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THE

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EACH FOR ALL AND ALL FOR EACH

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THOUGHT FOR THE MONTH

Co-operation and Human Values.

Now comes Co-operation to insist on the recognition of human values. The two principles which Co-operation has established, production and distribution for use, and one vote for each member, are based on the placing of human interest above that of property. Indeed the world conflict, now in progress, is little more than a conflict between these two interests.

Production and distribution for use instead of for profft is the most fundamental principle that has ever struggled for acceptance in the economic world. When it becomes supreme, privileged profit-making business will no longer dominate society. The principle of one vote and no more for every member or shareholder of an economic enterprise is essential for the subordination of property to humanity. It is an ancient and natural practice. Co-operation is restoring it.

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

IN THIS ISSUE

Editorial Notes

CONSUMER CO-OPERATION—A LOOK AHEAD

At the Third Indian Co-operative Congress held at New Delhi, the need for diversification of the Co-operative Movement was keenly felt. There was a feeling that the technique and method of Co-operation should be increasingly extended to all spheres of life, like production, processing, marketing, consumers activity, housing, medical aid, transport etc. As things stand at present, Indian Co-operative Movement, is by and large centred around agricultural credit. Though in a predominantly agrarian economy, the emphasis on agricultural credit is understandable, yet the very slow and tardy progress in consumer co-operation calls for immediate attention. Dr. M. M. Coady, describes consumer co-operation *"as the final step that puts the common people of the world in the economic saddle and makes them masters of their own destiny. All other types of co-operation train the people and prepare them for this last great effort. Without success in the field of consumer goods, economic democracy can only be partially achieved."*

That at once emphasises the great difficulty in running consumer stores successfully and also explains the importance of the stores in promoting the welfare of the people and increasing their standards of life.

In India, though some good work has been done in the field of consumer co-operation, yet the progress has neither been steady nor significant. During the Second World War, conditions of scarcity of essential commodities prevailed and the Government encouraged the formation of Co-operative Stores Societies in order to ensure the fair and equitable distribution of scarce commodities. The encouragement given by the Government and the controlled economy then prevalent gave a great stimulus for the expansion of the Consumer Movement. The number of stores rose from 236 in 1940 to that of 1764 in 1949. With the cessation of war and the gradual abolition of controls in 1951–52, the number and turnover of the stores recorded a steep fall. In 1953, the number of stores declined to 876 in the residuary Madras State. This again fell to 541 as on 1–7–57, with an annual turnover of Rs. 5 crores. The situation calls for immediate measures of rectification and consolidation.

One factor strikes the attention of an observer. That a Movement, which exhibited such great powers of expansion during the control regime should suddenly contract and collapse at the first impact of a free economy is, indeed, very surprising. That only shows that the Consumer Movement has not been built up on an efficient business-base. Unless quick and energetic efforts are made to build up the inherent business strength of these institutions, and unless the average cost curve is well below the market price and unless the gross earning capacity is more than proportionate to the costs of retailing and distribution, no co-operative consumer organisation can hope to survive, leave alone its capacity to serve the consumer in an advantageous manner. That is the central test that should be applied and the alarming contraction of the consumer activity is due to the fact, that no attempt has been made during the control days to consolidate and build up the business vitality of consumer

organisations. With the result, though some of these institutions have built up good reserves out of war-time profits, they are not in a position to register any appreciable increase in their selling capacity or in their income earning capacity. Turnovers are diminishing, the gross margins are going down, while the costs are mounting up and many primary societies are on the very verge of liquidation.

Thus, the very essence of reorganisation of consumer societies lies in building up a strong and solid business base for these institutions. No amount of concessions from the Government can solve this basic problem. It should be solved boldly by the men, who control and guide these organisations, by working on correct business principles. They should have a scientific purchase policy; a correct price policy and an efficient selling technique. They should have a prompt and effective control over costs; they should increase their selling power by effective sales promotion. As Sri M. Bhakthavatsalam, Minister for Home and Agriculture said at a recent meeting, the co-operative institutions should progressively build up their capacity to compete with the private traders on equal terms. They should not be always looking up to the Government for protected markets. If once this basic principle of business efficiency is realised, then the foundation for a sound and healthy consumer co-operation can be said to have been firmly laid.

Fortunately, there are a few outstanding consumer societies like the T.U.C.S. Ltd., the North Arcot District Co-operative Marketing and Supply Society, Ltd., the Madura Mills Stores, the Chandrasekharapuram Co-operative Stores, Ltd., which have shown that institutions built on sound business principles, not only increase their selling efficiency, but also serve the members in a more efficient manner. What is the secret of their success? These institutions are worked on well-tested business principles; they adopt efficient business procedures; they study the market, study the consumer requirements and make a scientific assessment of supply and demand; they do not merely appeal to the sentiment of loyalty, but they promote and build up the loyalty of the members by a satisfying service; they do not appeal to the Government for protection or favour, but they rely on their own capacity to serve their members efficiently and compete with the private traders on equal terms; more than that, the managing committee members are imbued with great enthusiasm, spotless integrity and perfect efficiency.

The surest method of revitalizing the consumer movement is to build up the institutions on sound and correct business principles: the institutions should adopt the most efficient methods of buying, storing, merchandising and selling; and last but not the least, a team of selfless and enthusiastic and efficient office-bearers should devote themselves to the task of building up an efficient and strong consumer movement. The times are propitious; the atmosphere is conducive to the growth of co-operative spirit. Shall we make this 'last great effort of economic democracy' through consumer co-operation and look ahead for the prosperity of the people?

—

Some Aspects of Rural Credit Reorganisation*

BY

VAIKUNTH L. MEHTA.

It is now three years since the Rural Credit Survey Committee's Report was published and its principal recommendations were accepted both by the Reserve Bank of India and by the Central and State Governments. Except on the subject of association of officials with the management of co-operative societies at various levels, these recommendations also secured, by and large, the approval of co-operators. The broad framework of the Rural Credit Survey Committee's proposals, thereafter, came to be incorporated in the Second Five-Year Plan as the co-operative development programme before the country.

It is somewhat surprising, hence, that some of the authorities who were responsible for the formulation of the Plan have now raised doubts not only about certain specific aspects of the accepted Plan but even about some of the principles underlying it. The features that have been particularly assailed are the recommendations about the formation of large-sized societies and the principle of State-partnership. Since the Plan has been in operation for nearly two years now, questioning of the basis of reorganisation is likely to give a set back to the process of reorganisation, with the result that there is little likelihood of the targets indicated in the Plan being achieved. It is not reaching the physical targets in the form of numbers of societies to be set up that matters, what should be a matter for concern is that, with the upsetting of an approved programme, the vast number of agricultural producers who, according to the Plan, were expected to derive the benefits of institutional credit, will be denied such benefit for some more time, at least.

The main point of controversy is about the size of the primary credit society. While considering the question we should examine the population pattern in the country. Half of our total rural population lives in villages with a population lower than 1,000. The number of villages with a population of 500 and below is 3,80,020. The aggregate population of these villages is 7.8 crores, thus giving an average of nearly 200 per village. Villages with a population between 500 and 1,000 number 1,04,268, the total population being 7.3 crores, the average population for this group thus being about 700. If institutional credit is to reach these small-sized villages, where the average number of agricultural families is not likely to exceed 60 for both the groups taken together, it is difficult to visualise each of these villages constituting a unit which can render useful services in the matter of promotion of thrift, provision of credit, supply of requisites, marketing of produce and introduction of improved methods of farming that the primary unit is expected to perform under any worth while scheme of rural credit reorganization. Such small-sized villages have to be grouped together not merely to make them financially viable units but in order that the primary unit may be of real service to the rural population in those villages.

We may examine the question from another point of view. The co-operative credit system in rural India is now over half a century

Source : Pamphlet issued by the Bombay State Co-operative Union, Bombay-1.

old; and the predominant pattern so far has been the small-sized society, ordinarily one society confining its operations to one village. It is because of the fact that with this type of institution we have not been able to reach large masses of the rural population, particularly those in the low income groups, that the Rural Credit Survey Committee recommended a change of pattern. Of the total credit needs, the Survey disclosed that only 3.1 per cent was provided by co-operative societies; the benefit of this extremely meagre institutional credit was mainly confined to agriculturists with medium or large-sized holdings.

If we turn to the statistics relating to the working of co-operative societies we find that at the end of the year 1955-56, there were 1,59,939 agricultural credit societies with a membership of 77,90,850; a working capital of Rs. 79.10 crores and management charges amounting to Rs. 1.28 crores. Hence we get per society an average membership of 50 in round figures; working capital of under Rs. 5,000; and management cost of about Rs. 80 for the year. It is worth considering whether with operations of so small a size as to afford an expenditure of less than Rs. 7 per month, it is possible to organize satisfactorily the primary functions of promotion of thrift and promotion of credit—let alone the other services interlinked with which alone the system of agricultural co-operative credit can be truely helpful. Unless the scale of operations is enlarged, as was recommended by the Rural Credit Survey Committee, reorganization will have little value, as should be obvious to those who have seen the rural movement undergo reorganization, over and over again, since the days of the Maclagan Committee on Co-operation.

This does not mean, and the Rural Credit Survey Committee did not intend to suggest, that a society confining its area of operation to one village had no place in the structure. Viability is what it laid emphasis on. Co-operatives should be of such a size as to enable a primary society to function effectively as a multipurpose unit for credit and marketing, etc., which is, admittedly, what the conditions of our economy demand. The margin between income and expenditure should be enough, at least, to meet the expenses of management, including remuneration to a person, who is to attend to the multifarious duties involved in the day-to-day work of the society. It may be that with a drive to extend the membership and to make credit available on the basis of productive capacity the volume of operations even in a fair-sized village may be adequate for the purpose. The tests, however, should be ability to undertake certain well-defined multiple functions and to provide for all primary producers, irrespective of the size of their holdings or the tangible security they can offer.

The considerations implicit in the two criteria are the same when credit is extended to persons ordinarily looked upon as non-creditworthy; the responsibility for ensuring that what is lent is recovered is all the greater. Since the borrowings are essentially for production, it becomes necessary to follow up the disposal of the produce and to recover the outstandings from the proceeds of the sale. Some such method was pracitsed by the indigenous banker, who, however, in the disorganised village community of British India, often became the counterpart of

the "gombeen man" in Ireland. It is the adoption of the practice, minus, however, the exploitative tendency, that the Rural Credit Survey Committee has in view when it suggests the linking of credit with marketing. For this purpose, it is necessary that every unit should function as a primary centre for collection of produce. This involves the maintenance of a modest godown and the provision of the services of someone to receive the produce and to arrange for its dispatch to the local marketing centre.

Similarly, the cost of production can be lowered by the organization of arrangements for the purchase of agricultural requisites and their supply to members, so that for such purpose they do not have to resort to traders. More important than this, however, is the service the primary units can render by becoming instruments for the raising of the level of productivity. They can provide improved tools and requisites and become channels for the introduction of other improvements that will help in securing that object. It is only then that the non-creditworthy cultivators can, in course of time, become creditworthy in the sense that the deficits that they face can be turned into surpluses. To expect all this to be achieved by a village credit society of the type we have in our midst at present, as judged by the statistics quoted above, is almost to ask for the impossible. Organisation for supervised credit of the type now being developed for peasant proprietors in some parts of the world is feasible only, if the primary unit has some staff and some godown-cum-office accommodation.

It is a pertinent criticism that, taking the country as a whole, little progress has been made in attracting to the primary societies the savings of their members, much less deposit from persons other than members. Even in well managed societies of the size we have at present, it may be possible to attract deposits for specific periods, provided adequate arrangements are made in advance for the return of the deposits on the expiry of the relevant periods. But experience shows that what the rural population with savings would need is provision of facilities for the withdrawal of savings at short notice, if not on demand. This postulates, again, the maintenance of some staff and an office at a place which is easily accessible to villagers. It is only when a society has these arrangements at its disposal that it would be able to do away with the present prevailing practice of granting loans once a year and to replace it by a system under which loans can be drawn in instalments, when the occasion for cash expenditure arises. The indigenous banking system, in spite of the high rates of interest charged, continues to be favoured, among other reasons, because of this facility for drawing loans as and when needed.

Another advantage which a large-sized unit may possess is that the field from which the committee of management is elected gets widened with the grouping of villages. Local knowledge and contact between members—an essential feature of co-operative working—can be secured if the villages are contiguous and the central office is within easy distance. While it is true that, considering their resources, our peasantry are efficient at farming, experience with various types of village institutions has shown that the farmer is not necessarily proficient in attending to the affairs of a common business organization. Hence the field of selection for co-operative institutions is limited. Moreover, in a village, factions and prejudices often come into play in the choice of personnel of the committees and office-bearers and even in the ordering of business affairs. It may be that when an institution covers a number of villages these factors may not have much influence in selection or in management. If the area is not large nor is the membership unwieldy, local knowledge and contact will not be missing. The devise of having sub-committees for individual villages may be tried, if necessary. In any event, no step should be taken that impairs the sense of responsibility.

It is urged, as a point of criticism, that with societies of large-size and covering more villages than one, the appointment of full-time secretaries is rendered inevitable and that these individuals may secure a hold over the affairs of the societies to the detriment of the growth of a sense of responsibility among the committees of management. Persumably, those who offer this criticism have not much knowledge of the present state of things. In quite a number of States, the accounts of societies are written up and loans disbursed, as well as recoveries made, by clerks or supervisors appointed either by the State Co-operative Department or by central banks. In States like Bombay, there is a system of appointing group secretaries, the appointments often being made not by the societies themselves, but by supervising unions and *ad hoc* committees on which sit representatives of the Co-operative Department and central banks. With the formation of large-sized societies, it need not be presumed that there will be a change for the worse from the point of view of the exercise of local control. In fact, if it becomes possible, with the enlargement of size, to strengthen the personnel of committees, the secretaries may be subject to this local control more effectively than is the case at present. A good large-sized society may be able to appoint its own local secretary, selected from among trained and qualified persons.

A suggestion that has sometimes been made is that even if the societies are small in size, they may be grouped into unions and some authority or control should be exercised by such unions. In pursuance of the recommendations of the Maclagan Committee on Co-operation, some States introduced four decades back the system of guaranteeing unions with limited area of operations. However, this form of organisation was given up long ago both in Burma, where it had its origin, and in Bombay where among Indian provinces, it had its longest trial. The main defect, as was foreseen at the time by the late Mr. Henry Wolff, was that it transferred financial authority from where it should attach, namely, the primary society to another agency. That is the danger in any scheme of grouping societies, such as is now being advocated. Even from the point of view of exercising supervision, the supervising unions in Madras and Bombay have, after prolonged trial, proved to be largely ineffective.

It may be that in some European countries, the system of unions has been a success. There is, however, a world of difference between the financial structure of the primary units in those countries and in India. In several of the European countries, the bulk of the resources of the primary societies are raised largely in the rural areas themselves; it is only to supplement these that the societies resort to central banks. The reverse is the

position with us in India where the bulk of the funds are, and will for some time continue to be, obtained from central banks. Apparantly, in view of this position, the Rural Credit Survey Committee has seen little advantage in the formation of supervising unions in the development of the movement, but has recommended that the type of supervision that is most necessary, akin to financial inspection, should be a function pertaining to central banks. This ensures that in ordering of its internal affairs, every primary unit should be independent, and this freedom of action it can enjoy only when it possesses viability and has its own staff.

On the subject of State partnership, there is not so much difference of opinion as on the subject of the size of the primary society; but there has been—even after the principle was accepted for the purposes of the Plan—a great deal of misunderstanding and misapprehension. These arose because the purpose for which Government assistance taking the form of partnership has been recommended has not been properly appreciated. The object is many-sided. In the first place, the financial basis of the co-operative agencies is to be strengthened at various levels. This cannot be done by Government granting loans or keeping deposits with societies, in which the case the State becomes a creditor with no special responsibility. Besides, the need at all levels is not for loans or deposits but for the strengthening of the share capital structure, on the basis of which larger funds can be raised by securing loans and deposits. Capital by way of loans is available if needed by primary societies from their central banks and apex banks and for the latter from the Reserve Bank of India. The contribution to share capital, obtained by the State Governments from the Reserve Bank, is provided to the various federal agencies and to the primary unit.

This is in pursuance of the view of the Rural Credit Survey Committee that the State should actively associate itself with the rural co-operative credit organisation in a direct manner. As a matter of national policy the State has under our planned programme of economic development contributed to the share capital of corporations for various industries or for the financing of industries. With such contribution the State becomes a partner in the fortunes of the industrial or financing concerns. Our premier national industry, however, is agriculture. It is carried on by persons of small means, who are some of the most resourceless, under-privileged disadvantaged sections of the community. The Rural Credit Survey shows how progress in raising the level of production is impeded by the lack of credit facilities on fair terms available particularly to those with small units of cultivation. Viewed in this light, it becomes the duty of the State to extend to them its support, in the same manner as is done for industries and industrial finance and some other business enterprises. This will impose on Government a direct responsibility to make the system of co-operative credit successful.

In the business enterprises, where the State becomes a partner it is usually the dominant partner. That may not be necessary or desirable when Government associate themselves with co-operative credit agencies, for these represent a wing of a popular movement, the basis of which is freedom of action, self-goverance and self-reliance. But with concept duly safeguarded, it is desirable that Government should have a voice in the running of the institutions not so much for the purpose of seeing that they are run on financially sound lines as for ensuring that the objectives of the plan are kept in view and that effective action is taken to implement it. One of the objectives is to ensure that benefit accrues to the low income group among agricultural producers. To secure the object, it is necessary to provide for association by the State at all stages. Such participation in administration should not connote any interference with the day-to-day management of affairs. The State may be represented directly at the apex institution or even the central bank. Representation at the lower level should be ordinarily though the federal financing agencies by the nomination of social workers connected with welfare agencies. There is provision in the scheme for the refunding of Government's contribution to the share capital of primary units. When this stage is reached, even the indirect association with administration will come to an end.

The picture that the Rural Credit Survey Committee presents is of under-finance and over administration on the part of the State. The Committee, while pleading for financial partnership, nowhere urges the extension of official control and authority. There is risk of bureaucratization only if the thesis is misunderstood and misinterpreted. But it is doing injustice to the Rural Credit Survey Committee to suggest that under its scheme officialization and bureaucratization are inevitable. On the contrary, it is as social workers, keeping in mind the highest conception of social service that, in the concluding portion of its Report, the Committee asks co-operators—officials and non-officials—to approach the task before them.

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THE AIM OF CO-OPERATION

We of the Co-operative Movement have no desire to create a nation of shop-keepers, whose only thoughts run to groceries and dividends. We want our people to look into the sun and into the depth of the sea. We want them to explore the hearts of the flowers and hearts of their fellowmen. We want them to live, to love, to play and pray with all their being. We want them to be whole men and women eagar to explore all the avenues of life and attain perfection in all their faculties. Life for them should not be in terms of merchandise, but in terms of all that is good and heartful. They are the heirs of all the riches yet concealed; all the creations of art and literature are for them. If they are wise, they will create instruments to obtain them. They will usher in the new day by attending to the blessings of the old. They will use what they have, to secure what they have not.".

—Dr. M. M. Coady.

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Co-operative Marketing and Processing*

By

Sir P. G. Md. SALIHA, B.A.,

Special Dy. Registrar (Credit and Marketing) Tiruchirapalli.

In our country where 80 per cent of the population are agriculturists living in the villages, the development of rural economy should claim high priority in any scheme of national development or national planning. Unless the agricultural producers are assured of better prices for their produce, no plan for increasing production will be fruitful. The facilities for the disposal of the produce after the harvest and the return obtained therefrom have a significant effect on production and on the welfare to the cultivator. The sale of agricultural produce involves a number of functions, such as assembling, storing, grading, standardising, transporting and marketing and also financing these operations. Some of these operations may be performed by the farmer, but grading, storage and sale of produce and financing on pledge of produce call for specialised knowledge andade quate resources, which a cultivator cannot command. There is no better agency for rendering these services to the agriculturists than the co-operative marketing societies.

2. At present a substantial part of the produce is usually sold in the village itself to the traders or money-lender-cum-traders. Generally, the disabilities of the farmer in selling his produce to the best advantage are heavy indebtedness, low standard of literacy, lack of storage facilities, lack of market intelligence and inadequacy of transport facilities. The traders or mundi merchants, advance moneys to the ryots long before the harvest and knock at their doors immediately after the harvest. The agriculturists are obliged to part with their produce at prices dictated by them. Further, in their eagerness to get ready cash, they dispose of their produce at whatever price offered at their doors without holding over the produce for a better market. There is also the possibility of use of incorrect measures and weights by the merchants. The merchants pool the produce thus obtained from the agriculturists and dispose of it in big consuming centres at favourable prices. The cultivator has practically no bargaining power against the merchant who commands credit, commands the market and commands also quick transport for removing the harvested produce.

3. In order to eliminate the middlemen and extricate the agriculturists from the clutches of money lenders and private traders, the co-operative movement has been endeavouring to tackle the problem of marketing agricultural produce by bringing the producers into an organisation for marketing their produce and diverting the profits of the middlemen to the agriculturists themselves. Co-operative marketing societies have been formed and are functioning at various market centres in this State. They help the ryots with loans on the security of produce and arrange for the sale of the produce. These societies have also been supplying the agricultural requirements of

*Source: Text of the radio talk delivered by Sri P.G. Md. Saliha on 9-4-58 in Tamil with the kind permission of A I.R. Trichy.

their members such as seeds, manures. agricultural implements etc. A few of them have constructed their own godowns with financial assistance from the Government, while some others have undertaken processing activities such as ginning of cotton, decortication of groundnut, etc.

A scheme for the intensive development of co-operative marketing of agricultural produce has been drawn up under the Second Five Year Plan and it is now under implementation. This scheme envisages the formation of 25 new primary marketing societies, so as to cover all the important market centres or mundies in the State and to develop the business of the existing and new societies according to a phased programme, to handle at least 10 per cent of the marketable surplus produce by the end of the plan period i.e. 1960–61 as against 2 per cent at the beginning of the plan period in April 56. 8 new marketing societies have been formed in 1956-57 and 1957-58 and the total number of marketing societies in the State is 109. These societies had a membership of 1,42,969 and a paid up share capital of Rs. 21.30 lakhs on 31-12-57. They issued loans on the pledge of agricultural produce to the extent of Rs. 27.50 lakhs and marketed produce to the value of Rs. 101.96 lakhs during the half year ended 31–12–1957. They also supplied agricultural requirements of the ryots such as seed, manure, agricultural implements, etc., to the value of Rs. 69.41 lakhs. The scheme provides for State participation in the shares of marketing societies to strengthen their financial position and for lending the services of departmental staff with adequate training and experience to the societies on a graded scale of assistance to work as their managerial staff.

4. One important feature of the development contemplated under the second five year plan is the integration of credit with marketing by linking the credit societies with the marketing societies. As a result of such linking, the agriculturists, who are given loans for production or cultivation expenses by the credit societies, enter into an agreement with the credit societies to sell their produce through the marketing societies to which the credit societies are affiliated, and to have the loans recovered from the amounts realised by the sale of produce through the marketing societies. This scheme of integration of credit with marketing is introduced in select marketing societies year after year. Upto 1957-1958, 50 marketing societies have been selected for intensive development under the scheme and provided with the services of 25 Co-operative Sub-Registrars and 25 Senior Inspectors to work as their managerial statff. State participation has been made in 45 of these societies to the extent of Rs. 4.20 lakhs. These societies brought within their fold 1,06,391 members and collected share capital of Rs. 14.71 lakhs from them upto 28-2-1958. The main crops handled by them are paddy, cotton, groundnut, turmeric, potatoes, etc. The scheme has been extended mostly to cover the Community Development and National Extension Service areas. In 36 development blocks 31 marketing societies and 1,189 small and large sized credit societies have so far been brought under the scheme. These credit societies provided cultivation loans to their members to the extent of Rs. 66.95 lakhs upto 28-2-'58. The value of the produce brought by the borrowers of these societies to the marketing societies for sale was Rs. 93.31 lakhs and the

cultivation loans recovered through the marketing societies amounted to Rs. 16.84 lakhs.

5. In order to provide storage facilities on a larger scale and to facilitate marketing at village and sub-divisional level, Government also help co-operative societies with loans and subsidies to put up godowns. The second five year plan provides for the construction of 245 godowns by the marketing societies, primary, district and apex and the small and large-sized credit societies. Government grant financial assistance to co-operative societies for construction of godowns by way of loans and subsidies according to a prescribed scale.

So far, the construction of 57 godowns has been completed in the first and second year of the plan and 40 godowns are under various stages of construction.

The installation of 17 cotton gins and 15 groundnut decorticators by co-operetive marketing societies is also one of the items under implementation in the scheme for development of co-operative marketing of agricultural produce. The establishment of 8 cotton gins and 5 docorticators has so far been sanctioned by Government and the construction of 4 ginning factories and 2 decorticators has been completed. The remaining factories are under construction.

To promote co-operative marketing of agricultural produce at the district level under the Second Five Year Plan, the existing central or district co-operative wholesale stores are being reorganized into district supply and marketing societies. The reorganized societies undertake both the supply of consumer goods and marketing of agricultural produce, co-ordinating the activities of the primary marketing societies and primary store societies. 9 out of 12 district central stores have so far been reorganised into district supplyand marketing societies and one district supply and marketing society has been newly started at Nagercoil for the Kanyakumari district. Export of agricultural produce reserved for co-operatives is allowed only to these organisations. They allot their quotas for such export to the primary marketing societies in their areas, which procure the stock from their grower members and supply the stock to the district societies for export. When procuring the stocks, the district societies pay the value of the produce at the prevailing market rates and after the export transactions are concluded, the profit is arrived at ·65 per cent of such profit is passed on to the ryots who supplied the produce and the balance is shared between the district societies and the primary marketing societies.

6. There is also provision in the plan for organising a State Co-operative Marketing Society for co-ordinating and centralising the functions of marketing co-operatives at State level. This society when formed will purchase, process and distribute commodities required by the affiliated societies. It will also import commodities required for consumption from other States of Indian Union or from abroad and will undertake inter-State and export trade for the disposal of the surplus agricultural produce of the members of the affiliated societies. It will arrange to get the District Societies in touch with markets, the places of production and the prevailing prices in the State. It will also serve as an information bureau of raw products and articles available in the State. It will own godowns and take them on hire,

whenever, necessary, arrange for the seasonal, bulk purchases of commodities, in surplus in each District and stock them in convenient centres. It will also own processing plants such as cotton gins, groundnut decorticators, etc., and undertake to process the commodities for distribution to its constituents or for export. Preliminary arrangements are being made to start this society during the current year. The State Government will assist the society by taking shares, providing staff on a graded scale of assistance and financing it with loans and subsidies for the construction of godowns.

Government are implementing a comprehensive scheme of establishing warehouses at important mundies. A Central Warehousing Corporation has been established by Government of India in March, 1957, under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956 at New Delhi. A State Warehousing Corporation has also been set up by the Madras Government on 4–12–1957 with a share capital of Rs. 20.00 lakhs shared equally by the State Government and the Central Warehousing Corporation. The main functions of these corporations are:—

(a) to acquire and build godowns and warehouses at suitable places;

(b) to run warehouses for the storage of agricultural produce, seeds, manures, fertilisers and agricultural implements ; and

(c) to arrange facilities for the transport of agricultural produce and from the warehouses.

The Central Warehousing Corporation proposes to construct warehouses in five places, viz., Kumbakonam, Madras, Coimbatore, Cuddalore and Virudunagar in this State. The State Warehousing Corporation proposes to construct warehouses at eleven places, viz., Salem, Ooty, Tirunelveli, Tiruchirapalli, Virudhachalam, Madurai, Rajapalayam, Pollachi, Kancheepuram, Nagapatnam and Vellore. Trained technical personnel will man the above warehouses. Grading and standardisation will also be undertaken by these warehouses. A laboratory will also be attached to each warehouse. Each warehouse will have a local advisory committee consisting of the representatives of the Regulated Market Committee, the co-operative marketing society, the trader, the farmers and the State Bank and other financing agencies. The significant aspect of warehousing is the receipt, issued by a warehouse for the produce stored, on the strength of which a depositor can obtain loan at concessional rates of interest from banks without transferring physical possession of goods stored in the warehouse. Warehousing thus eliminates loss from damage and deterioration, prevent distress sales, and helps the producer to raise loans at concessional rates and to sell his produce at favourable prices.

8. The various measures taken have awakened popular interest and the importance of co-operative marketing and processing of agricultural produce is gaining due recognition. It is hoped that agriculturists will avail themselves of the benefits of co-operative marketing in a larger measure and thus improve the rural economy of our State.

Experience of Co-operative Farming and other Systems of Mutual Aid in Cultivation in India

By

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Lecturer in Economics, Annamalai University.

[The writer of this article has examined the scope of "Co-operative Farming" in India and spotlighted some of its problems. This is the first instalment of his note.—*Edr.*]

Indian Agriculture has been known to be very backward and primitive in several of its methods. It is a paradox that India with well about 80 per cent* of her teeming agricultural families actively engaged in the cultivation of the soil, with about 330 million acres† of sown area, of which about 82 per cent† is under foodcrops, and with one third of the world's cattle has not been able to produce enough for the people, to maintain nutritive standard. Though separate agricultural departments were organised in almost all the States of India, over sixty years ago, and they have made many successful experiments and demonstrations, the results of their research have not, to any appreciable extent, been put into practical application by the cultivators with the result that agricultural production from land continues to be poor, indeed very poor as compared with advanced countries‡. Some of the

*Essential Statistics—All India Agricultural Labour Enquiry, Government of India, Ministry of Labour, Page 72.

†Indian Economics—Kewal Krishnan Dewett, Page 58.

‡ Crop yield in bushels per acre of a few crops* (A bushel=60 lbs.)

Country	Wheat	Maize	Rice	Barley
Italy	21.6	30 7	52.9	17
U. S. A.	16.2	34	28.2	23
India	10 3	8.4	12 9	12
Canada	22	49.2	...	...
Egypt	28 5	31.2	21 4**	17
World average	17.2	23.7	18.1	20

Yield in quintals (220.46 lbs.) per hectare (2.47 acres) for 1946***.

Country	Rice	Wheat	Barley	Maize	Potato
Italy	41 7	13.3	9.7	15.1	58
Spain	42.2	9.6	12.9	14.3	64
Argentina	33·9	10·0	11·9	22·3	52
Japan	36·9	9·7	10·7	12·5	91
India	12·3	6·0	7·9	6·2	12·3
World Average	16·7	10·3	11·1	15.2	12.3

*Summarised from Table VII pp. 80-83 Dudley Stamp op. cit.

**The figure is for the average of 1945-47.

***Summarised from Eighth crops and soils Wing op· cit· p· 82, Table I.

A comparative study in India (Agricultural situation in India and F A O Year Book of Agriculture 1948).

		lbs· per acre			lbs· per acre			lbs· per acre
Cotton	India	87	Paddy	India	1045	Wheat	India	593
	Pakistan	159		Burma	1216		Pakistan	733
	Egypt	590		Japan	3321		Australia	909
	U· S· A·	312					Canada	979
							U· S· A·	1079

		lbs· per acre
Raw sugar including (beet)	India	3063
	Cuba	4567
	Mauritius	6132

main factors responsible for the low production apart from traditional agricultural practice, are the smallness of agricultural holdings, soil erosion, ravages of disease and pests, poor farm equipments, lack of finance and the system of land tenures. The Indian Council of Agricultural Research in its "Memorandum on the Development of Agriculture and Animal Husbandry in India", states that increase of 50 per cent in production within a span of ten years is possible, if some of the above mentioned factors are properly tackled.

The main obstacle in the way of improving the productivity of land is the smallness of agricultural holdings. To overcome this obstacle, various authorities* who have examined this question, have suggested co-operative farming. Of late, co-operative farming has received a good deal of attention owing to the emergence of such problems as settlement of ex-servicemen, rehabilitation of refugees and abolition of Zamindari tenure. The movement has also received Government support, since the recommendation of the Policy Committee on Agricultural Forestry and Fisheries (1945) that the States should undertake pilot scheme on different types of farm organisation suitable to each type of soil, climate and tenure. In 1946 again the Co-operative Planning Committee recommended that experimental ventures on types of co-operative farming best suited to each locality, should be undertaken, in two selected villages in each district of a State. This was further endorsed by the 14th and 15th Conferences of Registrars of Co-operative Societies. Various experiments, in the field have been undertaken, and plans to extend their scope, as well as to start new experiments on a wider scale, in the country, are afoot. Therefore let us now study this important subject particularly from the point of view of the progress made in other countries in this field and the manner in which similar experiments may be undertaken in India. This article is the direct outcome of the study of experiments in co-operative farming developed in leading countries as Palestine, U.S.A., U.S.S.R. and some of the Eastern European Countries and the direct observation of the working of co-operative farming schemes in selected areas† in various districts. It is hoped that it will stimulate further thought

*Cf. "Co-operative Farming", Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras, said, "was the only solution for avoiding the deficiencies arising from uneconomic holdings due to maladministration of lands"—Co-operative Movement Second Plan Schemes explained by Mr. A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras. *The Hindu* 7th September, 1957.

Cf. Recommendations of the four officials sent by the Government of India, Ministery of Food and Agriculture, to Israel, at the invitation of the Israel Government in November, 1953.

†Agricultural Co-operative Farming at Mangalam (village) in Perambalur Taluk in Trichinopoly district—Observed the working of scheme with Mr. O. Kaliaperumal, B.A. President of that farming organisation.

Agricultural Co-operative Farming at "Edaiyar" (village) in Chidambaram Taluk in South Arcot District. Observed the working of scheme with Mr. S. Kothandarama Iyer, President of that farming organisation.

Agricultural Co-operative Farming at Pillaiyanthangal village in Chidambaram Taluk in South Arcot District. Observed the working of scheme with Mr. N. Chockalingam Pillai, V. M. of that village and President of that co-operative Farming organisation.

on the subject and will be found useful to those who are desirous of promoting co-operative farming schemes as well as to those, who are engaged in promoting co-operative farming schemes.

Methods of Farming

The object of good farming is to maximise the yield with the minimum expenses. This requires the best utilisation of resources and the use of the latest methods of cultivation. There are at least five methods of farming. A study of these methods will enable one to have a clear perspective of the type of farming particularly suited to Indian genius and traditions.

(1) *Individual Farming*: Individual farming is carried on by a single person on owned or hired land with his own resources. The farmer himself with the help of the members of his family, manages the whole affairs according to his free will, without any outside interference. But the resources of an individual farmer are limited and therefore he is unable to produce the best results. Under such a system, it is very difficult to introduce new methods of cultivation and almost impossible to get the advantage of large-scale farming.

(2) *Corporate Farming*: Under this system, a corporation is formed for purposes of farming. It is based on capitalist methods. The plantations of U.S.A. are an example of this kind of farming. Though it has the advantages of large-scale farming, it is worked on profit motive and not in the interests of the cultivators.

(3) *Collective Farming*: U.S.S.R. is a good example of a country having collective farming. In collective farming, the means are owned and managed jointly by a group of individuals. This method of farming has many advantages but probably it is not suited to a democracy.

(4) *State Farming*: The farms are owned and managed by the State and cultivation is carried on by paid servants. There are certain State farms in U.P. and other States in India where researches are carried on and mechanised farming is practised. This kind of farming is mainly suitable for demonstrating the use of new methods and machinery.

(5) *Co-operative Farming*: According to the Memorandum of the Advisory Board of the I.C.A.R. (1949) a co-operative farming society is a society where "each cultivator would retain his rights in his own land, but cultivation operations would be carried on jointly". The main features of co-operative farming are that (a) land is formed into a single unit, (b) proprietorship rests with the individuals; (c) management is carried on jointly; (d) the members are paid for their work and (e) the net profits are distributed among the members after withholding something for building up reserves. This type of farming is popular in Palestine, but in India, it is as yet only in an experimental stage. The Co-operative Farming Societies get State assistance in the form of lower assessment, loans for the purchase of seeds, supply of manure and other implements at concessional rates, contribution towards share capital without sharing in profits. The money contributed towards share capital along with interest is payable in instalments.

From the proper study of the methods of farming described above, it becomes very clear that among the different methods of farming, the method of co-operative farming alone has the nearest approach to practicability and is, at least, not in conflict in principle, with the methods of cultivation already prevalent under peasant farming. Further Indian genius and tradition are peculiarly suited to such a form of social and economic activity as co-operative farming because the joint farming tradition is still strong and the village as a unit of political administration and of the social and economic life of the community, is still the basic organisation for every form of co-operative activity.

Co-operative Farming : The types of co-operative farming organised in India are (i) Co-operative Better Farming Society ; (ii) Co-operative Joint Farming Society; (iii) Co-operative Tenant Farming Society; (iv) Co-operative Collective Farming Society.

(i) *Co-operative Better Farming Society:* The purpose of a Co-operative Better Farming Society is the promotion of common economic interests through the adoption of improved methods of farming. The members own and independently work their lands, although they agree to a common plan of cultivation drawn by the society, like arrangements for sowing, drainage, common harvesting besides keeping watch and ward, purchase of requisites in common, rolling, grading, processing or selling the produce in common. They pay for services which they receive and at the end of the year, they may receive a patronage dividend. Thus under this system, each member is independent except for the specific purpose for which he joins the Society. Under this type of farming some of the advantages of large-scale farming are realised. But as the farms still remains small and fragmented, certain other advantages of large-scale farming are not available. Such societies may be formed as a preliminary measure at places where the farmers are reluctant to transfer their land to a co-operative society. The sugarcane societies of U.P. are working satisfactorily on these lines.

(ii) *Co-operative Joint Farming Society:* A Co-operative Joint Farming Society is one which pools the land of small owners into one unit but proprietorship rests with the individual members The management and cultivation of the pooled land are carried on by the Society. The members work on the pooled land in accordance with the direction of the managing committee and they get wages for their daily labour. Their right of ownership is recognised by the payment of dividend in proportion to the value of their lands. The produce which is jointly raised, is also disposed of collectively and the proceeds after meeting all the expenses of cultivation, including payment for the use of land, wages and cost of management, price of seeds, manures and water and provision for a reserve fund, are shared by the members, in proportion to the wages earned by them. The main functions of the society are to prepare crop plans, joint purchase of farm requirements, joint sale of farm produce, raising of funds on the security of land, crops and other movable and immovable assets of the society for land improvement. The members are bound by the agreement that they will be required to repay the cost of any improvements that are made on their plots of land in case they cease to be the members of the society. All the advantages of large-scale farming are enjoyed under this kind of farming and it is particularly suited for solving the problem of fragmentation and sub-division of holdings. But as the Indian farmer is conservative, the co-operative joint farming has not yet become as popular in India as was expected.

(iii) *Co-operative Tenant Farming Society;* This type is only a variant of the better farming organisation adapted to the needs of the tenants. The society owns the land or gets it on lease, but the actual cultivation of the land is left to each individual member who tills the land independently and sells through the society such part of the produce he chooses to dispose of; land is dividend into blocks and each block is given on rent to a cultivator, who has to produce according to a plan laid down by the society. The society undertakes to supply credit, seed, manures and costly agricultural implements and even to arrange for the marketing of the produce. Though the society gives its members all facilities, it is not binding on the members to avail themselves of these facilities. Every tenant member pays a fixed rent for his holding but the produce of the holding is his own and is entirely at his disposal. This type of society replaces the superior landlords and the profit, after meeting all expenses and providing for a reserve, is distributed among the tenant members in proportion to the rent paid by each.

(iv) *Co-operative Collective Farming Society:* The Co-operative Collective Farming Society is a combination of tenant farming and joint farming organisation. Under this system, there is collective ownership as well as collective operatorship. Cultivation is carried on by the society itself and the members get wages for their work and at the end of the year, the profits are worked out and after deducting wages, the cost of management and allotment to reserves, are divided among the members in proportion to the wages earned by each.

Thus co-operative farming covers a very wide range from individual owner-operatorship to collective owner-operatorship.

The Madras Journal of Co-operation

SUB :—Renewal of subscription for Vol. 50 (1958–59).

With this issue (June 1958) of the Madras Journal of Co-operation, the present Volume No. 49, would be completed. The new Volume No. 50 (1958–59) begins from July 1958. Therefore subscribers who are in arrears of subscription are requested to remit their dues to the undersigned on or before 30th June 1958. The subscribers are also requested to renew their subscription for the next Volume No. 50 (1958–59) by remitting the annual subscription of Rs. 8 in advance.

P. NATESAN,
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A Note on the Working of The Tanjore District Fishermen's Co-operative Federation Limited, Tanjore.

By

K. VARADHARAJULU NAIDU B.A.,

President

The Tanjore District Fishermen's Co-operative Federation Ltd. was registered under section 10 of Co-operative Societies Act VI of 1932 on 10-1-1957 and it started on work with effect from 5-2-1957. The Federation was inaugurated by the Collector of Tanjore.

Out of the 26 sea fishermen co-operative societies and six inland fishermen co-operative societies in the district, 21 sea fishermen co-operative societies and 3 inland fishermen co-operative societies have already become members of the Federation.

In addition, the Federation has obtained a Government Long Term Loan of Rs. 2,000 on the recommendation of the Additional Director of Industries and Commerce, Madras. This amount is being utilised as the working capital.

Again, by virtue of the provisions made in the long-term loan sanction orders by the Additional Director that one twentieth of the loan disbursed should be collected as share capital and remitted into the Federation, the following amounts have been collected from the societies noted again each,

			Rs.nP.
1.	Kodiakari and Kodiakardu Sea-fishermen Co.op. Society.		480.00
2.	Karayur street	do ...	580.00
3.	Eripuraakarai	do	480.09
4.	Akkarapettai	do ...	655.00
5.	Nambiarnagar	do ...	779.00
6.	Chandrapadi	do ...	600.00
		Total Rs. ...	3,574.00

The total working capital of the federation at present is roughly :

a.	Share capital ...	900.00
b.	Share suspense ...	300.00
c.	Government loan ...	2,000.00
d.	Share suspense due to loans disbursed ...	3,574.00
	Total ...	6,774.00

From the date of its starting on 5-2-1957 upto 13-11-1957, the Federation cannot boast of having rendered any signal service to its constituents. This period was mostly a period of suspended animation utilised in building up the share capital of the federation and exploring the probable paths of activities for the benefit of the member societies.

The issue of G. O. Ms. 2,976 dated 24th September 1957 sanctioning the supply of 60 bales of yarn and coir worth Rs. 5,000 at half the cost to the fishermen affected adversely by the failure of the kola fishing in 1957 actuated the working of the Federation. The Assistant Director of Fisheries

was pleased to entrust the work of distribution of yarn to the Federation. Thus, the Federation has up till now (21-1-1958) distributed the following amounts.

		Rs.nP.
Yarn 6's	7 bales ...	3,007.80
Yarn 10's	14 bales ...	8,174.78
Yarn 20's	30 bales ...	21,934.39
Coir	5 candies of 6 cwt. each.	1,072.31
	Total Rs. ...	34,189.28

Besides orders have already been placed for the supply of another 8 bales of yarn and 20 candies of coir. Regarding the supply of Catamaran logs by the Federation, the Assistant Director of Fisheries has already circularised necessary information to all the coastal societies in his Circular No. A. 13,840/57 dated 26—12—1957. Requirements for logs are being collected from individual societies, by the Federation.

The Additional Director has been pleased to allot two Pablo boats (28 and 29) to the Federation in his Proceedings No. 19,790 X4/57 dated 31-8-1957. Of the two, one (No. 28) has been hired out to the Muthukuda sea fishermen co-operative society, with effect from 9-12-1957. The federation has already executed necessary agreements on 9-12-1957, to the Government for boat No. 28 and also 150 lbs. of Terelene twine.

The monthly instalment of amount due to the Government by the Federation is Rs. 125 for the boat and Rs. 80.56 for the nets. The working of this boat is being scrutinised by the Assistant Director of Fisheries, every month and the amount of profit is also being watched so as to fix up appropriation of the same.

On 17-1-1958, the Federation has also executed necessary agreement in respect of Pablo boat No. 29 and the net. The boat has been hired out to the Akkarapettai sea fishermen co-operative society at Nagapatnam, on the same date. Its working is being watched.

The federation has also received a sum of Rs. 140 towards Distress Relief Fund from the Kaveripatnam sea fishermen co-operative society. Collections from other societies are being intensified.

Marketing of fish is another important aspect of work the Federation is contemplating to take up. It would be highly helpful for the organisation and furnishing of the Office of the Federation, with the help of the Government subsidy of Rs. 500 granted to the Federation at this stage of its working.

The object in bringing the Federation into existence was mainly to consolidate the primary fishermen co-operatives, co-ordinate their activities, market the fish and fish products on behalf of the fishermen societies, act as an effective and reliable link between the Government and the fishermen community.

The Federation enjoys the free services of one inspector of fisheries and one senior inspector of co-operative societies, as its secretary and manager respectively in addition to the technical advice of the Assistant Director of Fisheries, Tanjore at all times. The Deputy Registrar of Co-operative Societies, Tanjore is one of the nominated members of the Governing Body in addition to the Assistant Director.

No doubt much lies ahead for the Federation to do. There is no doubt, with the ardent and assiduous support of the department. particularly of the Assistant Director of Fisheries, Tanjore, the Federation could progress from day to day.

Proceedings of the Opening function of Rajagopal Buildings, Vellore on the 4th June 1958.

[The fine and majestic "Rajagopal Buildings", the premises of the North Arcot Dist. Co-operative Supply and Marketing Society, Ltd. wore a festive appearance on 4-6-58, when Dr. S. Radhakrishnan, Vice-President of India declared open the "Rajagopal Buildings". A special pandal was put up for the occasion. There was a large and distinguished gathering. "Sink your differences, subordinate your individuality and develop the co-operative spirit"—That was the inspiring message of Dr. S. Radhakrishnan. Sri P.S. Rajagopal Naidu, M.P., the President of the Society read the Welcome Address. The building was the result of fitfeen years of hard work and efficient and sincere service of the members of the Managing Board. Out of its past accumulations, the building has been built and the spacious hall and the five excellent rooms attached to it will be a great asset for promoting Co-operative fellowship in the district. The society under the able guidance of Sri P.S. Rajagopal Naidu, M. P., whom the Vice-President of India described as "a quiet, unostentatious, but an effective and earnest worker" has made considerable progress in several directions; it has been a pioneer in the field of social welfare; it has built five maternity wards; it has given scholarships to the children of its staff; it has built a net work of godowns; it has promoted the Co-operative Sugar Mills of the district and in several ways, the society has become the bulwark of strength to the Co-operative Movement inthe district. The new hall, so appropriately named after its distinguished mentor and President, Sri P. S. Rajagopal Naidu, M.P. is bound to add one more dimension to the social welfare potential of the North Arcot Dist. Co-operative Supply and Marketing Society, Ltd.

We are glad to report the proceedings of the Opening Function of the "Rajagopal Buildings".—*Edr.*]

FLAG HOISTING ADDRESS

By

SRI B. BHAKTHAVATSALU NAIDU, M.L.A.

Revered Vice-President of India, Mr. President and Friends,

I am deeply grateful to Sri Rajagopal Naidu and my other Collegues for the honour done to me in asking me to hoist the Co-operative Flag on this historic occasion. It is our good fortune that we have in our midst our Vice-President, the giant among the scholars and scholars among the Politicians. Indeed, it was the prayerful wish of the Board of this Society that we should have his august presence for opening this building. Our prayers are answered. His participation in to-day's function will not only sanctify this building, his

wise counsel will for ever reverberate into the ears of everyone who would assemble in this hall, for deliberation on co-operative problems.

This society can be said to have entered a second phase in its history. All these years it was a consumers co-operative dealing in consumers goods and the distribution of food grains; now its objects have changed along with its name. As a District Supply and Marketing Society it has to procure and market the produce of the ryots in the district to their advantage. As one coming from an agricultural family, I fervently hope that the society would prove a veritable mentor for the agriculturists in this district.

I am assigned the function of hoisting the Co-operative Flag. I do not know if this is absolutely necessary and I even think if this was thought of for my sake. The idea of having a flag for the Co-operative Movement was conceived by one Fourier and in 1923 the International Co-operative Alliance designed the flag with seven colours of the spectrum and this design eventually became the emblem of the movement by custom and usage. The spirit of the emblem is that all the seven colours of the spectrum can be visualised as a whole in one colour namely white. So also people working in the co-operative movement though they may have different faiths in religion and politics should have an identity of interests, principle and practice.

It will be a heaven on earth that we were to sink our petty differences and put our shoulders to the wheel in making India a welfare State. Before I switch on the hoisting of the flag, let me once again thank my fellow-directors for this opportunity they have given me.

Jai Hind.

WELCOME ADDRESS

By

SRI P. S. RAJAGOPAL NAIDU, BSC., B.L., M.P.,
President, N. A. District Co-operative Supply and Marketing Society Limited.

Mr. President, Revered Vice-President of India, brother Co-operators,

To-day is a grand day for this Institution. A great and significant honour has been done to us by this August personality who is present here in response to our invitation to open this building. This is, indeed, a very small and insignificant function for which we should not have troubled our revered Vice-President. But it was the innate desire of the members of our Board and the public of Vellore to invite him to this ancient and historic city, that made me approach him and request him to open this building. It was with great hesitation and trepidation that I approached him to accept our humble invitation and he in his usual nobility and geniality had accepted our invitation much to his inconvenience and discomfort. His presence here to-day adds great lustre to the function and we, who are all assembled here are buoyant with jubilation and exhilaration.

2. We are also extremely lucky in having secured the services of Sri Manickavelu Naicker to pre-

side on this occasion. He is a native of our district and in the fitness of things, we thought he is the most appropriate person to preside on this occasion. I understand that he has cancelled his holidaying at Ooty and come down especially to preside on this occasion.

3. I welcome Sri Bhakthavathsalu Naidu, who is here amidst us not only as a Director of this institution but also as an ardent co-operator. Our thanks are due to him to have accepted to unfurl the Co-operative Flag.

4. It also gives me great pleasure to welcome our popular Registrar, Sri A. Palaniappa Mudaliar, who had laid the foundation stone of the building and who had accepted to speak a few words on this occasion. He is one of the ablest Registrars of Co-operative Societies we have in India and it is only with his active support and guidance and that of his predecessors in Office that the movement has developed to this level in our State. He has been a pillar of strength to us in the building up of this institution. I take this opportunity to thank him for the assistance and advice which he had given to us from time to time but for which, this institution would not have grown up to this stature.

5. Looking back and recapitulating for a while, the part that I had played in starting and developing this institution, I feel proud to say on this occasion that I had been associated very intimately with the Board of Management of this Institution from its very inception. I was one of the few promoters of this institution and its Vice-President for the first three years and thereafter its President for the past 13 years. I have beeen elected unanimously as its President on every occasion. I worked hard in the starting of this institution and bringing it to the present stable position, always with the active support and co-operation of that band of self-less-co-directors, who stood by me shoulder to shoulder in the administration. I will be failing in my duty, if I, at this moment, do not pay my warm tribute to the successive departmental secretaries, the Office Manager and the able staff without whose co-operation and assistance this institution would not have been built up on such a solid foundation.

6. I am proud to mention on this occasion that this institution started 15 years ago as a federation of primary stores societies in the district, had played a very notable part in the socio-economic activities in the district in the distribution of foodgrains and other essential commodities during the days of control and even after de-control. During the days of rationing this institution was entrusted with monopoly procurement and distribution of foodgrains in the district and even now, the entire fertiliser distribution passes through its hands. I do not think there is any consumer goods in which this institution had not so far dealt with. Ever since the starting of this institution from 1943 to this day, our turnover in business amounts to nearly 13 crores of rupees. This is a record which any co-operative institution of this type should feel proud of. We are able to achieve this amount of success due to the patronage and the preferential treatment shown to us by various departments of the Government. Particular mention will have to be made on this occasion of the successive District Collectors, who gave us great encouragement.

7. Starting with a meagre share capital of about Rs. 26,000 in the year 1942, we had to-day built up a Reserve of nearly 17 lakhs of rupees, all invested in securities approved by the Government. With a small portion of the profits set apart each year as Common Good Fund, this institution has been doing some humanitarian and philanthropic work also. We had constructed 5 Maternity Wards in areas, where there were no Maternity facilities. It is our desire to construct as many Maternity Homes as possible for the benefit of the suffering public, if funds permit. We have been giving free scholarships to the employees' children right from the level of elementary education to that of highest College or other Technical education. We had also awarded by way of scholarships to the other needy and poor children, so far to the tune of Rs. 35,000. We had also purchased power driven boring sets for the benefit of agriculturists to deepen their wells at the time of drought.

8. This institution has four godowns, which have a total storage capacity of about 3,000 tons of foodgrains, besides having its own office building. The amount so far invested in the construction of four godowns and office building is about Rs. 1,40,000. It is our plan to construct one godown per year at each Taluk Headquarters at a cost of Rs. 50,000 for each godown and by the end of 1960, this institution would be constructing 3 more godowns.

9. I am also happy to say on this important occasion that this institution had invested a sum of 5 lakhs of rupees, out of its reserve funds, in the share capital of the North Arcot District Co-operative Sugar Mills. But for such an investment, which was timely, the Co-operative Sugar Mills would not have come into being at all. Thus credit should go to this institution, which was primarily responsible for building up of a colossal Agro-Industrial Co-operative in this district, which is going to be a great boon to the cane-growers in the district.

10. With the importance that is given to the Co-operative movement in the Second Five Year Plan and of the rapid development of the movement in the district as well as in the State, it was felt necessary to have a decent building, where co-operators of this district could meet as often as possible and discuss their common problems. It was with that desire to have decent accommodation for the stay of co-operators, who come on co-operative work to this town this building has been designed and constructed all with the building fund ear-marked for the purpose. I daresay this is one of the finest buildings, if not the best, which any Co-operative Institution owns in the State of Madras. This building has a Hall which measures roughly 100 ft. by 50 ft. including dais with a separate balcony. It has 8 rooms each measuring 20ft. by 14 ft. with baths attached. It is our desire to build up some Show-rooms at the entrance of this buildings to exhibit the articles which this institution deals with or other co-operative institutions in the district may deal with.

11. Before I conclude, I will be failing in my duty, if I do not say few words of acknowledgement of the great honour done to me by the Board of Management in naming this building after my humble self. I feel, I am unworthy of this honour that is done to me and I do not deserve it at all. I have only done my duty as

President of this institution, fearlessly, steadfastly, honestly, sincerely and in a co-operative spirit. I would not have discharged my duties so efficiently and satisfactorily but for the team-work of directors, co-operation of the staff and the active guidance of the department. I only cherish this honour done to me by the Board of Management as a token of love and appreciation of the selfless services rendered by me in building up this institution to its present level.

12. In conclusion, I should once again thank *Dr. Radhakrishnan,* who amidst great personal inconvenience, had travelled all the way from Delhi to open this building without disregarding my request and also to the Minister from our district who had to deny himself the pleasure of holidaying at Ooty and come down to Vellore to preside on this occasion.

13. May this edifice, which will now be declared open by our Revered Vice-President of India, grow from strength to strength.

INAUGURATION ADDRESS

By

DR. S. RADHAKRISHNAN,

Vice-President of India.

I have great please in declaring open the Rajagopal Buildings of the North Arcot District Co-operative Supply and Marketing Society.

I have seen Rajagopal Naidu in our Upper House, a quiet, unostentatious but an effective and earnest worker. It is not necessary for each of us to hold very important positions but it is to take up the work that lies nearest to hand and do it, do it well in a spirit of detachment and dedication. We will serve our country as effectively as many others who do so from public platforms or more eminent positions. Here, he has been working in this institute for the first three years as Vice-President and later the next thirteen years as President, and you have done the right thing by naming these buildings after his name, one who gave so much energy and enthusiasm and spur and skill to the building up of the co-operative movement here. (Hear, Hear). The co-operative spirit, your President has just said somehow has not caught on, but it is now catching on a little better (Laughter) but it all depends on the individuals who get control over it. A great individual, if he earnestly devotes himself to this work, will make it work successfully and satisfactorily. If he is lethargic, if he is inactive and allows things to drift, the movement will also drift. The Co-operative movement is not unknown to our country. From the earliest days when we had village community etc. people worked together in a co-operative spirit. When we look at the world, we see dark reaction in some places, red revolution in other places. It is not necessary for us to choose either of these alternatives. Here, through the co-operative movement, it will be possible for us to build up a social and economic democracy through consent, through willingness of the individuals, through the democratic processes themselves. We should not think that because it is small movement functioning in district headquarters, therefore it is not vital for the development of the country. It is these small beginnings that make a great nation and we

should not all the time look at the top but we should try to work from the bottom upwards. That is what we have to do.

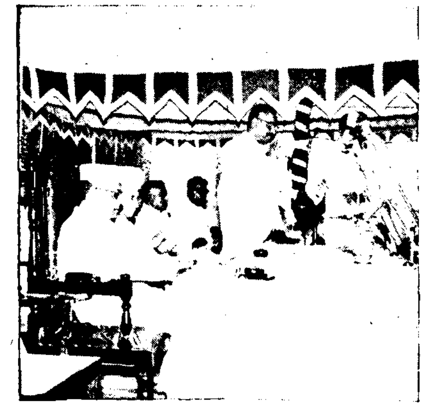
Reference has been made by your meeting President to the fall in public standards, standards of public life. He regretted the absence of commercial honesty, lack of discipline, lack of character. If a country is to build itself up, if it is to participate in this great exciting adventure, people will have to work selflessly, dedicatedly and detachedly. Great nations are never built out of small men. It is big men, not big in size or wealth or possessions, but big in their hearts, big in their character, big in their outlook, who build great nations. We have to-day a great leader acting as Prime Minister of our country, who is full of enthusiasm, dedication and selflessness. If ever there is an emancipated man, free from all prejudices of caste and community, race and religion, province and language, it is he, symbol of the hope of this country, symbol as to how this country will have to march, but even he, with all his great qualities of leadership had to admit, the way in which things are drifting was not very appealing to him. He felt chocked, suffocated. "It is hot house plant in which I am living". And he proclaimed his sorrow and appealed to the people, not only to the members of his party but the people at large that the task awaiting us was a great one and to bend our energies to the building of our country. Other countries which have reached bottom so to say have built themselves up. The names of Japan and Germany leap to our minds. In the war, they suffered great losses. Many of their buildings were razed to the ground. They found on all sides dust and ashes but a brave people who had faith in themselves, confidence in their future, made Japan the most prosperous country in the East and Germany the most prosperous country to-day in the West. How were they able to raise themselves up? It is not due to any kind of miracle or magic. It is hard work. Take our Country. Take the agricultural production we have. From the beginning of our history we have been emphasizing the need for stepping up agricultural production. We have the Upanishads that tells you "*Annum Bahu Kurvita. Tad Vartam.*" Increase your food. Make food grow abundantly. That must be your resolve. Three thousand years ago, we proclaimed that it was our duty to make agriculture the basic industry on which a great country could be built. I know among the Persians there is a story that in the quarrel between Power of Light and Power of Darkness, he who works on land and increases its productivity is working for the Power of Light and who is not doing it is working against it. Why is it that when 70–80 per cent of our people are engaged in agriculture, when we have such huge rivers and rich resources, why is it that we are still indenting on other countries for our minimum food supply? Countries, where 10–15 per cent of the people work on land are able to provide food for themselves and export food for other countries. The real reason is they work harder. They produce more. They are more efficient. Work which is done by one man there will have to be done here by a dozen men. That is why our standards are low. Our efficiency is low and we have not been able to raise our level of food production. We are still importing food. It is encroaching on your foreign resources and you find yourself in a miserable condition. Did we not say that the application of science to industry and agriculture was essential? Nagarjuna, our great Chemist and our great Scientist said "*Siddhe Rase, Karishyami, Nirdaridhrayam Idam Jagat*". I make this world rid of poverty by controlling the forces of nature and applying those forces to the development of agriculture and industries. *Nirdaridhrayam.* There will be no poverty. To increase our food production, we should apply scientific methods and devices. We were wonderful so far as these theoretical formulations are concerned but in our practical application of these wise maxims, we fall behind. We suffer from ourselves. There is no one else who compels us to live this kind of stunted existence. We are responsible, if our existence is lethargic, stunted, impoverished and diseased. These are things that other countries have removed. What they have done we can do. There is nothing else that stands in the way except our own weakness, our own greed, our own self-will, our own anxiety to building for ourselves great careers irrespective of what happens to other people. Unless we free ourselves from this greed for power and possession and set to work, raising the standards of our common people, unless we are prepared to invest in the youth of our country, give them ardent wills and technical skills and make them do as well as other people do. If we don't do that, there is no future for our country. The future, therefore, depends on how we work, in what spirit we work, how we tackle this task. It is no use blaming somebody at the top or somebody at the bottom. It is easy to blame others but we have to look up ourselves and say in this exciting time when we are building our country what is my contribution, what am I doing? Am I bringing people closer together, am I taking them farther away from one another? Am I acting in a conciliatory and co-operative spirit or am I acting in a conflicting and non-co-operating spirit?

Each one of us will have to ask that question if he wishes to make his contribution to the building of this work. If you do that, there is a great future for the country.

I don't see any reason why a country, which had greatness in the past should not have greatness in the future. If only you go round the East, go round the West, you will see there what the influence of this country has been. If you look at Borabandur, look at Ankorvat-those great monuments we see how great the inspiration of this country has been. They give us a claim to independent life. They are our title to fame. They are our contribution to civilisation. We have written our name in the history of South-East Asia, China, Japan and even in some western countries. That is what we have done. If we were able to do it centuries ago, what is it that prevents us from acting in that spirit of adventure? Did those people make a fetish of not crossing the seas, did they make a fetish of whom I am going to marry, whom I am not going to marry? They went, they had the vigour of mind, breadth of vision and they were able to go from one corner to the other and spread the message of peace, goodwill and brotherhood. They established spiritual colonies if we may use the expression. Their very names, Indo-China, Indonesia, are of a tell-tale character. They indicate to us what the influence of this country has been. Whenever I go abroad, visit those countries, I see what great things are expected of us, but while I talk to them about the great ideals which our country had, I talk here to Indian audiences how much we have fallen from those ideals.

Opening of Rajagopal Buildings, Vellore.

The function begins with prayer.



Sri B. B. Naidu, M.L.A., Deputy Speaker is seen delivering the Flag Hoisting Speech.

Sri P.S. Rajagopal Naidu, M.P., is seen welcoming the audience.

Sri P. S. Rajagopal Naidu, M.P., is seen delivering the welcome speech.

Opening of Rajagopal Buildings, Vellore.

Dr. S. Radhakrishnan, Vice-President of India is seen delivering the Inaugural Address, when he declared open the Rajagopal Buildings.

Dr. S. Radhakrishnan, is seen lighting the "*Kuthuvilakku*" in the main hall.

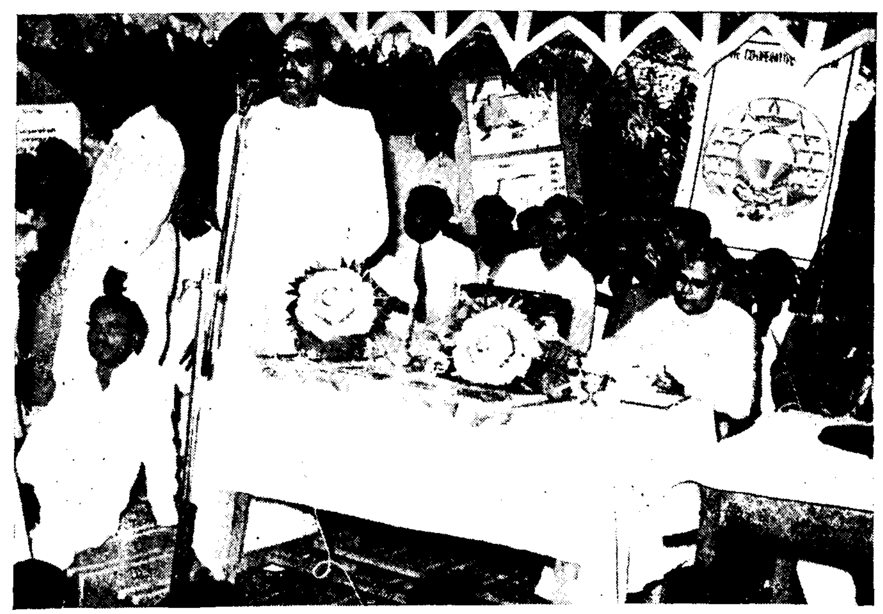
Dr. S. Radhakrishnan and others are seen on the dais of the new hall.

A Section of the Audience.

Opening of Rajagopal Buildings, Vellore.

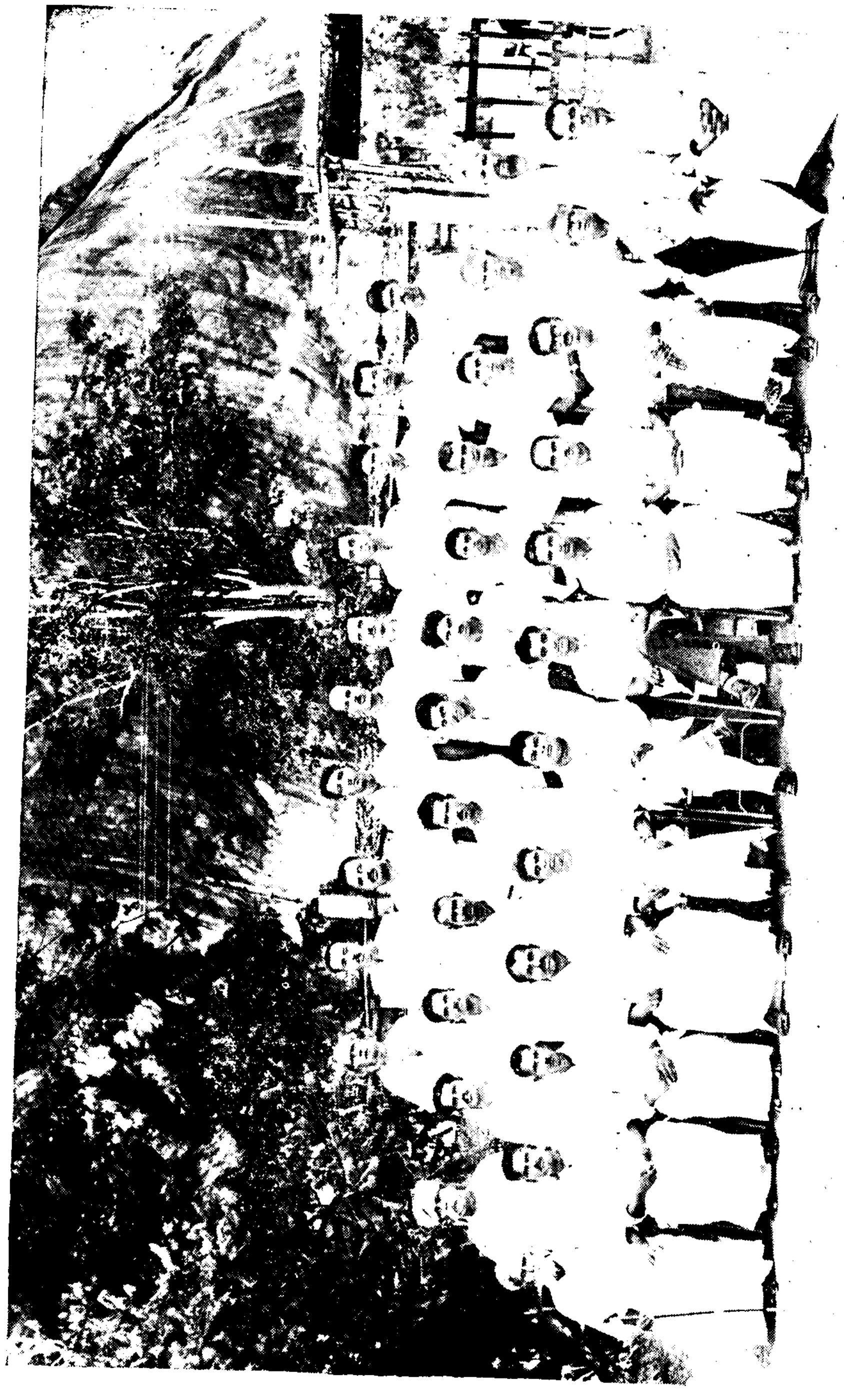
A section of the distinguished visitors to the function.

Opening of Godown at Karpoondi.



Sri R. Venkataraman, Minister for Industries, Labour and Co-operation opened the Godown at Karpoondi Co-operative Agricultural Bank, Polur Taluk, N. A. District on 13-4-58. Sri B. Bakthavatsalu Naidu, M.L.A., presided over the meeting.

TRAINING OF NON-OFFICIAL PERSONNEL.



A group photo of the Office-bearers of Co-operatives, who underwent a six weeks' training at Othakkadai Centre in Madurai district during the year 1957–58.

I was pleased to find this flag of the co-operative movement. The flag which we have includes this. We have the flag in which the chakra is in the middle. The chakra indicates the rotating wheel of time, its temporal processes where one event succeeds another. That is what you call *samsara chakra.* You call it Bava chakra. You may call it what you please, but it indicates to you that the world is a perpetual process of events where one event supersedes another. We ask whether this cosmic process which we symbolise by the colour of the blue, because it is the colour of the sky, colour of the sea, we ask whether it is self-maintaining, whether it is self-existing or whether it is unfolding up values inspired by something that lies behind it. We get the answer. There is the white radiance of eternity. There is the eternal background which is expressing itself in the series of manifestations.

" *Ekasyapi kutasthasya Chitha tara tamyat jnanaisvaryanam,* "

" *Abhivyakthih parena parena bhuyasi bhavati* "

In a more abundant measure the qualities of knowledge, wisdom, etc, are revealed in this process. So we give it the white background. We mean by it the wheel of time rests on an eternal background but we decline to give it any colour for the simple reason we feel that any kind of partial or halting or imperfect definition does injustice to it. So, of the seven colours of the spectrum to which my friend Bhakthavatsalu Naidu referred, they are included in the white and if we give any one particular colour we begin to describe the absolute in terms of the relative; then we infect the absolute itself with finiteness and relativity. So we refuse to characterise it and we put it merely as a white background.

The next question arises: how can we live in the world of time with one perspective of the eternal the answer which the sages gave, which all sages give is this. By the Sweat of of our heart, through blood and tears, we can live in this world, with the Eternal in our hearts. It is only that way we can fulfil our lives. In our country, the burning of one's passions is represented by orange colour. From the very beginning, when Bhudda met a man who was clad in orange robes, after meeting the other three, the dead, the diseased and the old he asked him who are you and his answer was *Narapungava—Janma Mrithyu Bhitah—Sramana--Pavrajithosmi—Moksha—Hetho.* Time is symbolished in our country by both birth and death. *Janma Mrithyu Bhitah*—both birth and death are symbolical of time. *Sramana—Pavrajithosmi—Moksha Hetho* for obtaining liberation.

Our teacher told us that we can live in this world of time with the perspective of the eternal, if we pass through austerity and discipline, if we are able to control our lower nature, if we are able, so as to say, to control passions, griefs, power etc., So we have put the orange colour there to suggest that our mind has to undergo discipline: undergo suffering if necessary, if he is to live in this world as a true human being. Is suffering an end in itself? No. The rotating wheel of time, the eternal background which cannot be expressed adequately by any particular formula, the need for austerity and discipline if we want to live a human life in this world and then we have to pour all the energies of our discipline into the action and make this world into a better place than it happens to be, make it a green paradise.

I remember making a speech more or less on this line in the Constituent Assembly in 1947. I went up to Gandhiji that evening. I told him of my view. He said: "that was not my idea but I accept yours." His idea was: the wheelwas the economic basis, the white, miscellaneous communities, the orange, the Hindus; the green the Muslims. I said, in a new State we are building it is not right to refer to these commnal differences. I had the satisfaction of receiving his approval for the interpretation and ever since then whenever he talked he talked about this interpretation, which I just gave of the flag. It is an universal interpretation. It has nothing to do with this country or that country. We should all get together and co-operate and work together, sink our differences subordinating all our distinct individuality and work in a co-operative spirit. That is what we are called upon to do. Don't tell us that we have no suitable work. I have seen countries where Ph. Ds. and D. Sc's. don't wait till they get a suitable job but do the job that is offered to them, work there in building up that country. It is happening in Germany, it is happening in Japan. I don't see why it should not happen here. Why talk that we are more spiritual, we are more advanced, we are more matured when we are not able to do these elementary things in the spirit in which we utter our great words. This institution reminds me of how one dedicated individual can take up the task that lay nearest to him and make a success of it. May his example spread widely. Thank you.

REGISTRAR'S ADDRESS.

Sri A. Palaniappa Mudaliar, Registrar of co-operative societies, Madras then gave a brief review of the progress achieved in several fields credit, marketing, processing, housing, millk supply etc. He appealed to the co-operators to work in a dedicated spirit and help to build up the Movement on right lines.

Dr. V. Hariharajan proposed a vote of thanks. Sri Jumbulinga Naicker, the Architect and Sri Kuppuswamy, the contractor were introduced to the Vice-President.

To

All the Member-Societies of
Tamil Nadu Co-operative Union.

SUB:—Annual Contribution—Current and Arrears—Payment—Requested.

All the Member-societies of the Tamil Nadu Co-operative Union are requested to remit their annual contribution due for the current year (1957–58) as well as the arrears if any, on or before 31st July 1958 to the undersigned.

P. NATESAN,
General Secretary,
Tamil Nadu Co-operative Union Ltd.
Madras-1.

Proceedings of the Primary Weavers Societies Conference, held on 27th June 1958.

Inaugurating on 27th June 58 the Conference of Handloom Primary Weavers' Co-operative Societies in the State at Madras, Mrs. Lourdammal Simon, Minister for Local Administration, explained the various relief measures undertaken by the Government for the benefit of handloom weavers and appealed for public co-operation in their efforts at raising the ancient industry to the pride of place it once occupied.

Mr. M.P. Nachimuthu Mudaliar, presiding over the conference, expressed the view that production of handloom and mill cloth should be related to consumption internally in the country and characterised the powerloom as the enemy of both the textile mills and the handlooms.

The conference was held at the premises of the Madras State Handloom Weavers' Co-operative Society in Egmore. Over a hundred delegates from all over the State attended the conference.

Mrs. Simon said a sum of Rs. 720 lakhs have been provided in the Second Plan of the State for the handloom industry. At the end of 1953, there were 98,000 weavers within the co-operative fold and the number had now increased to 1,83,000. The number of societies had increased from 560 to 982. So far, 1,218 houses had been built for weavers at a cost of Rs. 54 lakhs. Three co-operative spinning mills had been established, one each at Tirunelveli Pettai Srivilliputtur and Tiruchendur and it was proposed to establish two more, one each at Salem and Aruppukkottai.

Mr. Nachimuthu, in expressing has gratitude to the State Chief Minister and other members of the Cabinet for using their good offices in getting a special rebate for handloom cloth, said the State Government had given an interest-free loan of Rs. 20 lakhs for purchasing accumulated cloth from primary societies. He stated that there was not much cloth left with them, after the purchase that had been made to the tune of Rs. 17 lakhs. He appealed to the Government to call for a tripartite conference to evolve a revised policy in regard to the production of handloom cloth in the light of experience gained and the difficulties they had faced. He also pleaded for the establishment of an Export Promotion Council for handloom goods and for grant of rebate on handloom cloth exported.

Mr. Kasi Viswanathan proposed a vote of thanks.

Resolutions passed at the Conference.

1. Resolved to request the Government of India to peg the production of the Mill Industry for internal consumption to 4,000 million yards and to permit the mills to produce only as much as is necessary for export without inflicting the goods produced for export into internal market.

2. Resolved to request the Government of India to drop the proposal to introduce powerlooms on All-India basis and also not to give effect to the schemes already sanctioned.

3. Resolved to request the Government of India to continue the rebate on handloom cloth at 12 nP. in the Rupee.

4. Resolved to request the Government to prevent the competition of the Mill Industry by reserving dhoties and sarees exclusively for the handlooms.

5. Resolved to request the Government to assist the Handloom Industry by arranging to purchase the production of the societies whenever there is depression in the Industry and stagnation of stocks.

6. Resolved to request the Government to advise both the Spinning and Weaving Mills to recruit labour from the category of weavers.

7. Resolved to request the Government of India to prevail upon the State Government to abolish octroi duty, sales tax and other local taxes on handloom cloth.

8. Resolved to request the Government of India to introduce the Provident Fund Scheme for weavers working in the Co-operative Societies by contributing equal amount from Cess Fund.

9. Resolved to request the Government of Madras to include the weavers communities under "Very Backward" for purpose of education and other facilities as obtaining for hill tribes.

10. Resolved to request the Government to ensure supply of yarn at reasonable price without wide fluctuation to the Handloom Industry by requiring the mills to keep a margin not exceeding 6¼ per cent on the cost of production.

11. Resolved to request the South India Co-operative Spinning Mills and Srivilliputhur Mills to appoint all unskilled labourers from the category of weavers.

12. Resolved to request the Government to arrange for supply of regular electric energy, if necessary, by more thermal stations so that Spinning Mills and other factories may not be affected by power-cut.

13. Resolved to request the Government to extend concessions as obtaining in Railways, for transmission of handloom goods by Post Parcel, so that movement of goods could be effected quickly and safely through Post Parcels.

14. Resolved to request the Government to provide housing facilities for all the weavers in the State.

15. Resolved to request the Government to convert the present sanction of loans for housing schemes into half grant and half loan and also the request permission to install any type of loom against the present sanction of semi-automatic looms.

16. Resolved to request the Government to arrange for the manufacture of loom and loom parts through a factory set up for the purpose, so that accessories could be obtained at competitive rates.

17. Resolved to request the Government to permit the import of dyes and chemicals until such time there is plenty of indigenous products available for supply to the industry.

18. Resolved to request the Registrar to permit societies to distribute the profit over and above 6¼ per cent on the sale of cloth without taking such amounts to reserve.

19. Resolved to request the Government to accept the poverty certificates issued by the Presidents of the Weavers Co-operative Societies for admission into schools and obtaining scholarships etc. for the children of the members of the concerned Weavers Co-operative Societies.

20. Resolved to request the Registrar to make all loans available to Weavers Co-operative Societies for working capital at 3 per cent interest.

21. Resolved to request the Government to assign sites to Weavers' Co-operative Societies and permit weavers to have the facilities hitherto enjoyed in matters pertaining to warping and sizing.

G.O.'s and Circulars

SCALE OF AUDIT FEES—REVISION OF RATES

Copy of G. O. Ms. No. 1839 dated 14-5-58 from the Department of Industries, Labour and Co-operation, Madras.

Co-operative Societies—Deficit in collection of Audit Fees—revised rates of—levy proposals—orders passed.

G. O. Press No, 4371 Dev. dated 31-10-50.

READ ALSO:

From the Registrar of Co-operative Societies letter Rc. 37737/57. L-dated 7-11-57.

From the Registrar of letter Rc. 37737/57 L. dated 7-2-58.

ORDER:

In G. O. Ms. No. 4371 Development dated 31-10-1950 the Government fixed the rates of fees for the audit of co-operative societies liable to pay audit fees under the Rules. These rates were fixed on the basis of the actual cost of the staff employed for audit work. Since then the emoluments of audit staff and the transactions of the societies have increased and it has became necessary to raise the rates of audit fees prescribed so that the cost of the audit staff may be covered by the audit fees levied. The State Co-operative Advisory Council which was consulted by the Registrar of Co-operative Societies in the matter has recommended that the rates of audit fees prescribed in the G. O. cited be raised as detailed below:

		Rs.	nP.
1.	Central Banks ...	8	50
2.	Uaban Banks with a working capital of Rs. 1 lakh and over ...	8	50
3.	Societies (other than Central Banks and Urban Banks) whose working capital or the value of whose purchases, sales or articles or goods produced as the case may be in the Co-operative year is Rs. 1 lakh or over ...	8	50
4.	Urban banks with a working capital of less than Rs. 1 lakh and other types of societies liabile to pay audit fees under the rules ...	6	50

The Registrar of Co-operative Societies has suggested that the rates recommended by the State Co-operative Advisory Council may be accepted and made applicable from the Co-operative year 1957-58 for a period of three years and the position reviewed thereafter.

2. The Government accept the proposal of the Registrar of Co-operative Societies and direct that the revised rates of audit fees indicated in para 1 above be levied with effect from the Co-operative year 1957-58 and the position reviewed again in April 1959.

3. The Registrar of Co-operative Societies is requested to submit a report to Government on 1-4-1959 reviewing the position.

(True Copy)

CHIEF AUDIT OFFICER—POWERS OF REGISTRAR—CONFERMENT OF

Copy of Department of Industries, Labour and Co-operation G. O. Ms. No. 2367 dated 17-6-1958.

Co-operation—Co-operative Department—Separation of audit from administration—Chief Audit Officer—Conferment of powers of Registrar under Section 37 of Madras Co-operative societies Act—Notification—Issued.

READ:

G. O. Ms. No. 390 Industries, Labour and Co-operation dated 3-2-1958.

READ ALSO:

From the Registrar of Co-operative societies letter No. 27922/58. L. dated 19-3-1958.

From the Registrar of Co-operative societies letter No. 27922/58. dated 6-5-1958.

ORDER:

The Government direct that the Chief Audit Officer (Co-operative Department) will function as a Joint Registrar of Co-operative societies in respect of the staff working in the audit branch of the Co-operative Department.

2. The following notification will be published in the Fort St. George Gazette :—

NOTIFICATION

In Exercise of the powers conterred by Section 3 of the Madras Co-operative societies Act, 1932, (Madras Act VI of 1932) the Governor of Madras hereby confers on the Chief Audit Officer of the Co-operative Department the powers of a Registrar under Section 37 of the said Act.

(True Copy)

AGRICULTURAL BANKS—RECURRING DEPOSITS—BY-LAWS—AMENDMENTS

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

D. Dis. 209589/57-A 2. Dated 14-1-58.

SUB: Co-operative Agricultural Banks-collection of recurring deposits —amendments to by-laws—instructions—issued.

REF: Registrar's Circular Rc. 135916/57-A I. dated 25-9-1957.

In para 4 (iii) of the Circular cited, instructions were issued that the members of Rural Banks and Agricultural Banks and Credit societies might be required to contribute to a thrift deposit once in a half year at the time of harvest and that as a first step, this practice might be introduced in the rural banks and agricultural banks. A model by-law for adoption by the Agricultural Banks. and Rural Banks is suggested below. The existing by-law 16 B of Agricultural Banks may be renumbered as by-law 16-B (i) and the model by-law suggested now may be adopted as by-law 16-B (ii)

"It shall be obligatory for every member to make a seasonal recurring deposit; at least twice a year, so long as he is a member of the Bank. It shall be open to a member to indicate the rate at which he proposes to contribute towards his seasonal deposit but the rate shall be in multiples of Re. 1. The Board of Directors shall be competent to fix, with reference to the season at which the member gets his income, the month during which, the member shall make the deposit. It shall not be open to the member to reduce the rate of his contribution to the seasonal deposit except with the previous sanction of the Board. The amounts contributed to the seasonal recurring deposit shall be non-withdrawable for a period of atleast three years from the date of opening of the account. It shall, however be open to the Board of Directors to sanction a loan on the security of this deposit upto 50 per cent of the amount to the credit of the member. The Bank shall have the right to set off the whole or part of the amount available in the seasonal recurring deposit account of any member towards any loan or other amounts due from the member to the Bank. Interest shall be credited to the seasonal recurring deposit, at a rate not exceeding 5½ per cent per annum on the 30th June of every year".

2. The Deputy Registrars on general duty and the Special Deputy Registrars are requested to advise the Rural Banks and Agricultural Banks to adopt the amendment early. This provision should also be incorporated in the by-laws to be adopted, while new Agricultural Banks are formed.

A. PALANIAPPAN,
Registrar.

L. M. BANKS—LEGAL ADVISERS—PROCEDURE FOR APPOINTMENT

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

Dated, 5—1—58.

D. No. 158322/57-J

SUB: Land Mortgage Banks—Appointment of Legal Advisers—Framing of Regulations—Instructions—Issued.

It has been brought to the notice of the Registrar that there is no uniformity in the procedure adopted by Land Mortgage Banks in the matter of appointing legal advisers. In some cases the appointments are stated to be made on the strength of Board's resolutions, in some on the strength of general body resolution. while in other cases, the appointments were not supported by any resolutions. The Registrar considers that there should be uniformity in the matter of appointment by the banks of their legal advisers and suggests that the Primary Land Mortgage banks may make suitable regulations under by-law 27 empowering the Board (i) to appoint legal advisers, (ii) to fix the period and term of appointment and renewal of such period and (iii) to terminate the appointment at any time etc. The Deputy Registrars, Land Mortgage Banks, Madras and Madurai are requested to issue necessary instructions to the land mortgage banks in this behalf.

A. PALANIAPPAN,
Registrar.

EXECUTION FEES—ENHANCEMENT

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

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

Rc. No. 44874/58 B (R) Dated, 20-3-1958

SUB: Execution—Execution fees—enhancement by 50% over the original rates—continuance—ordered.

READ:

1. Registrar's Proceedings Rc. 87875/52 L-dated 14-4-53.
2. Registrar's Proceedings Rc. 66393/57 B (R) dated 7-5-57.

ORDER:

In exercise of the powers vested in him under sub-rule (1) of Rule XXII of the rules framed under the Madras Co-operative Societies Act VI of 1932, the Registrar hereby orders the continuance of the enhanced rates of execution fees fixed in the proceedings first cited for a further period of one year from 1-4-58.

(By Order)

STATE PARTICIPATION—CENTRAL BANKS AND LARGE-SIZED SOCIETIES—TERMS—AMENDMENT TO BY-LAWS—REGARDING

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

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

Registrar.

Rc. No. 75182/58 A. 2. Dated, 9-5-1958.

SUB: Scheme of Integrated credit and marketing—State participation in the share capital of credit institution—Amendment to the by-laws of Central Banks and large-sized societies—suggested.

REF: Registrar's Circular Rc. 66288/56-A-2, dated 11-7-1956.

The terms of State participation in the share capital of the District Co-operative Central Banks and large-sized societies were considered at the conference of the Presidents of Central Banks and the Special Deputy Registrars (Credit and Marketing) held on 29-12-57 at Madras and the conference resolved that the Central Banks might be advised to set apart 50 per cent of the excess dividend over the agreed rates to a "Bad Debts Reserve Fund" to be utilised with the previous permission of the Registrar. The conference made a similar suggestion in respect of the large-sized societies also.

2. The Registrar accepts the resolutions passed at the conference. The following amendment is suggested to the last sentence of by-law 28(3) of the by-laws of the Central Banks:—

The State Co-operative Bank or the State Government may, however, receive only such rate of dividend as may be mutually agreed upon between them and the bank and 50 per cent of the dividend in excess of this agreed rate shall be credited by the Bank to the Agricultural Credit (Stabilization) Fund referred to in clause (2) of this by-law and the remaining 50 per cent of the dividend in excess of the agreed rate shall be credited to a "Bad Debt Reserve Fund" to be utilised with the previous permission of the Registrar."

3. The Agricultural Banks may also be advised to amend by-law 55(2) (d) of their by-laws as indicated below:—

"Out of the dividend declared by the Bank on the shares held by the financing bank, the financing bank shall receive dividend only at such rate as may be mutually agreed upon between the two banks and 50 per cent of the dividend in excess of this agreed rate shall be credited by the Bank to the Agricultural Credit (Stabilization) Fund referred to in clause 2 (a) of this by-law and the remaining 50 per cent of the dividend in excess of the agreed rate shall be credited to a "Bad Debt Reserve Fund" to be utilised with the previous permission of the Registrar."

A. PALANIAPPAN,
Registrar.

STATE PARTICIPATION—CENTRAL BANKS AND AGRICULTURAL BANKS—TERMS—REGARDING

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

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

Registrar.

No. Rc. 75181/58-A, 2. Dated, 9-5-58,

SUB: Integrated Credit and Marketing—State Participation in the share capital of the credit organisation—Terms of participation between the Central Banks and the Agricultural Banks.

The State Government have invested a sum of Rs. 24 lakhs (Rs. 8 lakhs during March 1957 and Rs. 16 lakhs during March 1958) in the share capital of the Madras State Co-operative Bank for being invested in the share capital of the large sized societies formed in the State under the scheme of Integrated Credit and Marketing. The Madras State Co-operative Bank has invested in the share capital of the central banks the entire sum of Rs. 8 lakhs invested by Government during March 1957. It will invest the balance of Rs. 16 lakhs also in the share capital of the central banks, when the central banks apply for the share capital. The central banks in their turn have invested a sum of Rs. 2.20 lakhs in the share capital of 28 large-sized societies upto the end of March 1958. The terms of State participation as between the Government and the Madras State Co-operative Bank and as between the Madras State Co-operative Bank and the Central Banks have already been settled. The terms and conditions of the State Participation as between the central bank and the larger-sized society have to be settled.

2. The Conference of the Presidents of Central Banks and Special Deputy Registrars (Credit and Marketing) held on 29-12-1957 at Madras considered this subject and resolved "that the same rate of dividend as agreed to between the State Co-operative Bank and the Central Banks might be made applicable to the shares investedby the Central Banks in the Agricultural Banks". The rate of dividend

agreed to by the State Co-operative Bank and the Central Bank is as follows:—

First 2 years	... Nil	
Next 3 ,,	... 2 %	per annum
Next 4 ,,	... 2½	,,
Next 5 ,,	... 3	,,
Thereafter	... 3½	,,

3. The resolution passed at the Conference is accepted, while investing the Government share capital in the large-sized societies, the central banks are requested to obtain a resolution of the Board of Directors of the Agricultural Banks agreeing to pay dividend at the rate mentioned above on the share capital. The Central Banks are also requested to intimate this to all the large-sized societies in their areas.

A. PALANIAPPAN,
Registrar.

AGRICULTURAL BANKS--SUPERVISION--STRENGTHENING OF

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

Rc. No. 104517/58-A 2

Dated, 29-5-1958.

SUB: Co-operative Agricultural Banks—Strengthening of Supervision and collection of supervision fund.

The Agricultural Banks are now generally supervised by the Supervisors attached to the Supervising Unions just like the rural credit societies. Large amount of agricultural finance is at present being channelled through the agricultural banks from the central banks. It is, therefore, necessary to have more effective inspection and supervision of these agricultural banks. The question was considered by the Conference of Predents of Central Banks and Special Deputy Registrars (Credit and Marketing) held on 29-12-57 at Madras and the conference resolved as follows:

"The Central Banks be advised to employ higher grade supervisors for supervising the agricultural banks and the collection of supervision fund might be on the the existing basis subject to a maximum of Rs. 500 per bank."

2. The Registrar accepts the resolution of the conference. All the Central Banks are requested to appoint a higher grade supervisor for supervising the agricultural banks, if they have not already done so and intimate the fact to the Registrar.

Supervision fund may continue to be collected at the rate of annas 8 (fifty naye paise) on interest earned in the preceding year on every Rs. 100 of loans given to members subject to a maximum of Rs. 500 from each agricultural bank.

3. The conference also resolved that the supervision fund to be collected from agricultural credit societies might be restricted to a maximum of Rs. 500. All the Central Banks are requested to restrict the supervision fund to be collected from a rural credit society to Rs. 500 as recommended by the conference.

A. PALANIAPPAN,
Registrar.

News and Notes

Unveiling of the Portrait of Sri A. Palaniappa Mudaliar.

Presiding over a meeting of the members of the Chingleput District Co-operative Supply and Marketing Society, Ltd. on 21-6-58, Sri M. Bhakthavatsalam, Home and Agricultural Minister paid glowing tributes to the spirit of service and administrative ability of Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras. He said that Palaniappa Mudaliar had that great gift of a popular administrator in that he was able to pursuade the non-officials to work with enthusiasm in a co-operative spirit. He also said that the Registrar had a deep and profound knowledge about co-operative problems. Sri M. Bhakthavatsalam exhorted the co-operators to expand the service of the co-operative institutions by organising a tractor service etc. He also advised the co-operators to improve the business efficiency of co-operatives so that they may be in a position to meet the competition of private enterprise on equal terms. Though Government were anxious to help co-operatives in many ways, the co-operative institutions should not always look up to Government for help and they should be strong enough to stand on their own feet.

Sri N. Ramakrishna Iyer, M.P., unveiled the portrait of Sri A. Palaniappa Mudaliar.

Earlier, there was a conference of primary co-operative stores, agricultural banks and marketing societies of the Chingleput District. The General Body meeting of the Chingleput District Co-operative and Marketing Society, Ltd. was also held. The society reported for the year ending 30-6-57, an annual turnover of Rs. 16.11 lakhs, a gross profit of Rs. 1,10,474 and a net profit of Rs. 41,394-64.

Nilgiris Dist. Co-op. Central Bank's Record.

The Nilgiris Dist. Co-op. Central Bank has collected the entire demand of Rs. 51.67 lakhs under principal and Rs. 86,381 under interest for the year 1957-58 on the 26th June 1958. There is no overdue to the Central Bank from any one of the Co-operative Institutions.

Chief Minister Lays Foundation Stone for Co-op. Hostel at Tanjore.

Sri K. Kamaraj, Chief Minister of Madras laid the foundation stone for the Samiappa Co-operative Training Institute Hostel at Tanjore on 18-6-58. Sri A. Krishnaswamy, Vandayar, Dr. P. Natesen and others were present. An Address of Welcome was presented to the Chief Minister by the Board. The hostel is to be constructed at a cost of Rs. 40,000.

Training of Non-Officials—Madras Seheme makes Headway.

Under the scheme for the organisation of training of non-officials of the Movement, sponsored by the Tamil Nadu Co-operative Union, with liberal financial assistance from the State and Central Governments, remarkable progress has been recorded during the quarter ending June 1958. The scheme for the year 1958-59 is being worked in two National Extension Service blocks in Madurai and Chingleput Districts.

Chingleput District.

In the Tiruvallur block area in Chingleput District Co-operative

Camps of one week duration each, have been conducted in four centres, namely, (1) Tirur, (2) Tiruvallur, (3) Tirupachur and (4) Vilapakkam. It is worth mentioning that the first camp for the year 1958–59, was inaugurated by Sri D. Parthasarathy Naidu, Deputy Registrar at Tirur, *where the first Co-operative Society in Madras State was registered in 1904.* About 85 panchayatdars drawn from 25 societies have received training in these centres.

The Co-operative Educational Instructor, Chingleput Dist. Sri M. Sivaprakasam conducted the classes under the guidance and supervision of Sri S. Natarajan, the Co-operative Development Officer of the Tamil Nadu Co-operative Union. Comprehension tests were held by the Co-operative Development Officer at the end of each course and the trainees were exhorted to adopt in actual practice what they have learnt.

Sri D. Parthasarathy Naidu, Deputy Registrar of Co-operative Societies, Tiruvallur, evinced keen interest in the working of the scheme and visited the centre at Tirupachur and Vilapakkam. At the Valedictory functions of the above two camps, the Deputy Registrar addressed the trainees and distributed the stipend amounts to them. The Extension Officers (Co-operation) of the Kadambathur and Tiruvallur blocks also visited these centres and delivered lectures. The classes were organised with the assistance of the local office-bearers and supervisors of the Kancheepuram Co-operative Central Bank.

In Tiruvallur block, three orientation courses of three days duration were held at Punnanpakkam, Othikkadu and Kalyana Kuppam villages by the Co-operative Educational Instructor. Members as well as potential members are entitled to be trained in these classes. About 100 persons were present in these centres. The first member training class at Kalyana Kuppam was inspected by the Co-operative Development Officer.

Madurai District

In Madurai District, the scheme is being implemented in Melur block. The Instructor, Sri M. Mohammad Abbas conducted 5 co-operative camps of one week duration for panchayatdars. The courses are being organised with the active assistance of the office-bearers of the Melur Supervising Union, Co-operative Supervisors, the Block Development Officer and Extension Officer (Co-operation) in Melur Block. More than 100 panchayatdars were imparted training in these centres. The Co-operative Development Officer inspected the training arrangements and watched and guided the classes at Melur, Vallalapatti, Uranganpatti and Thaniamangalam Centres. At the last centre, the Block Development Officer, addressed the trainees and distributed stipends to them.

The three-day orientation course was held in two centres namely Pudusukkanpatti and Soorakundu. Sri S. Natarajan the Co-operative Development Officer inaugurated the first centre on 22nd June 1958. 28 members and 5 potential members participated in the training. The classes were held during nights for three days consecutively.

Financial Assistance from Government.

It would be gratifying to note that the Government of Madras have been pleased to accord sanction to the payment of a grant of Rs. 30,412 to the Tamil Nadu Co-operative Union for the implementation of the scheme during 1958–59.

The scheme which is already being implemented by the Tamil Nadu Co-operative Union in anticipation of approval, will be worked hereafter with redoubled vigour. Besides the cost of staff employed under the scheme, the sanction includes a subsidy of Rs. 2,000 for preparation of literature, Rs. 11,280 towards stipends for trainees including members and potential members, Rs. 4,000 for the conduct of Seminars and Rs. 1,000 towards contingent charges.

The Tamil Nadu Co-operative Union is profoundly grateful to the Government for having placed at its disposal the funds required for the effective implementation of this important scheme benefitting the members of the movement at large. It is also hoped that the funds required for the production of educational films and audio-visual aids and equipments would be forthcoming very soon. It would be worthy of mention here, that the Government of India are reported to have entered into an agreement with U. S. Government to acquire propaganda vans with equipments at a cost of 21,000 dollars and that one of the three vans to be acquired, would be allotted to Madras State. No doubt, such an encouragement will go a long way to fulfil the long felt desire of the co-operators of Madras State.

An earnest appeal is extended to the Co-operators of the State, particularly the managements of the District Co-operative Central Banks, Local Unions, and departmental officers concerned, to render their valuable assistance in co-ordinating these activities of the Union, with the activities of the field staff at different levels.