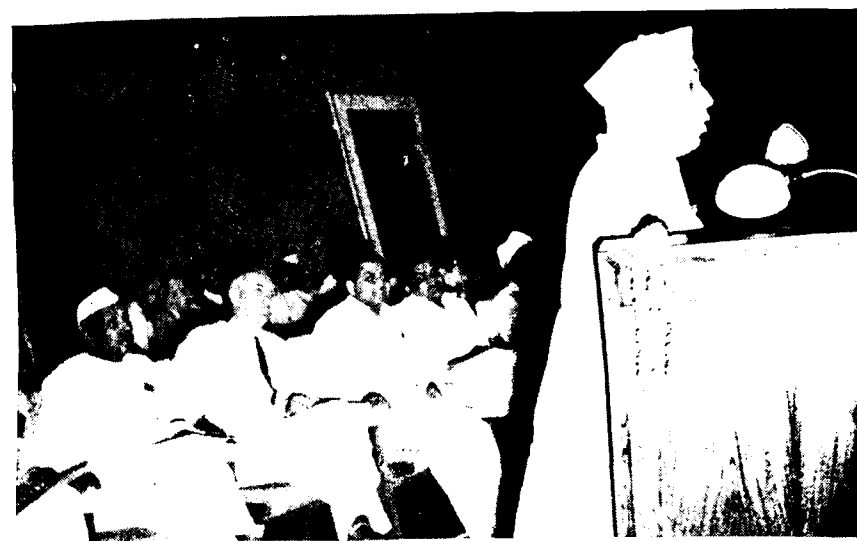
On the 12th April 1958 evening, the delegates to the Congress were entertained at a tea-party by Dr. P. S. Deshmukh, Union Minister for Co-operation at Rashtrapathi Bhavan.

Addressing the Congress on the 13th April 1958, Pandit Pant, Union Home Minister said: "The Co-operative Movement is not a purely economic one. I regard it, in a way, a blend of economic and spiritual forces." He concluded by saying, "I hope the eminent representatives of the co-operative organisation, who have assembled here will try to educate the people in the right manner and see that co-operative endeavour is made in a genuine spirit with a view to establish greater harmony, greater comfort and a feeling of inter-dependence and mutual confidence among our people."

Third All-India Co-op. Congress at New Delhi



Pandit Nehru was received by Sri K.D. Malaviya, President, A.I.C.U., Dr. P. Natesan, Joint Secy, A.I.C.U. and others, when he entered Vigyan Bhavan.



Pandit Nehru is seen delivering the Inaugural Address at the Congress, which was held at Vigyan Bhavan on the 12th and 13th April 1958.

Third All-India Co-op. Congress at New Delhi



Dr. Pnujabrao S. Deshmukh, Union Minister for Co-operation was 'At Home' to the Delegates of the Congress at Rashtrapathi Bhavan.



Pandit Pant, Union Home Minister photographed as he entered Vigyan Bhavan to address the Congress.

A number of resolutions on "Policy", "State-Participation", "Integrity of the Movement", "Processing" "Co-operative Training, Education and Research" etc. were discussed fully and passed.

Sri Ajit Prasad Jain, Union Minister for Food and Agriculture addressing the Congress said, "If the Co-operative Movement is to live, no doubt it has to be non-official. There cannot be any doctrinaire views on the subject of small sized v. s. large sized societies. I assure you that the Co-operative Movement will not suffer for want of funds from Government. It may suffer for the lack of trained personnel. I assure that with your assistance and co-operation, we will make India a Co-operative Commonwealth."

Sri M. N. Kaka, proposed a vote of thanks.—*Editor.*]

WELCOME ADDRESS

By

Ch. BRAHM PARKASH, M.P.

Chairman, Reception Committee, Third All India Co-operative Congress, At Vigyan Bhavan, New Delhi.

Dear Co-operators,

It gives me great pleasure to welcome you, fellow delegates, in the Congress of Co-operators, which is being held in this historic city. You have come from all parts of the country and have given us the honour to act as your hosts for a few days. The Reception Committee has tried its best to ensure every comfort for you and I hope that you will find your stay here both pleasant and memorable.

This Congress has assumed considerable importance in view of the fact that our Movement is considered to be a lever of change from the existing social conditions to a socialistic pattern of society. Our Movement is more than half a century old. In certain parts of the country and in certain spheres of economic activity, it has made its weight felt and proved of immense help to the small workers, agriculturists, traders and office employees. But it is generally felt that this being an official baby, having been sponsored by the Government in

the first instance, it is still tightly tied by red tape and officialdom. In the Western countries, the Co-operative Movement is flourishing on account of its own momentum, while in certain countries in the East like China, the Movement is being pushed forward under Government initiative and patronage. Both these situations have their own advantages and disadvantages.

Perhaps we in India have to follow the middle course, at least for some time to come. But there can be no doubt that slowly the element of Government patronage has to come to an end. Our Movement must stand on its own feet and march forward on the basis of its own inherent strength.

The Planning Commission and the Survey of Rural Credit have already set forward new tasks before us. One of the main recommendations, that of linking agricultural credit with marketing warehousing, has already been implemented in various parts of

the country. We, in this Congress have to resolve to further widen up the scope of the Co-operative Movement and to enlarge our field of activities. We have also to take steps for adequate training of those engaged in the co-operative work. At the same time, we have to ensure that the economically weak sections among our population benefit more and more from the Movement, until it

becomes a strong union of the weak and the poor.

I may also venture to suggest that the time has come when an autonomous national commission, or some similar body should be set up to co-ordinate and lead the Movement.

In the end, once again, I welcome you all to this Congress and its deliberations. Jai Hind!

INAUGURAL ADDRESS

Speech of Shri Jawahar Lal Nehru, Prime Minister of India Delivered at the Third Indian Co-operative Congress held at Vigyan Bhavan, New Delhi on April, 12, 1958

Mr. President and delegates, the sight of this gathering here on the occasion of this Conference of the All India Co-operative Union gives one the idea that the co-operative movement is healthy and strong in India. Whether that idea is justified by facts or not you know better than I. If is, I believe, healthy. But considering the problems before us and the size of our country it is by no means big. It is still in its infancy, even though it might have been born half a century ago. Many of you here are persons, who have devoted a considerable part of your lives to work for the co-operative movement. Therefore, you are experts, and I am afraid I have had no such experience or privilege, and I can only talk to you in rather vague and general terms, not from the point of view of a practical co-operator. But before I go on to say anything else, may I express my surprise at the fact that the All India Co-operative Union or its executive does not seem to be aware that there is such a thing as the Constitution of India and it has presumed against the terms of that Constitution to offer me

some kind of a title. I have no doubt that the title denotes the affection and kindness for me, but if it is a title as it was deemed to be, then it is unconstitutional. So, whatever I may speak to you is not from the experience of a practical co-operator as most of you are, and you will, therefore, forgive me if I say something which seems to you, well, not very practical.

The whole idea behind this co-operative movement has appealed to me for a large number of years, even though I was not personally involved in it—the philosophy underlying it, the social purpose, the way in which it seemed to steer between various extreme courses of action, which I did not wholly approve of. We in India were involved for a considerable period in our struggle for freedom, which naturally took the shape primarily of political freedom. But even as that struggle for political freedom developed, it became obvious that political freedom by itself was not enough. It had to have a social content in it; it had to go towards economic freedom. In the ideological sphere there have been great controversies, great movements, and I am

not going into that question. But one thing seems to be progressively accepted and admitted by large numbers of people, and that is that a purely acquisitive society is not good enough i.e., a society based chiefly on acquisitive principles is not good enough under modern conditions. The State begins to interfere, therefore, to curb the tendencies of a purely acquisitive society. In every modern State, whatever its broad economic policies, the State has played a tremendously increasing part not only in dealing with matters positively, but also in curbing the tendencies of the acquisitive society. The State has tended to bring about equality of opportunity, not absolute, but broadly speaking, and to diminish the tremendous differences which exist between various groups. Well, in doing so the State has naturally had the tendency to interfere. It had to. Sometimes, that interference may have gone a little too far according to the opinion of some people and even invaded the freedom of the individual a bit too much. No individual has, of course, absolute freedom. Nobody has absolute freedom. There is no absolute freedom in these matters. They are all relative. But if we value individual freedom as many of us do, how are we to find a balance between keeping that individual freedom and at the same time getting out of the clutches of an acquisitive society, where, indeed, individual freedom only rests in theory, not in practice? Now the co-operative movement seems to offer a philosophy, a method of approach which would aim at this kind of social purpose without infringing too much on individual freedom. Therefore, naturally many of us were attracted to that ideal. Many years ago—I should think

about a quarter of a century ago or more—our great national organisation—the Indian National Congress—accepted for its objective the creed of a co-operative commonwealth for India. Other things too, there were. But at that time it was a co-operative commonwealth. Now we were often asked as to what that meant, and it was not particularly easy to define what it meant. I found great difficulty in defining it in precise terms. Of course. I could speak at length about the general purposes and the general ideas lying behind it, but to define it precisely was rather difficult. That of course did not mean that the idea was a weak one. In fact, it simply meant that the idea was not a rigidly patent one, so as to put it within the four corners of its definition. It was, nevertheless, a good idea. I have mentioned this to you just to indicate how our minds have turned to this co-operative principle even in the entire organisation of the State itself, and this, too, not in the last few years, but for the last 20 or 30 years or even more. We came to that through our search for a social ideal, which would satisfy the various other urges that we had. The initial urge of course was the political urge, the urge of political freedom. The second urge was of social advance and social equality—how far we could bring it about progressively—of equal opportunity for people, and of removing class and caste distinctions, which came in the way of that equality and so on and so forth. And you will remember that that is always basic to our movement—to our thinking and to our activity—and doing all this by peaceful action. In fact the words used were stronger “by non-violent means”.

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Many of the countries have developed various philosophies of action, and in many ways there is a similarity in regard to ideals, but no other country ever laid stress in this particular way on peaceful action even, to achieve revolutionary ends. As you know, under Mahatma Gandhi's inspiration we endeavoured to do so, and with a large measure of success, in so far as political action and political results were concerned, and also to some extent at least in so far as social results were concerned. Now all those urges gradually led us, not perhaps after very clear thinking, but still groping our way to the light, towards the co-operative way of functioning through the co-operative movement as thought of in ever larger numbers till it embraced the entire country and the entire commonwealth and that is why we made that part of article 1 of our constitution more than a quarter of a century ago. Then came independence to us and our Constituent Assembly framed a Constitution for our country under which we live now. They have not used these words "co-operative commonwealth" because I suppose it was all vague for an enactment of that kind, but in their Directive Principles of State Policy, and in the Preamble to the Constitution they have laid down what we aim at in the realm of social policy and that, I think, is sought to be realised by advancing this co-operative method in our various activities. Indeed, I do not quite see how else we can function, *i.e.*, satisfactorily. On the one hand we have inevitably to develop our industry, heavy industry, big industry, because without that, there can be no industrialisation of this country, unless we have that heavy base. We are determined to bring about an industrial revolution in this

country. We are determined in the course of this present generation to go the way the other countries have gone during a much longer period of time, and we are determined to have this industrial revolution, and to enter into a bigger revolution, this atomic revolution, the revolution of the atomic age. We are further determined, at any rate we hope, to bring this about in our own way, in our own peaceful, democratic way, keeping alive some of the ideals that have moved the Indian races for ages past. I am not referring to their out of date customs; I am not referring to the many evil things that have grown up round us through these hundreds and thousands of years, but to some basic ideals, basic way of thinking, basic toleration, which have, I believe, been evident for long periods in our history.

Now, as I said, we have to have industrialise. If we industrialise, the primary condition for industrialisation in India is success in agriculture, success on land. Unless we have a sound and progressive agrarian economy, ever increasing its productive capacity, there can be and will be no industrialisation in the country. It is important, whatever our feelings may be; that is the logic of the situation. In addition to all this, on the one hand we talk about heavy industries, which are essential. If we have to industrialise, not all the light industries of the world will make this country industrialised, unless we have heavy industries, the basic industries, the mother industries, which provide the wherewithal for the growth of industry. While we talk of that on the one hand, many of our friends from abroad are surprised that we also talk of cottage industries, household

industries, at the other end of the scale. What exactly does this mean? Is it not rather thinking on primitive lines? I am not entering into any argument now, except to say that considering the conditions in India as they are—and we have to consider the conditions here and not blindly try to follow any dictate or any example of another country; that way lies folly, this blindly following somebody else regardless of the conditions here—I have no shadow of doubt that there is no escape for us but try to follow the policy that we are pursuing, which is the right policy.

Now, so far as the big industry is concerned, the basic industry is concerned, we are aiming at the State controlling it. But what about the growth of the small industries, the household industries, the cottage industries, what about land itself? We do not want the State to control it. We are in the modern world. If you have too small units to work, whether they are cottage, household or small industries, or a small patch of land, you cannot get the full benefits of modern science. You remain backward necessarily. What is the choice for us? Is the State to swallow everything? Talking of land, you cannot have large farms under private owners. Obviously not. We are not prepared to give it to private ownership. What is the choice? There is no escape, I say, except the way of the co-operative movement, where you avoid this big-scale ownership by individuals or groups but where you want to have the advantages of bigness, so that you may profit by modern science, technology and the rest. That is where the co-operative to my thinking, comes in and fills the gap, or is a bridge between the two, and it has become im-

portant as it was in the past, it has become so much more important in the present day in India, where we are advancing consciously, deliberately, in particular directions.

Now, as a live and dynamic movement, it has got its problems, of course. Your president referred and is going to refer, as I see from his fuller address, to State interference or State Association with this movement. I see from your annual report or four years' report of survey that there is a reference made to important decisions taken about three years or less ago, when the Rural Credit Survey Committee was appointed and that Committee presented its report to the Government. In it the Committee referred to the co-operative movement and asked for far greater association of the State with that movement financially and otherwise so as—it is said—to vitalise it. Subsequently the proposals of the Rural Credit Survey Committee in this respect were broadly accepted by our Government and are being progressively given effect to. Now I want to make a confession to you, and that is that I think that our Government was quite wrong in accepting some of the decisions of that Rural Credit Survey Committee, not all but some. I am sorry for it. I am responsible for it as much as anybody else. So, it is as much my fault as anybody else's. The more thought I have given it, the more I have realised that the approach of the Rural Credit Survey Committee in some respects was not a right or sound approach, and they tended to push the co-operative movement in this country in the wrong direction. What was this wrong direction? There was a tendency on the part of that Committee, well, to distrust our people, if I may

say so, our common people, a tendency to think that they are not competent enough, they cannot do a job by themselves; therefore Government officials must come in and help. Government money should push them up. If Government money comes, that money is followed by Government officials. Because the small co-operative has not enough resources of money or competent technical personnel, therefore, you should have large co-operatives, which can be started and helped by Government and so on. Now, I believe that approach, which has certainly something to say for it, it may be argued that there is some reason behind it—was nevertheless a wrong approach, and it has given a wrong turn to our co-operative movement. Ever since I realised this, I have been trying to point this out and here on this occasion I should like to say to you who are chiefly responsible, that that approach, even though it might bring some results locally and temporarily pushes the co-operative movement in a direction which is not co-operative at all, which is something else, and which offends against the whole philosophy which, I believe, has grown up round this movement, because, if it is to be a State-sponsored movement, with Government officials running it, it may do some good; if the government officials are competent enough, it might do some good, but it does infinite harm in the sense that it does not allow the people to learn how to do things for themselves, how to develop a spirit of self-reliance, self-dependence, and even to make mistakes if they want to make mistakes. So, that way, it has done, I believe—this direction—harm, although it may have done some good locally in some limited way.

Another question is about the size of the co-operatives. There has been a tendency also, I believe derived from that reasoning of the Rural Credit Survey Committee's report, a tendency to put an end to the small co-operatives and establish bigger ones, the argument being that the bigger ones would have larger resources and can pay the employees who have been trained somewhat, and therefore can do much better work. Again, I agree that there is something in that argument and it may well achieve some temporary results, but in achieving these temporary results, possibly it will do permanent harm and will again come in the way of the very development of that spirit of self-dependence, self-reliance, of co-operating with each other, and will encourage something which, I believe, is completely wrong and which is so prevalent in this country of just looking up to the Government for everything.

Now, you know that I am a part of this Government but even so, I feel that this looking up to Government or any policy which encourages people to look up to Government to help them at every stage is wrong because the biggest thing that we want in India is this spirit of self reliance, self-dependence. Ofcourse Government's business is to help. That is what the Government is for. I don't deny that. It must help but it is one thing to help and it is quite another thing to boss, and inevitably this tendency to boss comes in not so much—perhaps sometimes even there—at the top levels but the lower down you go, the petty official becomes not the petty boss but a big boss. Therefore I would like to say quite definitely that this tendency which was encouraged by the Rural Credit Survey Committee Report and which

we, as a Government unfortunately, adopted at it was, had encouraged ourselves with a bad tendency and we should try to get out of it, as quickly as we can and aim therefore at small co-operatives without official interference. Where help is necessary, naturally it should be given. Why a small co-operative? Well, for many reasons because the bigger it becomes, the less people know each other in it. It is not an intimate organisation, where people know each other and it becomes more difficult for them to co-operate with each other. Of course, at higher stages it does not matter if people do not know each other but at the village level and other places, when they know each other, it is far easier to trust each other and to work together in many ways. Therefore, I believe in the small co-operatives, more or less the village co-operative or 2 villages where they are nearby. It depends not so much on one village and it may be even 2 or 3 villages that may be close where people know each other and they can have the advantages of bigger association by those co-operatives being linked up in larger areas. You can have that too but essentially it should be the small ones. Now I have said and I would like to repeat here that the three basic pillars of India right at the base should be the village Panchayat, the village co-operative and the village school. It is on that that the whole structure of India politically, economically and socially should be built up. We think naturally in terms of big things at the top. Parliament at the top, as a sovereign body laying down the law and otherwise controlling the destinies of India. But Parliament is important only if the base from which Parliament comes is important. You cannot have a parlia-

ment floating in thin air without that strong foundation which in the India of today, inevitably lies in the villages as well as in other places. Therefore, the importance of the village panchayats, the village co-operatives and the village schools. Now there has been an argument, I believe, about co-operative farming. Well first of all when we talk about the co-operative movement, obviously we don't talk just about credit societies. That is only small part of a co-operative movement, a helpful part, but not an important part, not essentially, philosophically important, if you want the spirit of co-operation. Certainly you must have credit societies but we want co-operative work to grow in many ways, in as many ways as possible, and it becomes more and more essential to do that as I said because otherwise you cannot take advantage of modern developments in technology and the rest because of the small unit distributed in India, in land, or in cottage industry etc. It has not got the resources. They have to function together otherwise they cannot make much progress. Therefore, co-operation should spread in every direction possible between these small owners of land or cottage industry or various industries, producers' co-operatives, consumer's co-operatives all kinds of other users' co-operatives and so forth. Finally comes the joint farming co-operatives or the co-operatives doing joint farming. Some-how the argument is raised 'Oh, if you have joint farming, this is communism. When what argument is raised, one feels like replying "Whatever that be, the gentleman who uses that argument lacks much capacity for thinking, lacks intelligence". Let us recognise it that if it is a good thing, we will have the good

thing by whatever name you may call it. Discuss the thing on merits, whether it is good or bad. It is quite absurd and fantastic nonsense to say 'Oh, this is anti-communism or this is communism therefore we will not have it.' This is cold war and we will not have, I hope, a cold war in discussing our matters, any matter in this country, economic or political, national or international. The question, therefore, is on the merits, whether it is desirable or not. Also remember that in the way we function, it is obvious that whatever step we take in regard to co-operation or anything else, it has to be in the democratic context, that is, it has to get the goodwill of the people. We cannot force them. Our Government would go the next day; unless the whole regime is changed, unless the whole system of Government is changed it cannot be done and we certainly have no idea and no desire to change the regime or system of Government. Therefore, whatever is done has to be done with the goodwill of the people, with their willing consent. Let us consider this on that basis; considering it, so, I have no doubt in my mind that co-operative farming is desirable in a large number of cases. For the moment, I don't say in every case because conditions differ. It may be, for instance, that the raising of paddy requires one type of farming, raising of wheat another. Leave that out but broadly speaking, where you have tiny patches of land, it seems to me of great advantage that those patches might be treated together. Even though they are owned separately, they should be treated together and a great deal of waste can be avoided and much progress can be got in hundred ways. I need not go into that because it is easy to realise them. Therefore let us

consider this question from this point of view of merits but before we do that, we have to increase the scope of co-operation in agriculture tremendously. It is limited today and the last step would no doubt be co-operative or joint farming, with the consent of the people. We can have and we should have State farms where this kind of thing is done as examples or models to convince the people how good it is so that we may and they may learn. I am not a farmer. I can only speak from, theoretically if I may say so, thinking about it and discussing it with people. I am driven inevitably to the conclusion that in conditions in India as they are, we have to go towards co-operative farming in the greater part of India. I cannot speak of every particular part, i.e. individual ownership being retained but working together. Now all these things we have to see in the larger context of what is happening in India and in the world. In India, we are absorbed and engrossed in this tremendous work which may be in a limited way, said as fulfilling the Second Plan. Of course the Second Five Year Plan is just a tiny step in a long ascent. We have to go up and up, step after step. It is a tremendous job because we want to telescope decades of endeavour and hard work within a much shorter period and we have to work hard for it and we have to work along democratic lines for it. Well, we shall and we are trying and we shall continue and we will continue to try our best. But meanwhile other things are happening. Technology is changing with amazing speed. Science is bringing new powers and other things to us with extraordinary speed. We have to keep to some extent, not much, but to some extent,

Third All-India Co-op. Congress at New Delhi



A view of Madras Delegates attending the Congress.

Regional Conference, Vellore.



Sri A. Palaniappa Mudaliar, Registrar is seen addressing the Regional Conference at Vellore, on 20th April, 1958.

abreast of those things. Take even agriculture. Take the use being made of some form of atomic energy in agriculture, isotopes and the rest. It is making tremendous difference to production. Therefore, we have to get out of our grooves. You can not do so if you leave it to poor individual farmer without much resources. What can he do? You have, therefore, to rely on some movement and we don't want the big zamindars and talukdars and all that. We have largely put an end to that system. The only way is, therefore, the co-operative movement, which thinks in terms of the individual, the small individual keeping his individuality intact, his freedom intact and yet on the co-operative plane, can function in a big way and take advantage of the science and technology.

Now one word more. You know of the development of our community movement, the community blocks and the national extension service. It is quite easy and quite legitimately possible to criticise it as not having

come to the mark in many places. Nevertheless, it is one of the most remarkable movements, not only in India but anywhere; and in the course of the last five years or a little more, what it has done in India is, I believe, rather surprising. Again I say it is full of weaknesses and all that, naturally. But the future of India, especially of rural India is going to be very largely influenced, as it is being influenced, by this movement. Now, I want the co-operative movement to become bigger and bigger, and therefore, I want a close understanding between the co-operative movement and these community development schemes and blocks. In what form or way, I don't quite know myself but this close understanding must be there, because these are the two vital movements in India building from below and they have to work hand in hand.

I have ventured to place some ideas before you for your consideration and I am grateful for this opportunity given to me to address you.

I inaugurate this conference.

PRESIDENTIAL ADDRESS

Speech of Shri K. D. Malaviya, President, Third Indian Co-operative Congress, held at Vigyan Bhavan, New Delhi on the 12th April, 1958.

Since we last met at Patna, very far-reaching developments have taken place for the Co-operative Movement. The Second Five Year Plan, which has since completed two years, has given a place of pride to the Movement in the development programmes particularly in rural areas, and for artisans, labourers and other men of small means. The socio-economic service character of the Movement is accepted and the Government has found in the co-operatives an agency for imple-

menting programmes of economic improvement of the people. It is, therefore, the national policy now to develop co-operatives so as to build up a co-operative sector.

Co-operators thus have a heavy responsibility on their shoulders and they have to justify the faith that the country has placed in the co-operative method. I hope the co-operators would rise to the occasion and would ceaselessly work with missionary zeal, in order to achieve the objectives of the

Movement, and justify the faith of the country.

The most effective means of appeasing human hungers is by adopting the ethics of co-operation and, as is known to every co-operator, this ethics of co-operation fundamentally is based on the straightforward principle that we human-beings need one another. In the present state of competition and the conditions of stress and strife, our needs seem to be satisfied either by the negative way of pitching one's force against another, or by the positive way, that is the co-operative way, where human beings need one another, in order that they themselves may rise to the highest fulfilment of life. Although it is difficult to eliminate the factors of competition and antagonism—the negative expressions—which have dragged humanity downwards, yet the fact remains that man by mutual aid has lifted himself up. Values created in the past and the present world and the heritage of ages has been attained and preserved by co-operation. I will not say that man today is not hostile to man, yet there is a powerful tendency towards co-operation and helpfulness. I am sure that if in the past and the present, groups of men had not co-operated with each other collectively, human race would have perished long ago. In the effort to solve the basic need of food, clothing, housing and other material things, man is trying to stand on his own legs, yet he tries to meet these needs through co-operative actions in a big way. Co-operation in its highest sense aims at setting people to work together in order to give and to take in equal degrees. A co-operator must give back to society as much as society gives to him and he must have the basic under-

standing that when as an individual a co-operator works for the interest of others, he is in fact working for himself and while doing so, it is natural for him to discover that the other members of society in working for themselves are working for him. Everybody in a co-operative society must have a common interest, as has been said by Warbasse "All are serving each, and each is serving all".

Considering from the ethical standpoint, a co-operator is bound to see the defect in the modern business organisation, where men are divided into compartments—producer, trader and distributor they rival each other in their efforts to squeeze profits from the consumers and in this way the consuming public becomes the great "unorganized sea" in which the industrialist or the commercial men or the distributor all fish and get away with what they can. We, co-operators must know that such a society cannot attain that moral or ethical value, which can elevate humanity as a whole. The individual has to ask whether in his attempt to make himself happy, he is in tune with the community urge or not. No doubt, the competitor's struggle for profits has produced great things, but the struggling and the suffering have produced still greater things. It is, therefore, possible to put humanity as a whole on the test of co-operative anvil and produce a pattern of ethics, which will throw up the values of service, toleration and community interest. But let me come back to the more limited objective with which the poor and needy co-operators organize themselves into society.

Let me say at the outset that, though the Movement has spread to every nook and corner of the

country and is gigantic, if mere size were the consideration, so far as its internal strength is concerned, it is very weak. What are the causes of this weakness? How are we to overcome this weakness and transform the Movement into a powerful body? These are the problems that loom large before us. Unless we solve them, I am afraid the Movement cannot achieve what it sets out to do. As an humble co-operator and as the President of the All India Co-operative Union, whose duty is to see that the Movement is pulsating with life and energy, I have been asking these questions to myself. I feel that this is the main problem before us today as to how to vitalise and strengthen the Movement.

The Government is also aware of this. It has already taken certain steps which are supposed to assist the Movement.

The Reserve Bank has constituted the National Agricultural Credit (long-term operations) Fund and is contributing out of this to the share capital of the credit co-operatives. Another institution *viz.* the National Co-operative Development and Warehousing Board has been set up in order to participate in the share capital of marketing and processing societies. The State Bank of India is also to be responsive to the credit needs of co-operatives. These three powerful institutions and the State Governments are expected to assist the co-operatives in many ways. Loans and subsidies in addition to share capital are being given. This is all very good that the Co-operatives receive the necessary assistance. But if we think that the Co-operative Movement will become strong because of share capital, loans and subsidies provided by Government, we

are making a very grievous mistake. On the contrary, I see that this large scale assistance holds out a very grave danger to the Movement, if we are not on our guard. In the process of recent thinking and reorganising our thoughts, we the co-operators have got many more masters than what we had during the British days and besides there is already great official domination over the Movement and it is likely to increase with the increased financial assistance. One of the conditions of State partnership, you are aware, is the nomination of directors on the Boards of management of co-operatives. The Committee on Co-operative Law goes a step further and recommends the extension of the principle of Government nomination to all co-operatives to which the Government gives substantial financial assistance in the form of loans or guarantees for debentures etc. There are instances where the secretaries and managers of co-operatives are appointed by the Co-operative Departments. Further, they are also not removable by the co-operative societies. The question that recurs to my mind is are we trying to run the co-operative societies through Government officials? The Co-operative Movement will no longer remain a co-operative movement, if it is to be run by the officials because the most essential characteristic of a co-operative is its democratic and self-reliant character. A co-operative is a group of people, very often poor, who pool their resources and try to meet their economic needs through their own efforts.

Such a Co-operative organisation alone can infuse self-respect and dignity amongst its members to which everyone is entitled as a human being. A co-operative

that is dependent on someone else, be it Government or any other agency, and cannot manage its own affairs, is no longer a co-operative—it can under no circumstances fulfil the basic objectives which co-operation cherishes and stands for. The Co-operative Movement in every sense of the word is a people's movement, whose institutions are to be worked and managed by the people themselves, I, therefore, feel disconcerted about the growing official influence and domination over the Co-operative Movement.

The history of the Indian Co-operative Movement bears ample testimony to this belief. The consumers' co-operative movement for instance came into existence largely due to State initiative and assistance. During the period of Second World War, they were organised for the purpose of ensuring fair distribution of the essential commodities, which were in scarce supply. They had no problem of obtaining supplies, competition or fixation of prices. Such abnormally favourable conditions made them completely dependent upon Government. No efforts were directed during these years to make them self-reliant by developing business in non-controlled goods and the organisation of federations. The result was that with removal of control and rationing, the consumers movement could not meet the competition of private trade and received a very serious setback. A large number of the stores were liquidated while the membership of the existing ones declined by more than 1,50,000. Their sales experienced a steep fall from Rs. 83.75 crores in 1951-52 to Rs. 16.19 crores in 1953-54. The result has been more disastrous than these figures could show

inasmuch as the faith of the people particularly in the consumers co-operation and generally in efficacy of co-operative action received a rude shock at a time when we are making an all out effort to develop the Movement.

Such a lack of self-reliant and independent character of our co-operatives generally is not the result of any particularly wrong policy during the recent years. This wrong policy dates back to the very inception of the Movement. The Movement was entirely misconceived at the time of its introduction. It was not conceived and thought of as a popular movement but as an official policy. In this policy, the official was more important, and the larger the number of societies he organised, the more efficient he was. Members were neither thoroughly educated into the need of the co-operative nor the principles and methods of working them. Once such societies were brought into existence, whose members were not in a position to work them, such societies had to be worked—the members had to be coaxed, directed and controlled by the officials. Sir Horace Plunkett, a well known British Co-operator writes in this connection that "the distinction between co-operation imposed by the Government and necessarily supervised, regulated, restricted and controlled, on the one hand and co-operation promoted by voluntary initiative and sustained by the co-operative spirit which insures the loyalty of the members, on the other hand, cannot be over emphasised."

The Britishers have gone but the legacy of their methods still binds us. Instead of making the Movement free from official control, such control is being intensified to-day. With the strait jacket

methods of control and administration of the Movement, with Government nominees and Government managers in co-operatives, how can we expect to call forth the popular initiative and enterprise in co-operative institutions? How can we expect the plant of co-operation to become vigorous, if the very essence of Co-operation is nipped in the bud?

I am convinced that unless the Co-operative Movement is freed from the overwhelming official control and Government policies and assistance is based on an understanding that co-operatives are essentially self-governing institutions, and they can grow to their full capacity only in an atmosphere of independence and self reliance. I would not say much about the fear of the high-ups about co-operators spoiling everything if not held with supplying a train load of guardians and sentries. I say please pack them off and take the risk, if there is any. Give us assistance liberally and have faith in us and leave us and give us the right to learn by trials and errors.

This involves a complete change of approach on the part of Government towards the Co-operative Movement. I admit that there should be sufficient preparation regarding the education of members before the formation of a society, but the concept of this education should be collective rather than literally on individual basis. It is the mass wisdom and the acceptability of the co-operative ideas and methods that are required and for this the mechanics should be to move the minds and not to harp on the individual training of the villagers. Once the minds of village men are moved by creating proper atmosphere and by focussing their attention to community urge, there will be

no dearth for proper leadership, and I have no doubt that that would be completely voluntary and would arise out of conviction. What I mean is that the efforts to organise co-operatives should be directed to persuading and convincing the people about the need of a co-operative and creating proper atmosphere. The process of organising societies, let me repeat, is that of education and rousing the spirit and not just registration.

Secondly, Government assistance given to the co-operatives in pursuance of a certain State policy should not be made a condition for interfering, directly, or indirectly in the affairs of the co-operative. The guardian aider must not assume the role of a money-lender. Members must be fully free to take whatever decision they consider right and must assume full responsibility for these decisions. No doubt they may have to be provided with the necessary technical and co-operative knowledge. A total change-over in the approach of Government assistance is thus called for.

I am afraid this change in the methods of organisation of co-operatives and the methods of providing financial and other assistance will not come about so long as these functions will be performed by the Government departments and the government officers. The responsibility for sponsoring and organising new co-operatives in a proper way should be borne by the Movement itself. As the State desires, the formation of more societies for particular purposes, it must place the necessary funds for the purpose at the disposal of the Movement. The federal organisations forged by the Movement viz. the All India Co-operative Union, the State and district unions, can carry on these

functions. Similarly, all government assistance, be it share capital, loans or subsidies, should be channelised through these federal bodies of the co-operatives, if the power that goes along with such financial assistance is not to be misused increasing the officialdom over the Movement. These may appear to many as revolutionary suggestions, but let me say if anything they are suggestions based on co-operative philosophy. But short of such a change in the Government's policy to the Movement, I do not know how the Movement can be more democratic, free, and its institutions self-reliant, self-governing and growing from strength to strength drawing upon the abounding reservoirs of people's own initiative and enterprise.

The Movement has thus suffered due to an ill-conceived sponsorship of the co-operatives and the wrong direction at the hands of official agencies. This wrong direction is two-fold. It has resulted in the neglect of the business aspect of the movement no less than its moral aspect.

The primary aim of the Co-operative Movement is to improve the economic conditions of its members. But it is not in the least a charity movement. It seeks to achieve economic improvement of the members by undertaking to meet the common economic needs of its members through co-operative way of doing business. Thus, there are credit societies to supply credit requirements of members, marketing societies to market the produce of farmers, artisans societies to supply raw materials etc. to the artisans. But in India unfortunately not sufficient attention has been devoted to see that the Co-operative Movement succeeds as a business. The Movement has been

viewed as an administrative problem rather than as so many co-operatives engaged in undertaking business in a new way. State Co-operative Departments could have played a positive role in the development of the movement had they functioned as extension agencies helping the co-operatives with business know-how for evolving proper business techniques to suit different types of co-operatives at different stages of development. We have had no training arrangements to impart training to the elected executives in the art and practices of business management, so as to inculcate in them qualities for taking quick decisions and ensuring prompt execution, in developing team work and sense of responsibility amongst employees as well as in planning and undertaking long-range programmes of expansion of their co-operatives on sound business lines.

The Movement has also suffered as a business proposition, because no payment was made even to full time office-bearers. Some societies may be fortunate to have capable office-bearers on an honorary basis. But it is rather difficult to find office-bearers of right quality in the required numbers on an honorary basis, with the result that the Movement did not have a regular supply of capable leadership at all levels.

Another problem, which I have noticed is that the Co-operative Movement is not functioning as one integrated movement. The different co-operatives are functioning in an isolated manner unconcerned of their sister societies in the neighbourhood. For instance, if there is a co-operative press in the area, it will not be receiving all the printing work of the co-operatives in that area. The printing work of the co-operative bank or the co-operative

housing society would be found to be going to a private press. There is thus a general lack of integration of activities of the different types of co-operatives. We have no doubt achieved some business integration in the sphere of co-operative credit by building up a well-knit co-operative structure with the State Co-operative Bank at the apex in every State. We are also to have a similar integrated structure in the field of co-operative marketing. But there is also great need and scope to promote integration in the business activities of different types of co-operatives as distinct from the integration between the primaries and their federal organisations. For instance, all the different types of co-operative in an area should entrust their banking work to the co-operative bank only and to no other bank. What I suggest is a simple practice that co-operative societies prefer other co-operatives for their business activities. This is an extension of the principle of mutual aid as between societies. Such a business integration of the Movement will impart strength to every co-operative and in the process, the Movement will grow stronger.

I would now briefly deal with some of co-operative problems which have been responsible for the present weak state of the Movement. It is necessary that we understand their character and bend our energies to solve them, so that the Movement becomes, strong and powerful one. One aspect of the problem which may be stated here is that the capital requirements of the Movement must be largely met from the savings of the co-operators and co-operative institutions. This can be easily done, if all the co-operative institutions follow the practice of preferring only co-operative banks for depositing

their savings. Then the savings of the Movement will be accumulated with the co-operative banks and the Movement will be in a position to secure all the capital that is being built up by its co-operative institutions and members. If such a business integration is accepted by the co-operatives as a general practice, the co-operative business will remain in the co-operative sector, with the result that the business of each co-operative will be augmented. This business integration, I am sure, will impart strength to every co-operative and in the process, the Movement will grow stronger both by having stronger co-operatives and by an integrated functioning as one Movement.

Let us take the problem of co-operative farming. The consideration of this programme has great significance in our national economy because of rapidly increasing population of the country and its dependence on agriculture. Due to our laws of inheritance, the per capita income from agricultural holding and unit of holding is getting smaller very rapidly and more than 60 per cent of cultivated land of the country is in the hands of cultivators whose holding is about 2 acres. Broadly speaking, there are two views about the co-operative farming, one definitely opposing the idea of pooling and transferring the land under a society and the other which is held by a section of progressive political parties of the country that co-operative farming is a perfectly feasible proposition for being implemented after some education, propaganda and persuasion. Such a programme involves pooling of proprietorship of land under a co-operative society. This is an important question, which requires

further consideration and a lead by your Congress. The lead given in this connection by the All India Congress as its last Gauhati Session does not make out any positive picture and the Resolution leaves an impression of a diluted support to the idea of co-operative farming. I am one of the supporters of the idea of co-operative farming and feel that the programme should be taken up as soon as possible and steps to create an atmosphere in favour of co-operative farming should be taken immediately. A number of objections have been raised, most important being that co-operative farming will mean further unemployment of small cultivators and mechanisation of the farms. This is not a correct assessment of the situation. The fact seems to be that a predominantly large area of our cultivated land, after being converted into co-operative farming, can and should by no means be mechanised. It is clear that a 25 to 30 acre co-operative farm can be run very profitably by taking advantage of modern methods of cultivation, but surely without mechanising the farm. Implementation of a programme of co-operative farming, therefore, does not mean mechanised farming. It must mean, however, amalgamating the land by doing away with the boundries and pooling the farm service units like plough, bullocks, harvesting thresh-hold etc. etc. Seeds and marketing facilities have also to be included in it. The criticism that large sized farms have less per unit production than small individual farms is also misconceived. The relevant point to be noted in this connection is that the larger the farm becomes, whether co-operative or not, it becomes more capital intensive and unless it is capital intensive, the production is bound to bound to fall with the

increase in size. Therefore, the cause of production output from large size farm is due to the incapacity of co-operative farming societies to invest money for producing as much as it can.

Facts have undisputably shown that by individual farming, a large amount of national energy is being wasted and howsoever the opponents of co-operative farming may prove by exercises that it is not so, the facts remain that a great amount of national energy is not utilised in an economic and purposeful way because of individualistic urges, uneconomic utilisation of tools, illiteracy and unconscious encouragement by the State to our selfish habits. What is this individual urge? I use this as against the community urge. I am sure if we explain to the people the dynamics of developing the community urge as against the individual and selfish urge, we would have gone a long way by now to persuade them to take to co-operative farming as a national programme. The pooling of land, however, has to come only after convincing the people and showing them greater manoeuvrability and greater utilisation of unused energy in the village. The programme of consolidation of holding also does not appear to me to be very attractive proposition without associating with it the idea of co-operative farming. Healthy inducements are a further means by which conviction could be brought home sooner. If a large majority of cultivators of a village agree to organise a co-operative society, there is no reason why the individual isolationists should continue to get the same patronage from the State as the Co-operative farming entitles itself to get. Time has come when co-operative laws must be revised radically in favour of the community as against the individual urge,

You may like to consider all these and come to some decision.

Then you know that the co-operative movement is primarily an agricultural credit movement. This lopsided development needs to be corrected by diversifying its activities. There is a welcome development of co-operative marketing and processing during the last few years. Weavers co-operatives have also been developed to a greater extent. Thus steadily the Movement must extend into other activities and cover other sections of the population. Let me state one principle. The Co-operative method is capable of being applied to all such fields, where there is an economic need to be satisfied. So efforts should be made to develop co-operative marketing, co-operative processing, consumers co-operation, co-operative medical aid, Co-operative transport etc. Only if the Movement satisfies as many economic needs of the people as possible, we shall be in a position to build up robust co-operative movement and co-operative sector in the economy of the country.

The Movement developed in such a lopsided way because there was no proper planning. We must plan the development of the Movement in future, if we are to avoid similar mistakes. Planning must be both short-term and long-term. Such planning should be done on the basis of facts scientifically collected and systematically interpreted in order to fulfil well defined objectives. For instance, in planning the programmes of co-operative credit, the credit requirements of the members should be carefully estimated on the present level of production techniques. These credit requirements would have to be related over a period of years to the im-

proved level of production techniques planned to be attained. Short-term targets of co-operative credit should then be fitted into long-range objectives of planning in the sphere. Methods of achieving these targets should also be definitely stated and tested. Execution of the Plan and its periodic evaluation are also other important aspects, which must be carefully done.

Co-operative societies are capable of increasing social welfare in the areas in which they are operating, apart from the benefits that they are conferring upon members as stated in their by-laws. There are instances, where co-operative societies imbued with a social purpose have contributed in a big way to the welfare of the people in their areas. For example, the Transport Co-operative of Savarkundla in Saurashtra is carrying the school children free to and from their schools, and providing free conveyance facilities to pregnant women for taking them to the maternity hospitals. Scores of other sick persons are also taken to the hospitals by them at nominal rates. There are other co-operatives, which have given scholarships to deserving students to carry on their education.

There are a number of ways in which the societies can promote social welfare in their areas. They can supply their services to specially needy groups of people free or at concessional rates. They can mobilise people of their areas to undertake collectively works of common benefit, such as planting of trees or repair of village roads etc. Co-operatives are also setting aside a part of their profits for their common good funds. Such funds intelligently utilised can promote the welfare of the people to a great extent. I need not

suggest any more ways. The co-operatives are sufficiently resourceful to find out new ways and methods for the purpose. What I am urging is the need of transforming our co-operatives into miniature welfare units. If we successfully do this, we shall also be generating a tremendous goodwill for the co-operative idea.

Finally, I should emphasise the necessity for our co-operative movement to build closer relations with the sister movements abroad. We have the International Co-operative Alliance, which is a federation of national co-operative organisations at the international level. The All India

Co-operative Union is a member of it since a number of years. During the recent years, however, the Indian Movement has been successful in attaining some status in the International set up. In the years to come, the Union proposes to build up cordial relations and useful contacts with all the national co-operative movements abroad. I hope, therefore, that our efforts should be directed not only to see that the Indian movement works as one integrated organism but also achieves unity with the movements of all the other countries. Our objectives are human equality and dignity as well as world fellowship and brotherhood. Let us all dedicate ourselves to these noble tasks.

Speech of Shri Govind Ballabh Pant, Home Minister, Government of India, delivered at All India Co-operative Congress, held at Vigyan Bhavan, New Delhi on April 13, 1958.

I wonder if it is necessary for me to speak in English. Perhaps some of you have not followed all that I have said. I have felt honoured at your presence here in such large numbers. It holds out a hope for the success of the co-operative movement. So many distinguished representatives of co-operative organisations assembled here can, I believe, usher in a new era, and I expect that you will take sound, practical decisions and then frame a sort of time schedule, so that the programme of work chalked out by you may be fully carried out.

Your very presence here is an index of the progressive realisation of the importance and urgency of this co-operative movement. It is difficult to over-emphasise it. Of course our very social and political organisation rests on the application of this co-operative principle. We have set before ourselves, we in the

Congress, from the very beginning, the goal of a Co-operative Commonwealth, which now stands as Socialist Co-operative Commonwealth but in either case the co-operative basis of it really forms the essence of our organisation, of the structure that we propose to build and of the society that we hope to gradually remould and refashion in our country. Co-operative movement is not a purely economic one. I in a way regard it as a blend of economic and also of spiritual forces. We in this country want to make adequate provisions for every citizen from, as they say, cradle to grave. We want every man to have a full share of the good things of life and we want every man to develop his personality to the maximum extent. For all these we think individual liberty is necessary. Along with political freedom, economic freedom is equally essential. Further

it is desirable that we should fully utilise the discoveries that science has made and the advantages that technology has brought to our door. But at the same time we are not in favour of capitalism or of totalitarianism. We stand for democracy. Democracy thrives only when every citizen is politically and economically free and able to make a choice for himself. So in order that economic abundance may be ensured along with the preservation of individual liberty and political freedom, co-operation seems to be just the right method for preserving the two and blending them together into one. So basically, co-operation suits our genius, our environment. Apart from that, we are essentially an agricultural country and in an agricultural country you cannot develop agriculture and produce all that your soil is capable of giving you except through co-operation, for you cannot have big farms. They result in the dislodgement of hundreds and thousands of cultivators. Already there is enough of unemployment in the country, but very tiny holdings are uneconomic by themselves. So it is through co-operation that all can unite and through their concerted endeavour find the means for cultivating the land in an efficient way in accordance with modern methods. So especially at this juncture, when we have to concentrate on production of food and when priority has to be given to the increased yield from every acre at present, we have to do all that we can to develop this co-operative spirit in the rural areas. Then we have as you all, know, almost stopped the import of goods from abroad. Except capital goods, very few other goods and hardly any consumer goods are now being imported.

So if small or medium industrial concerns on a co-operative basis are organised, we can produce all those articles which we had been importing so far and for which there is a pressing demand in the country. Then it is also necessary that our people should develop those economic and moral faculties which are associated with self-reliance, thrift and the devotion of one's own energies and talents to the service of the country and of the people in a practical and co-operative way. For all these things it is necessary that we should work in the right spirit. We can not only produce material goods, but what is even more important, salutary and wholesome, we can develop our minds and intellect; we can refine our sentiments and emotions and we can establish new bonds among co-workers through co-operation. While in an industrial concern you have often the conflict between capital and labour, and the consumers form a different group, in co-operatives all three are combined into one, with the result that there is hardly any room for such rivalries, and all can join hands in order to help themselves and to help everyone among themselves. So it is something which is in accordance with our genius. There is nothing very novel about it. If you see the way industries have been organised in the past in our country, you will find that in the matter of production of cloth somebody spins, somebody produces cotton, somebody gins it, somebody weaves it and so on and so forth. Similarly in Agra the shoes that are sold in the market are often produced by a number of workers—each pair. Similarly in Banaras and so on. So it is something which we can develop. It is, however, necessary that the leadership of the co-operative

movement should be in the hands of non-officials. Unless the co-operative movement is really co-operative in the true sense, it serves as a mask to cover up our shortcomings. The growth may be sometimes slow, but that does not matter. If the vitality that the movement needs can be introduced and developed, then its expansion will not take much time. But if we delude ourselves by counting the number of our co-operative societies, which come

to lakhs, while few of them have any soul or any spirit, then we will really not make much progress. So, I hope the eminent representatives of the co-operative organisations, who have assembled here will try to educate the people in the right manner and see that co-operative endeavour is made in a genuine spirit with a view to establish greater harmony, greater comfort and a feeling of interdependence and mutual confidence among our people.

VALEDICTORY ADDRESS

Speech of Shri A. P. Jain, Union Minister for Food & Agriculture Government of India, delivered at the Third Indian Co-operative Congress held at Vigyan Bhavan, New Delhi on April, 13, 1958

Friends, I have been asked by your President to say a few words in English and that indeed heartens me because when I started speaking, I had a feeling that you were anxious for the tea and now I have another feeling that I have not talked any nonsense, because you are prepared to hear me in English. What I said was that India is passing through a very revolutionary stage. We are determining what is going to be the future pattern of the economic and industrial shape of India. Therefore, it is time that my friends, who are interested in co-operation should give serious thought to the problem that is before us. We are more or less in a stage of flux, which existed during the industrial revolution in England. When the industrial revolution came there, it completely destroyed the independent craftsmen in England and in their place were established big factories, and these big factories have now been replaced by trusts and cartels. In India, we have yet to determine; we are on the stage when we are formulating what

the future pattern of the industrial set-up in this country is going to be. Being a firm believer in small scale industries, I think that these industries can survive only on the basis of co-operation. In agriculture as well, there is a vast scope for co-operation not only confined to credit supplies and distribution but also marketing and processing. The Rural Credit Survey Committee has given us a complete picture of what we should do. Now there are certain problems which have been agitating our minds, and the most important problem among them is what should be the role of the official and non-official in the co-operative movement, whether the State should take any share in the share capital of the co-operatives at various levels. These are really very important questions, and we have got to clear our ideas about them. Personally I believe that a happy co-ordination, a happy combination, of the efforts of officials and non-officials is absolutely necessary, if we want to make co-operation a success. When I was moving the

Bill for setting up a National Co-operative Development and Warehousing Board i.e., Agricultural Development Bill, a very curious problem arose. When the Rural Credit Survey Committee's Report was made, what is now known as the State Bank of India was the Imperial Bank of India, which was owned by private shareholders, and the representative of the Imperial Bank of India was treated as a non-official. When it was nationalised and I think it was a right step—and all the 35 crores of people in this country became its shareholders and it was converted into the State Bank, that man became an official. That is a clear distinction. The same person, representing the same institution, representing the same interests, at one time he was a non-official and at another he was an official. In fact, in a democracy you can never draw a distinction between the official and non-official. In fact, a man who has got faith in co-operation, who accepts co-operation, that man is a real co-operator, not merely because one draws a salary and another person does not draw a salary. We should forego and forget all these concepts in a revolutionary dynamic age, when values are changing you must judge it not by whether they are drawing a salary or not but by what they are doing, what their programmes are.

Similarly, about State participation; to my mind, when I entered here, I felt that was a very academic talk, because nowhere has the Government of India or any State Government said that every apex institution should sell certain shares to the State Governments. Neither the Rural Credit Survey Committee nor any of the State Govern-

ments have made it obligatory for any institution to do this, but there are co-operators, who say that the need may arise for the apex banks to ask the State Governments to participate in their share capital. I am a firm believer that the co-operative movement must be entirely managed by non-officials and not by any officials. But so long as conditions do exist, so long as there are certain societies, which want the State Government to subscribe, do you want to tell them, "Although you are not able to raise share capital from the Reserve Bank, I am not going to help you". That would be an anti-co-operation attitude. India is a vast country, where there are all kinds of States, some developed, and others are backward. You know that there are a number of States, which have been created from a conglomeration of the old princely States. There was no co-operation there; there was no apex bank there. There was no Central Bank there. All these institutions are being created. Even among the British provinces, some were advanced, others were backward. So, while I welcome that the apex bank should be able to raise its own capital, at the same time I am not going to deny assistance to any apex bank, which really wants and deserves assistance and which has prospects of using that assistance well. So, there is no conflict. It is only a doctrinaire approach; in fact, it is the kind of thinking, which is not good for progress. We must think, we must act, in a rather larger way. Particularly in a country, where all kinds of conditions exist. So, I say that the idea that these banks should be entirely owned by private capital and should not have any State participation is a challenge to those advocates

of State participation, because they should strengthen all these apex banks to an extent that they could raise enough capital from the Reserve Bank. I can assure you that I will not interfere and ask any apex bank to have any share participation by any State Government or from any official agency.

Now, the third thing which I said was about this conflict, rather unfortunate conflict, which has been going on about this one village one society and what is known as large-sized co-operative society. In fact, a large-size co-operative society is a misnomer, because it is only a co-operative society, not a large co-operative society. The rural Credit Survey Committee said that there must be a certain amount of business. That is, there must be an economic unit. In these days, it is the factors of economics, which ultimately determine, whether a certain social organ would exist or it will die. You cannot ignore economic factors. The experience of the last so many years shows that this concept of one village one society is a dead concept. It has failed. There are in India villages which have grown to suit administrative convenience. They are not economic units. The experience of the world shows that it is only when a co-operative society can enlist a certain number of members, when it can raise a certain amount of capital, when it can attract a certain amount of deposit, that it can function. If there is a village of just 100 or 200 persons, where only ten or fifteen families can become members of the society, that society will not exist, no matter whoever makes any appeal, whatever may be the propaganda approach.

Nonetheless, some of our friends who are carrying on the co-opera-

tive movement have gone the other way. They have set up co-operative societies consisting of 100 or 200 villages out of whom 10 or 20 people may be members. That was never the concept of the Rural Credit Committee nor is it my concept. We have issued instructions to the Reserve Bank not to recognise any society for the purpose of advancing loans or giving facilities, which are available to large-size co-operative societies to these monstrous societies, which are not co-operative societies. The one important feature of the co-operative society is that its members must be close to one another. They must inspire faith in one another. They must know one another, they must keep contact with one another. If I am living here and another person is living at a distance of 20 miles, I never meet him nor he meets me, where is the co-operation between him and me? There might be common economic interests. We might be drawing our finance from the same institution but it is not co-operation. A co-operative society must develop thrift. A co-operative society must enable a man to stand on his own legs. It must make people self-dependent. If these fundamental facts of co-operation are not there, it may be a financing society but not a co-operative society. Therefore my own idea is and I want you to give serious thought to it, that the co-operative society though not a large-size co-operative society, must be an economic unit. It must have a provision of about Rs. 150 lakhs or 200 lakhs per year. It must have a certain income and must have a permanent office and a permanent existence. It must advance credit. It must make available the supplies required by the farmer and it must do the marketing. If all these

are to be combined, then it is a good concept, which is going to live.

The last thing that I said was that the success of the Co-operative society depends on the personnel. So far, the Department of Co-operation was considered to be a very minor and a very negligible department. An officer, who was worth nothing was sent to that Department, because he could not do well anywhere else. Now that kind of Department can never function. Because this is a movement, this is a mission and only persons who have faith in it, those who have been trained in it, those who have not only faith but training and knowledge, they alone can make good co-operators. I wish a state of affairs to arise, conditions to arise, wherein are recruited good youngmen, who have faith in co-operation, who know what co-operation is and who want to further the programme of co-operation. They should man this Department and all these old bureaucrats, who were sent there merely because other Departments had no use for them, had better go back to their Departments. Because we want to make this movement a success and no movement can become a success, unless it is properly manned.

These are some of the concepts which I stated. I am sorry that my speech was rather not a prepared speech but I do not believe in prepared speeches. Because, there one talks something formal and technical. Here I speak from my heart and you have listened to me. That is the kind of thing I like. Of course the gathering is a little too big. Very often friends interested in

co-operation come and I talk heart to heart with them. I put certain propositions, which they do not accept and they put something which I don't accept but we part after getting some benefit from one another. I attach great importance to your meeting, to this gathering because unless you gentlemen, who have gathered from various parts of the country are satisfied with the policy of the Government, unless you are prepared to co-operate, unless Government cent per cent co-operates with you, co-operation will not succeed. Any other thing may do. Government can set up an iron and steel mill, or a fertilizer factory or a heavy steel factory without the assistance of the people. I am talking in a rather technical way. Engineers do it and you can, if you have the money, get a plant from abroad but wherever a movement has to deal with lakhs and lakhs, with crores and crores of persons and millions of persons, where it has to depend on the sentiments of people, upon the support and co-operation, such a movement can succeed only with the co-operation and effort of the non-officials and officials because as I said, I don't make any rigid distinction between non-officials and officials. That distinction ceases to exist in a democracy. I am very grateful to you. I am very happy. I go from here with great hopes. I feel greatly encouraged and I can assure you that you will have the fullest co-operation from me because I know that my co-operative department cannot succeed unless you co-operate. On my part I will give you 100 per cent co-operation.

Resolutions passed at the Third Indian Co-operative Congress

Resolution 1.

Establishment of a National Co-operative Home

Owing to the expansion of the co-operative field and the increasingly important place assigned to co-operation in the national Plan, the work of the All India Co-operative Union has expanded in several directions and is bound to grow still larger. It is necessary in the interests of the efficient discharge of its duties that the office of the National Co-operative Organization should be properly housed, with facilities to further expand if need be and provide suitable accommodation for the varied functions it has undertaken such as organising a publications and propaganda division, a national co-operative library and reading room, a central unit for co-operative extension work through audio-visual and other aids, a research division, a liaison and coordination unit and the conduct of a number of educational courses, seminars and discussion groups in connection with the promotion of co-operative education and other aspects of co-operation. There is also the need to provide accommodation to co-operators who have to come frequently to the capital on co-operative work.

It is, therefore, resolved that the All India Co-operative Union should take steps to acquire a plot as quickly as possible in Delhi for building a National Co-operative Home and that all co-operative institutions, however, small they might be, should contribute their mite and subscribe to the fund needed for the purpose. The Congress recommends that the Government of India should give its assistance to this and secure a suitable plot for the premises free

or at nominal cost. The Congress further requests the Co-operative banks and the State Bank of India to afford free remittance facilities to the institutions for sending their donations to the All India Co-operative Union.

Moved from the Chair
Passed Unanimously

Resolution 2.

Statement of Co-operative Policy

The Congress is firmly of the opinion that Co-operation, by virtue of its democratic character and the ideal of economic and social brotherhood based on mutuality of relationship as opposed to competition, exploitation, and regimentation, offers the best means of bringing the peoples of the world together into forms of action, which will promote a free and democratic society, economic security, material prosperity, social well being and peace.

The Congress is pleased to note that in recognition of this, the co-operative sector has been accorded an important place in the national economy of our country, distinct from the private sector by reason of its social character and from the public sphere by virtue of its insistence on individual dignity and freedom of choice. The objectives of social and economic policy, therefore, require that this sector should constantly expand, that it will eventually cover most of those economic activities which call for voluntary effort and free and equal participation and the apportionment of returns in proportion to the degree of such effort and participation. To this end, the Congress urges that each region or group of people should be allowed

full freedom and afforded all facilities to organise and develop such forms of co-operative activity as are justified by local necessity, traditional occupation and economic and social urges, provided they conform to co-operative principles of organisation and action and that whenever major changes in State policy are contemplated involving an enlargement of social action, particularly in the fields of production and distribution, the claims of co-operatives to operate in those spheres should receive prior consideration.

The Congress wishes to reiterate that in pursuance of this, all Ministries and departments of Government, both at national and State levels, should actively encourage the promotion of co-operative forms of enterprise, which fall within their respective spheres of action. While the extension of the co-operative movement and method to production, credit, processing and marketing transport, housing, consumers etc., should receive increasing stimulus, it is necessary that wherever people come forward voluntarily to form co-operatives of any kind either as a defence against exploitation or under economic necessity or as a means of securing their legitimate share of social advantages in accordance with the general purposes of national policy, the State should welcome all such co-operative efforts and render all necessary assistance.

As a necessary corollary to such diversification, no effort should be spared to preserve and develop inter-co-operative relationship, so that the co-operative sector will grow into a compact integrated structure, drawing strength from mutual support and functioning as far possible as a self-sufficient organism. This means that not

merely will co-operatives with allied functions like credit, production, processing and marketing be linked together but that a working business relationship will be established between all forms of co-operatives operating in an area both by means of suitable vertical as well as horizontal integration and growth.

Democratic planning will cease to be meaningful unless such planning is broad-based on the will of the people expressed through forms of organization, which being self-governing and close to actual needs, will reflect both the magnitude of the requirements as well as the capacity of the people to carry through the plan. Co-operatives, being self-governing units in the economic sphere, have thus an important role to play both in the formulation as well as the execution of national plans for economic development.

In order to help them to do this effectively, the Congress recommends that the Government should make use of the co-operatives as their powerful allies in carrying out economic policies and that State aid to individuals such as farmers, artisans and small-scale industrial entrepreneurs intended for developmental purposes should be channelled through co-operatives.

Proposed by: Prof N. G. Ranga.
Seconded by: Prof. D.G. Karve.

Resolution 3.

State Partnership in the Co-operative Movement

Having regard to the important role assigned to co-operatives in the national plan for economic development and the urgent need to revitalise and strengthen co-operatives so that they may fulfil this role efficiently and quickly, the Indian Co-operative Congress has accepted, as an initial stage in

the growth of co-operatives, the participation of the State in the share capital of co-operative institutions.

The Congress fully understands and appreciates the endeavours made by the various bodies such as the Government of India, the State Governments and the Reserve Bank of India in carrying out the decisions arrived at in the Congress held at Patna, in particular the establishment of the several funds by the Reserve Bank, the amendments to and the liberalisation of the provisions of the Reserve Bank of India Act to enable the Bank to give finance to industrial co-operatives, the setting up of National Co-operative Development and Warehousing Board and the Central and the State Warehousing Corporations and the organization of new co-operative enterprises like the co-operative sugar factories. At the same time, the Congress regrets to note that owing to one reason or other the implementation of the various schemes embodied in the Second Five-Year Plan and the fulfilment of the targets of development adopted after considerable discussions between concerned bodies have not proceeded apace.

The Congress, is, however, of the view that the Government contribution to the share capital of societies should be in the form of equity capital and that no special privileges should be attached to it in regard to dividend, voting power, sharing of losses and redemption which should be at the option of the State-partnered societies. The quantum of such State assistance, including the contribution to the share capital should be flexible and should be provided as far as possible, except at the apex level, through federal societies,

The Congress exhorts all State Governments to honour the decisions of the Patna Congress that such participation will not extend to day-to-day administrative matters relating to the working of societies and that such representation of the state or the higher co-operative institutions on the Board of Management of the partnered institution will be confined to not more than three nominees. The Congress further recommends that these nominees should be selected solely for their ability to promote sound business consistent with the objectives of the co-operative movement and the policies of the State; and that such nominees should not have the power to veto.

The Congress further recommends that where societies are asked to carry out a policy at the behest of the State, although in its opinion it is not sound, the losses and gains arising therefrom should be the responsibility of the State.

Proposed by Shri R.G. Saraiya.

Seconded by Shri P. S. Rajagopal Naidu.

Resolution 4.

Preservation of the Integrity of the Co-operative Movement as a People's Movement.

The Indian Co-operative Congress welcomes technical and financial assistance to the Movement from the Government and considers that such assistance to the co-operative organisations is necessary in the context of the Plan requirements and the developing needs of the Movement. The Congress, however, is seriously concerned about the growing inroads being made by Governments into the independent working of the co-operative institutions and therefore cautions that government aid should not in any way lead to the

stultification of the democratic character of the institutions and should be so expressed and conditioned that the co-operatives will be able as quickly as possible to do without it and grow into member-owned and member-directed institutions in the fullest sense of the term.

With this end in view, the Congress recommends that the All India Co-operative Union should appoint a small team, which should examine the legislative and administrative provisions and practices governing the working of co-operative societies in the different States in relation to State administration and keeping in view the recommendations of the Co-operative Law Committee, advise how far and in what stages and manner official control can be progressively replaced by suitable arrangements of co-operative bodies themselves instituted for the purpose.

In view of the urgency of the need for ensuring entirely non-official leadership for Apex and District Co-operative organisations, the Congress recommends, as an immediate step, that State Governments should immediately proceed to give up their present practice of placing officials at the head of Apex and District Co-operative Banks and other organisations and allow them to elect their presidents.

Proposed by Shri A. N. Rama Rao.

Seconded by Shri B. Venkataratnam.

Resolution 5.

Co-operative Processing

Co-operative processing is an important adjunct to both co-operative credit and co-operative marketing. If the primary producer is to get his legiti-

mate share of the price paid by the consumers, it is necessary that co-operative processing should expand and the strategic advantage now enjoyed by private processing units should increasingly pass into the hands of co-operatives. With this end in view, the Congress recommends that the establishment of co-operative processing plants of primary producers should receive urgent attention of co-operators as well as of government. All future licensing of processing units so far as possible e.g., rice mills and oil mills, should be only in favour of co-operatives, as has already been done in respect of sugar factories, and where it is the policy of the State not to issue any further licenses, the expansion of co-operative processing should be ensured either by transforming existing units into co-operatives, or by other means, such as, issue of special licenses.

In regard to sugar factories, where already a welcome policy of reserving future expansion to co-operatives has been announced, its full implementation is being hampered by refusal of import licenses for machinery even for societies which have already raised the amount of capital which they have been asked to. This has caused great discontent in different States, and the Congress feels that unless all these cases are favourably considered, great harm may be done to the future of co-operative processing in the country.

Moved from the chair.

Passed unanimously.

Resolution 6.

Co-operative Training, Education and Research.

The Congress notes with satisfaction the comprehensive programme of staff training, which is

formulated and managed by the Central Committee for Co-operative Training on the lines drawn up by the All India Co-operative Union and the progress made so far in the execution of the schemes for the education of members and office-bearers of co-operative societies in the different states. The Congress desires that these two programmes should proceed simultaneously with equal vigour and that to the extent possible they should be worked in close co-ordination with and as complementary to, each other.

In order to step up the programme of member education, which naturally has to cover a wider ground and address itself to a very much larger number, the Congress resolves that every effort should be made by the All India Co-operative Union and the movement in each state to build up as quickly as possible strong, self-reliant State Co-operative Unions, where they are now weak or do not exist at all and that the State Governments should give every encouragement and support to the formation and working of such unions. These unions should immediately undertake, with the help of appropriate units at lower levels, the task of co-operative education and propaganda within their area on the lines broadly of the scheme formulated by the All India Co-operative Union.

In order that education of the members of societies and popularization of the movement may be undertaken by the All India Co-operative Union and the State Co-operative Union vigorously, the Congress recommends that the Co-operative Societies Acts of the different States should contain a specific provision for the creation of an Education Fund through compulsory contribution of a certain proportion of the net profits

of all co-operative societies. A small proportion of the funds so contributed should be made available to the All India Co-operative Union for carrying out its activities connected with co-operative education, research and propaganda.

Co-operation as a form of economic activity and human behaviour requires constant adjustment in the light of changes in the objectives of policy and in the physical patterns of relationship. Old forms might become obsolete and new forms might require experimenting before they are accepted and worked. There is, therefore, a vital and constant need for study, research and experimentation in the co-operative field and a means whereby achievements will be evaluated as action proceeds. The Congress, therefore welcomes the organisation of an Educational and Research Institute as an important branch of work of the All India Co-operative Union and desires that all non-official and government bodies should extend their co-operation and support in the programmes of work undertaken by this organization.

Moved from the chair.

Resolution 7.

Central Warehousing Corporation

It is resolved to request the Central and State Warehousing Corporations and other similar Corporations to invest all or a portion of their deposits in the apex co-operative banks approved by the Central and respective State Governments and requests the Governments concerned to accord necessary permission to make such deposits.

Moved by Chair.

Resolution 8.

Arrangements for inclusion of Co-operative themes in the regular A.I.R. programmes

In view of the importance of radio broadcasts as an effective means of popularising the co-operative movement, the Congress recommends that themes bearing on the significance of the co-operative movement in the economic and social life of the community should regularly feature in the programmes of the A.I.R. broadcasts through the media of talks, co-operative songs, plays, etc. For this purpose, the Congress suggests that representation of the All India Co-operative Union at the National level and the State Co-operative Unions at the State level should be included on the advisory boards of the A.I.R., so that they may assist in the preparation and presentation of programmes on co-operative subjects.

Moved from the chair.

Resolution 9.

Non-official Co-operators and Study Tours.

Resolved that non-official co-operators who are actively connected with the co-operative organizations should be assisted to tour and study the development of the co-operative movement in India and abroad so as to establish closer contacts with the Movements in different States and countries. Hence, the All India Co-operative Union should arrange such tours and for that purpose should try to get the necessary financial assistance from the Reserve Bank of India and the Government of India.

Moved from the Chair.

Resolution 10.

Co-operative Insurance Societies

This Conference notes with satisfaction the progress attained

by the Co-operative Insurance Societies in this country during the short period of their working due to the active support of Co-operative Institutions in this country. The Co-operative Insurance Societies have tried their level best to reduce the cost of insurance to their Consumers, i.e. Policyholders (mainly co-operative societies) by offering them a share in their profits by way of Bonus, which is a unique scheme in the history of General Insurance in this country. With the acceptance of the ideal of a Socialistic Co-operative State, the Co-operative Movement in the country has acquired greater significance and in course of time, the movement is bound to be developed in all spheres of its activity and naturally the Co-operative Insurance Sector also expects the same filip. It has, however, been found that the incidental benefits arising out of the development of the Co-operative Movement in general, are not accruing to the Co-operative Insurance Industry as it has often been found that the insurance business of even Co-operative Institutions fostered by the Governments with financial aid etc. are being ceded to the Indian Insurance Companies Association Pool under some pretext or the other by the Governments concerned, a Body whose 97 per cent share of business is being given to Joint Stock Insurance Companies. The Co-operative Insurance Societies are self-sufficient and they do not look upon the Government for financial, technical or other help but this conference feels that the business of Co-operative Institutions all over the country must be made preserves of Co-operative Insurance Societies only.

This Conference further urges upon the Central as well as the State Governments to immediately revise their policy in the matter

of insuring their properties so as to allow the Co-operative Insurance Societies actively to play their role, especially taking into account the fact that the present policy to insure with the Indian Insurance Companies' Association Pool was evolved before the advent of Co-operative Insurance Industry in this country.

This conference also prevails upon the Central as well as the State Governments to give a decent share of their own business to the Co-operative Insurance Societies in the country by doing which the Governments themselves would be entitled to the additional benefit of Bonus.

Proposed by Shri Anvari.

Seconded by Shri Bhattacharya

Resolution 11.

West Bengal and East Punjab Co-operative Institutions

This Congress notes that co-operative institutions in the East

Punjab and West Bengal States suffered heavily on account of Partition of the States and further notes that the transfer of funds have not been made due to non-implementation of the agreement between India and Pakistan because of which these institutions have been suffering greatly.

This Congress, therefore, recommends that:—

i. Action should be taken at appropriate levels by the Government so that some suitable solution may be found out.

ii. Government should give adequate grants to the partition affected institutions to cover their losses.

iii. Government should advance interest free loans to these institutions and the interest now charged on relief loans should be remitted.

Proposed by Shri P. K. Ray.

Seconded by „ M. K. Biswas.

EDUCATIVE VALUE OF THRIFT

But it would be a poor thrift movement, which gave its adherents the means without at the same time inculcating the almost more important lesson: how to employ them. In this respect, Co-operation may claim a good record. In truth, no other thrift movement sets so much store by education as itself; and no other thrift movement actually imparts so much useful education in the very act of exacting thrift. The object even of the store, as has been showed is not merely to amass money. It is just as much, in amassing such money to train people to business. In its various committees, British Co-operation now has, atleast, 20,000 persons through the useful school of practical training to business, acquiring by responsible administration, knowledge, which makes them understand the value of money, the established business usages and the best way of dealing with cash.

G.O.'s AND CIRCULARS

G.O.'s and Circulars

SUBSIDIES FOR GODOWNS—DELEGATION OF POWERS TO REGISTRAR

Copy of G.O. Ms. No. 289, Department of Industries, Labour and Co-operation dated the 29th January 1958

ABSTRACT

Co-operation—Development of Co-operative Marketing—Second Five Year Plan Schemes—Construction of godowns—Delegation of powers to the Registrar of Co-operative Societies—Orders passed.

READ AGAIN:

G.O. Ms. No. 3347, Industries, Labour and Co-operation dated 16-7-1956.

G.O. Ms. No. 2022 Industries, Labour and Co-operation dated 13-6-1957.

G.O. Ms. No. 3220, Industries, Labour and Co-operation dated 28-9-1957.

READ ALSO:

From the Registrar of Co-operative Societies, letter Rc. No. 159026/56, C-3, dated 17-8-1957.

ORDER:

Under the existing orders the following financial assistance is extended for the construction of godowns by the three different types of Co-operative Societies as shown below:—

S. No.	Categories of Co-operative Societies.	Percentage of Subsidy Loan.		Maximum subsidy.
1	Rural Credit Societies	50%	50%	5,000
2	Large Scale societies and Rural Banks	33½%	66½%	5,000
3	Marketing Societies	25%	75%	12,500

* In G.O. Ms. No. 2022, Industries Labour and Co-operation dated 13-6-1957, the Registrar of Co-operative Societies was delegated with powers to sanction subsidies upto a maximum of Rs. 7,500 in the case of marketing societies and Rs. 5,000 in the case of other types of societies subject to the condition that the principles enunciated in G.O. Ms. No. 379, Finance dated 3-3-1956 are observed and that the total number and types of godowns to be constructed and the total amount which the Registrar of Co-operative Societies may utilise for the purpose are prescribed.

2. The Registrar of Co-operative Societies while furnishing details regarding the total number and type of godowns and the total amount which might be required for the grant of subsidies in 1957-58 suggested that the Registrar and the Joint Registrar in charge of construction of godowns might be delegated with powers to sanction subsidy upto a maximum of Rs. 12,500. The Government have examined the proposals of the Registrar of Co-operative Societies and they pass the following orders.

3. In partial modification of the orders passed in G.O. Ms.

No. 2022, Industries, Labour and Co-operation dated 13-6-1957, the Government authorise the Registrar of Co-operative Societies and the Joint Registrar of Co-operative Societies in charge of the construction of godowns by Co-operative Societies to sanction financial assistance upto the maximum of Rs. 12,500 (Rupees Twelve thousand five hundred only) subject to the following conditions:—

(i) that the amount of financial assistance if further

limited to the appropriate amount laid down by Government in the approved pattern of assistance for the class of society as indicated in para 1 of the statement above.

(ii) that all the prescribed terms and conditions in regard to the construction of godowns, grant of subsidy and loan, recovery etc., are satisfied and enforced; and

(iii) that necessary budget provision exists.

(True Copy)

HARIJAN SOCIETIES—RULE XII (A) EXEMPTION—REGARDING

Copy of G. O. Ms. 1241 Department of Industries, Labour and Co-operation dated 31-3-1958.

Acts and Rules—Madras Co-operative Societies Act 1932—Rules XII (a)—Contribution from net profits—Harijan societies—Exemption Continuance—Granted.

READ

G. O. Ms. 5001, Industries, Labour and Co-operation dated 26-11-56.

From the Registrar of Co-operative Societies Rc. No. 165344/57—L dated 7th February '58.

ORDER:

In exercise of the powers conferred by section 60 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor of Madras hereby exempts all registered Co-operative Societies in the State of Madras of which all the members or a majority of the members are Harijans, from the provisions of rule XII (a) of the rules made under the said Act to the extent

necessary to enable this said societies not to make any contribution from their net profits to the Audit Fund.

The exemption hereby made shall apply in respect of the net profit earned by such societies for the Co-operative year commencing from the 1st July 1956 and ending with the 30th June 1957.

(True Copy)

DELEGATION OF POWERS UNDER SECTION 51(C) TO CO-OPERATIVE SUB-REGISTRARS

Copy of G. O. Ms. No. 1436, Department of Industries, Labour and Co-operation dated 17th April 1958

ABSTRACT

Acts and Rules—Madras Co-operative Societies Act, 1932—Section 51 (1) (c)—Delegation of wider powers to Co-operative Sub-Registrars—Orders—Passed.

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



Their Excellencies Shri and Shrimathi Bhishnuram Medhi visited the Madras Co-operative Milk Supply Union on 21-3-1958. Sri K. Nachinarkinia Sivam, President, welcomed the Governor and Her Excellency.

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



Their Excellencies were garlanded profusely.



Their Excellencies inspected the Pasteurisation Plant.

Read the following:—

G. O. Ms. No. 3504, Development dated 29th July 1953.

G. O. Ms. No. 5181, Industries, Labour and Co-operation dated 10th December 1956.

From the Registrar of Co-operative Societies, No. Rc. 176295/57 P. dated 5-2-1958.

ORDER:

In supersession of the orders issued in G. Os. read above and in exercise of the powers conferred by section 3 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), the Governor of Madras hereby confers on all the Co-operative Sub-

Registrars in this State, the powers of a Registrar under Section 51 (1) (c) of the said Act to decide disputes involving a sum not exceeding Rs. 3,000 transferred to them for disposal by the Deputy Registrars under section 51 (2) (b) of the Said Act.

(True Copy)

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

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

Registrar.

Rc. No. 176295/57 P

Dated, 29-4-1958.

SUB: Acts and Rules—Madras Co-operative Societies Act VI of 1932 Section 51(1)(c)—Delegation of wider powers to Co-operative Sub-Registrars—G. O.—communicated.

REF: 1. Registrar's Circular No. Rc. 50505/53 dated 23-8-'53.

2. Registrar's Circular No. Rc. 191744/53 P dated 18-12-'56.

3. G. O. Ms. No. 1436, Industries, Labour and Co-operation Department dated 17-4-'58.

A copy of the G. O. cited as item 3 above is communicated to all the Deputy Registrars. Now that Government have conferred on all the Co-operative Sub-Registrars the powers of the Registrar under Section 51 (1) (c) of the Act to decide disputes involving a sum not exceeding Rs. 3,000 transferred

to them for disposal by the Deputy Registrars under Section 51 (2) (b) of the Act, Deputy Registrars are requested to take full advantage of the G. O. and arrange for the expeditious disposal of arbitration references filed under section 51 (1)(c) of the Act.

A. PALANIAPPAN,
Registrar.

THRIFT DEPOSITS IN MILK SUPPLY SOCIETIES

Circular of the Registrar of Co-operative Societies, Madras

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

Registrar.

Rc. No. 47465/58 T

Dated, 29-4-1958.

SUB: Co-operative Societies—Milk Supply Co-operative Societies—Provision in the by-laws for collection of thrift deposits from the members—Amendment to by-laws—Instructions—Issued.

One of the main objects of the co-operatives in general is to encourage thrift among their

members. The Milk Supply Co-operative Societies, which function mostly in rural areas are no

exception to this. It is necessary that the thrift habit is inculcated among the members of milk supply co-operatives also by providing for the collection of thrift deposits in the by-laws of the milk supply societies. Already the Velipalayam Co-operative Milk Supply Society in Kumbakonam circle has come up with a proposal to introduce a new by-law to collect thrift deposits from the members. By-law No. 14 of the model by-laws of the Milk Supply Societies lays down that it shall be competent for the Board of Directors borrow funds from the members. It is suggested that the following may be adopted as by-law No. 14(A) of the by-laws of the milk supply societies.

By-law 14 (A): Thrift Deposits:
"14 A-1. Every producer member so long as he continues to supply milk to the society, shall by way of thrift deposit, contribute at the rate of 5 naye paise for every rupee of milk supplied by him to the society.

(ii) The total amount together with interest thereon calculated at the rate of 2 per cent per

annum on the minimum monthly balance shall be payable to the depositor on the Tamil New Year's Day (More Milk Day) every year. The account period for purposes of this by-law will be one year commencing from 1st April and ending with 31st March of the following year. Interest shall cease to accrue on the amount thereafter.

(iii) Such thrift deposits shall not be refundable on any account before the end of the account year.

(iv) The amounts collected under this account shall be invested by the society separately in savings and/or fixed deposits in a bank approved by the Registrar.

(v) In the case of death of the depositor, the provisions of by-law No. 10, shall apply.

2. All the Deputy Registrars are requested to issue necessary instructions to the milk supply co-operatives in their charge to adopt the by-law and implement the thrift activity, which is an integral part of any co-operative society.

A. PALANIAPPAN,
Registrar.

CO-OPERATION AND THRIFT

However, in its essence there can be no doubt that 'Co-operation' represents one the purest, most genuine and most fruitful forms of thrift, and therefore, one of poor people's best and most useful and trustworthy allies in the battle for progress and economic and social emancipation, which battle, by united action, ought in the end to be won.

—H. W. WOLFF,

CO-OPERATIVE NEWS & NOTES

News and Notes

Godown Opened at Karapundi Agricultural Bank

Sri R. Venkataraman, Minister for Industries, Labour and Co-operation, Madras declared open the Godown of Karapundi Agricultural Bank on 13-4-1958. Sri B. Bhakthavathsalu Naidu, M.L.A., Deputy Speaker, Madras Assembly and President, North Arcot District Co-operative Central Bank presided over the function. Sri K.P. Govindarajulu Odayar, President of the Bank read addresses of welcome to the Minister and the President. Sri R. Venkataraman in the course of his address said that large-sized societies were started to provide the entire credit requirements of the villages in the form of jewel loans, produce loans and said that godowns would play an useful role in matter of quick dispensation of co-operative credit and also ensure a better price for the produce. He exhorted the members to make the best possible use of the godown and the co-operative society.

Kilacheri Land Mortgage Bank's Publicity Drive

The Kilacheri Land Mortgage Bank conducted propaganda meetings in Kunnavalam and Ramanjeri Villages on the 3rd and 17th April 1958. Sri A. Veeraghavan, Secretary of the bank explained to the ryots the objects of the Land Mortgage Banks and advised them to increase food production by taking advantage of land improvement loans given by the Land Mortgage Bank.

Vilathikulam Co-operative Credit Society Celebrates Golden Jubilee

The Vilathikulam Co-operative Credit Society completed its 50th year of its working on 27th April

1958. The meeting was attended by the Joint Registrar, who appealed to the members to take advantage of the several co-operative development schemes under the Second Five Year Plan,

More Milk Day Celebration

Kornad

The Kornad Co-operative Milk Supply Union at Mayuram celebrated "More Milk Day" under the chairmanship of Dr. G. A. Sundaram on 14-4-1958. Dr. A. M. Khan, Dairy Assistant, spoke at length on the future of dairy industry in India. He stressed the need for proper breeding, feeding and maintenance of the animals. Sri M. V. Ramamurthi also spoke. Sri D. X. Francis proposed a vote of thanks.

Karaikudi

Under the auspices of the Karaikudi Co-operative Milk Supply Union, "Milk Day" was celebrated on 14-4-1958, Sri P. W. Ebenezer, Sub-Magistrate, presiding. Free Milk was distributed to 300 children. Prizes were awarded to the best cattle by Sri A.C. Subbiah Ambalam. Messrs. K.S. Karuppiah, K. Kanniah, Dr. R. Bhim Singh, Av. Le. Arunachalam, M. Sussiah and others spoke. Sri N. Murugappan proposed a vote of thanks.

Trichy

The Trichy Srirangam Co-operative Milk Supply Union celebrated "More Milk Day" on 14-4-1958. Free milk was distributed to nearly 1,000 children. There was an Exhibition and a cattle show. Sri G.S. David, I.A.S., District Collector presided over the meeting. Messrs. A.C. Joseph, M.V. Ramachandran, M. Xavier, K.A.P. Viswanathan and others spoke. Sri M. Paramasivam Pillai proposed a vote of thanks.

Tuticorin

Under the auspices of the Tuticorin Co-operative Milk Supply Union, "More Milk Day" was celebrated, Sri K. R. Chandrasekaran, presiding. Sri D.A. Susainathan, Deputy Registrar of Co-operative Societies, Tuticorin stressed the need to consume pure and wholesome milk and explained the role of the milk co-operatives. A cattle show was conducted. Sri Venkataswamy proposed a vote of thanks.

Handloom Day Celebration**Madras**

Under the auspices of the Madras State Handloom Weaver's Co-operative Society, Ltd., "Handloom Day" was celebrated on 1-5-1958. All the emporia in the City were gaily decorated and posters regarding the enhanced rebate of 12 nP. were displayed. Sri R. Venkataraman, Minister for Industries, Labour and Co-operation initiated the Sales at the Esplanade Emporium in the evening. There was a large gathering of officials and non-officials.

Tiruchirapalli

"Handloom Day" was celebrated under the joint auspices of the Uraiyur Devanga Weavers' Co-operative Society, Trichy Weaver's Co-operative Society, and Subramaniapuram Weavers' Co-operative Society on 5-5-1958, Sri S. Velayutham presiding. Messrs. K.R. Rajaram and R. Chakrapani

addressed the meeting. They thanked the Government of India and in particular, the Madras Government for having enhanced the consumer rebate from 6 nP. to 12 nP. from 11-4-1958 to 10-6-1958. A number of resolutions were passed, one of which requested the Government to reserve dhoties and sarees above 36" width for the handloom sector. Sri T. Angamuthu Chettiar proposed a vote of thanks.

Satyavedu

"Handloom Day" was celebrated in Satyavedu, Sri E. Venugopal Reddy presiding. Messrs. A. N. Srinivasa Rao, E. Srinivasavaradachari K. Rajagopal, S. Srinivasalu, N.V. Subramaniam, G. Peddayya, A. Venkataraman and others spoke about the enhanced rebate of 12 nP. Sri N. Subramaniam Chetty proposed a vote of thanks.

Business Conference of Tirunelveli Dist. Co-op. Central Bank

The 35th Business Conference of Tirunelveli Dist. Co-op. Central Bank was held at Vannarpur on 30th April 1958. Sri Medai Dalavoi K. Ramalinga Mudaliar presided. Among other things, the Conference fixed Rs. 50 lakhs as the target for the district for the issue of short-term loans, Rs. 9 lakhs for medium term loans. It has been decided to start 25 small sized societies and construct 5 godowns at five selected centres.

PRACTICAL TRAINING EXAMINATION RESULTS

The following are the supplementary candidates who completed the whole examination by passing in Part IV against the month noted:

S. No.	Regd. No.	Name of Candidate.	Trained in the year.	Passed Part IV in the month of
1	+7354	Sangiah, A. S.	1958-'57	April 1958
2	+7710	Venugopalan Adiyodi,	1958-'57	April 1958

THE NILGIRIS CO-OPERATIVE CENTRAL BANK, LTD, NO. J. 90

"Co-operative Central Bank Buildings," Ootacamund.
SRI B. HALA GOWDER,
Vice-President
DR. N. BASUVIAH,
President. PHONE: 3420

Authorised Capital	Rs. 10,00,000
Paid up Share Capital	Rs. 7,15,200
Statutory & Other Reserves	Rs. 3,27,438
Working Capital	Rs. 71,00,000
Loans and Overdraft business exceed rupees one crore.	

Deposits are accepted at the following rates:—

Fixed Deposits:		Current Deposits	
6 months	2½%	Savings Deposits	1½%
1 year	3%	Recurring Deposits	2%
2 years	3½%	Provident Deposits	3%
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