

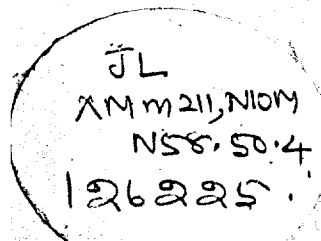
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THE
Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

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THOUGHT FOR THE MONTH

Co-operation is Propagandist.

Thus Co-operation is essentially propagandist, what money it expends in promoting the education of its members and in giving co-operative information to the outside public, is a good investment, and pays good interest. Co-operation being honest, its trade is an open trade, it has no secrets because it takes no advantage of any one. It cheats no one; it is engaged in no fraud and therefore, it has nothing to conceal. Openness is a sign of conscious honesty, and a source of public confidence. It is, therefore, the interest of Co-operators to go before the public and explain its method of business. The motto of Co-operation is the more publicity, the more prosperity.

—G. J. HOLYOKE.

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ON THE COVER

Large-sized societies are now becoming very popular in Madras State. There are 240 such societies. They provide a full compliment of credit and banking service to the ryots. A view of the counter and jewel loan section.

Editorial Notes

GOVERNMENT OF INDIA'S POLICY REGARDING THE FORMATION OF LARGE-SIZED SOCIETIES—VIEW OF MADRAS CO-OPERATORS.

Recently, the Government of India have issued a directive regarding the formation of large sized societies. The main principles for the formation of large-sized societies are postulated in the directive, which are as follows:—

• (1) The large sized societies should not comprise more than four or five villages;

(2) The large sized societies should be formed mainly in backward and scarcity areas;

(3) That while the programme for the organization of large-sized societies included in the 1958-59 State plans may be implemented in full, thereafter no further registration of large sized societies may take place in States, in which 10 per cent of the villages will have been covered by the end of 1958-59;

(4) The existing large-sized societies covering unduly large areas may also be reconstituted with a view to reducing their area of operations;

(5) Due attention should be given by the States for starting new small sized societies and revitalising the old small-sized societies with a view to improve their working.

The present directive of the Government of India, it is stated has the concurrence of the Planning Commission. Co-operators would not be surprised at the directive, for the views contained in the directive have already been

given expression to at the Co-operative Congress held at New Delhi by Pandit Nehru, Prime Minister of India. He pointed out that the move for the large sized societies may come in the way of the spirit of self-reliance, self-dependence and of Co-operation and might do harm in the long-range by impairing the personal contact between the members and the management, though it might produce temporary results. Since then, the Planning Commission has been reviewing the policy and speculations about slowing down the pace of the formation of large-sized societies have been in the air. But the recent directive has been unexpected and it puts a complete halt to the entire programme of the formation of large sized societies. We shall examine the principles contained in the directive and offer our remarks *seriatim*:—

(i) The large-sized societies should not comprise more than four or five villages

One of the essential programmes under the Integrated Credit Scheme, that is under implementation relates to the formation of large-sized societies. The idea of large-sized societies was first mooted by the Rural Credit Survey Report and it was the intention of the Report that the present small sized societies should be reorganised into large-sized, economically viable units and should be managed by competent, well-trained paid personnel.

The unlimited liability of the societies was sought to be replaced by guarantee-liability. The share capital of the societies would be strengthened by the contribution of Government capital. The transactions of the societies would be increased to at least Rs. 2 lakhs per year and the working of the societies would be revitalised by improving the credit, banking, supply and other services rendered by them. By far the most important recommendation was that these societies should be managed by well-trained, rurally-biased paid personnel, the cost of whose services would be subsidised by the State on a graded scale. The main purpose of the scheme was to strengthen the economic base of the primary credit Co-operative and to make them work efficiently in the rural areas. In the implementation of this programme, considerable care has been taken that the large-sized societies do not operate in a manner that would jeopardise the personal contact of the members. In our State, since the introduction of the scheme, the villagers and non-official Co-operators have taken to the programme with a keen enthusiasm. So far nearly 240 agricultural banks have been formed and their membership has been of the order of 1.35 lakhs. These societies cover 1,494 villages and they operate in an ideal rural environment and they are situated in the very heart of compact, homogeneous rural communities. They are organised at the natural centres of meeting of the surrounding villages like the market centres, religious centres etc. The by-laws of the societies carefully provide for a fair representation of all the villages, which comprise the society's area of operation and emphasis is laid on

weekly and fortnightly meetings of the Panchayat. The members meet often and the personal contact is not sacrificed at the altar of economic viability. Moreover, on an average, one society, covers six villages in our State. During the current year the societies are formed to cover just 4 or 5 villages, adhering to the principle contained in the directive. So far our State is concerned, it can be stated emphatically that the programme of large-sized societies very closely follows the principle that the area of operations should not be large, but should be limited to 4 or 5 villages. On the hand, every effort has been made to preserve the personal contact and intimacy of the members. The unprecedented enthusiasm, with which members are joining the agricultural banks and the voluntary initiative taken by the co-operators in amalgamating hundreds of small sized societies into large sized societies testify to the fact that large societies do not come in the way of the spirit of co-operation. Moreover, these societies integrate the activities of credit, marketing and supply services; they build up the inherent vitality and strength, by increasing the owned funds and the social capital of the members; they dispense quick and facile credit (Rs. 170 lakhs have been issued as loans during the last year); they discharge an invaluable service in mobilising rural savings (Rs. 16 lakhs have been collected as deposits). On the whole, a significant momentum has been given to the credit movement as a result of this programme.

(ii) The large sized societies should be formed mainly in backward and scarcity areas.

This principle that large-sized societies should be formed mainly

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in backward and scarcity areas is, indeed, a new one and the condition is difficult to fulfil. Further, the main idea behind the formation of large-sized societies is that the operational efficiency of the societies must be increased. It has no reference to the economic environment in which it operates. Whether it is a fertile tract or a backward tract, we must apply and adopt co-operative techniques that would conduce to the betterment of the members. Is there any rationale in having a more efficient unit in a backward area and a less efficient unit in an economically advanced area? And again, there is the obvious difficulty in measuring the backwardness or otherwise of an area in an objective manner. Further, the whole question has to be solved by a realistic appreciation of the situation. In well-irrigated areas, the need for agricultural production credit is all the more greater and there is a greater demand for the formation of larger societies. Are we to refuse the formation of such societies when there is a felt-need among the members on the ground that such societies have to be formed only in relatively backward areas? The criterion contained in the directive is wholly unrealistic and should be revised so as to render it flexible; choice may be given to the people to devise their own co-operatives on a pattern, which they feel ideally suited to their requirements.

(iii) The Programme for the formation of large-sized societies included in 1958-59 State Plans may be implemented in full; Thereafter no further registration of large-sized societies may take place in States, in which 10 per cent of the villages will have been covered by 1958-59

In our State, we have already started 240 agricultural banks.

According to the Plan, 300 large-sized societies have to be formed. Next year, we will reach the target, by forming 60 more societies. The 300 large-sized societies would cover 10 per cent of the villages (1600 villages) out of 15,838 villages in the State. According to the directive, no further large-sized societies should be formed. But what is the position? Co-operators are anxious to form more and more societies, for they find that the societies are rendering a very efficient service. (Nearly Rs. 170 lakhs have been disbursed as loans by the these societies during the last year). There is a growing demand in every district and with the result, schemes have been drawn up for the formation of 100 societies for each of the years 1958-59 and 1959-60. In this context, the result of the directive would be to dampen the enthusiasm of the members, at a time when felt need is experienced. The Government directive states that no financial assistance would be forth-coming if the directive is not followed. The effect of this directive would be to choke the enthusiasm of the people and stifle their initiative. We do not know why the Government of India are so very keen on putting a stop to the programme of forming large-sized society, especially when it has proved to be so popular and so effective in imparting a new momentum and dynamism to the entire co-operative movement. Probably, the Planning Commission has been influenced to a large extent by the maxim "One Society for One Village". According to that maxim, every village must be served by a co-operative society and a Panchayat. These two agencies are to constitute the base for all development activities. Nobody denies the value of a

co-operative to the rural life, but the whole question, whether a small, economically weak and moribund co-operative society or a rurally oriented, somewhat large sized and economically efficient society, is ideally suited to promote the welfare of the village. We have had five and a half decades of past experience to prove the theory that small sized, weak society is ill fitted to serve the purpose and the one only way to get out of the morass in which Co-operative Movement has sunk in the past is to revitalise and reorganise the small, moribund rural societies into economically viable units, so that they may become efficient instruments of social change. The realisation of this trend has led to the reorganisation of the rural credit system and the formation of large sized societies became an important plank in the programme. Experience of the past three years has shown that the large-society is essentially a sound rural institution, which while preserving all the virtues of the face to face intimacy and inter-relatedness that is vital to a rural community, brings the added advantage of being an efficient instrument of Co-operative Credit and allied activities. Sri A. P. Jain, Union Minister for Agriculture and Food commenting on this aspect of the large sized societies said:

"Therefore, my own idea is and I want to give serious thought to it that the co-operative society, though not a large sized society, must be an economic unit. It must have a provision of about Rs. 1½ lakhs or Rs. 2 lakhs per year. It must have a certain income, a permanent office and a permanent existence. It must advance credit. It must make available supplies to the farmer and it must do the marketing. If

all these are to be combined then it is a good concept, that is going live."

But the present directive of the Government of India runs counter to the promise made by the Union Minister for Agriculture and Food at the last Co-operative Congress. Even though the large-sized societies are discharging their services according to the standards prescribed by the Union Minister, yet the "good concept" is now given the go-by and the programme of the formation of the large sized societies has been arrested once and for all by this directive.

(iv) The existing large sized societies covering unduly large areas may also be reconstituted with a view to reducing the area of operation.

This observation is not applicable to the situation in Madras.

(v) Due attention should be given by the State for starting new small sized societies with a view to improve their working.

The strengthening of the small sized societies has always been an integral part of the Integrated Credit Scheme. For instance, in the Madras Plan, provision has been made for the formation of 1,000 small sized societies. So far 384 societies have been formed as against a target of 400. Further there is a vigorous programme for revitalising the small sized societies. Attempts are made to intensify supervision, to increase the transactions, to quicken the dispensation of credit, to reduce overdues and in general to improve and tone-up the efficiency of the small sized societies. Nearly 1,000 societies have been selected under this scheme of provision of subsidy for the appointment of

paid staff for the societies, which show promise of increasing their transactions to Rs. 25,000 within 3 years. Thus, it may be seen that every effort is being made to form new small sized ones and to revitalise the existing small sized societies. Therefore, there need not be any doubt that the development of the small sized societies would be handicapped by the formation of the large sized societies. The main idea behind the whole scheme of reorganisation of rural credit is to revitalise the institutional base and not to scrap small sized societies and create large sized ones in their place. Both the small sized as well as the large sized societies have their respective roles to play and we hope that by prudent planning, efficient management and enthusiastic co-operation of both the State and the Co-operators, the entire Co-operative Movement may march forward as a dynamic socio-economic movement in order to better the lives of the people.

Therefore, in view of the proven efficiency of large-sized societies in the matter of providing credit and other allied services and also in view of the fact, that the pattern of the organisation of the large-sized societies in Madras very closely follows the main principles of (i) limited area of operation, (ii) efficiency in providing a progressive and facile credit service, and (iii) the preservation of a healthy personal contact of the members in an ideal rural environment and further, in view of the fact that the non-official co-operators have shown a keen interest and have exhibited a great enthusiasm for the starting and developing these societies on correct lines, it is the considered opinion of the Co-operators in Madras State that the present directive of the Government of India in putting a stop to the formation of large-sized societies should be revised and stayed in Madras State and other States, where the programme of large-sized societies has registered conspicuous progress.

All India Co-operative Week

Saturday the 1st to Friday the 7th November 1958.

MESSAGE OF SHRI K. D. MALAVIYA,

President, All India Co-operative Union.

1. It is a matter of great pleasure for me to convey to you my warm greetings and those of the All India Co-operative Union on the occasion of the celebration of the All India Co-operative Week.

2. It is indeed gratifying to note that the celebration of the All India Co-operative Week by all co-operators throughout the country is not merely for demonstrating to the public the achievements of co-operation, the aims and objects of the institutions set up by us but also to reaffirm our faith in the co-operative ideology and to resolve to act up to the ideals for which we all stand.

3. Thanks to the national leaders and the Government, Co-operation has earned for itself a unique place in our efforts to achieve planned development of our country. This has placed enormous responsibilities on the shoulders of all co-operative workers. It has become the sacred duty of all of us to justify the faith and trust reposed by our national Government in the principles of our organization and the social purpose of our institutions. Therefore, it is but appropriate that we should utilize the opportunity for evaluating our own work and adjusting and adapting our programmes to the felt needs of the community, and the nation.

4. To my mind, the foremost problem the country is facing to-day is the deplorable shortage of food. The Co-operative Movement is agricultural mainly. We have as many as 1,98,678 agricultural co-operatives spread throughout the length and breadth of the country which are supported and serviced by 478 central co-operative banks and 16 State Co-operative Banks, the departments of Co-operation, the National Extension Service blocks and the Government of India and a host of other organizations. Recently, efforts have been directed at linking agricultural credit with marketing and with production. It may be that the schemes initiated are on an experimental basis yet. However, it is incontrovertible that the bulk of our co-operative membership is drawn from the agricultural community, which is mainly responsible for the production of food. To my mind, it would be nothing but paradoxical if the largest single movement of the country which has its grass roots in the agricultural industry and which is designed to service and finance the agricultural industry is unable to help increase food production to enable the country to tide over the present crisis.

5. Considering the dimensions of the problem which the co-operatives are expected to solve and the efforts that have been made so far in co-operative development, it can be said that the progress has been substantial. We have to be clear in our minds, firstly, with regard to the pattern of the development that we wish to have and secondly, the present set up of the society to achieve the objectives that we have set before ourselves. It is in a way to enable us to clarify in our own minds the future lines of co-operative policy and co-operative action that we have decided on a programme of concentrated co-operative drive during a period of one week. We have before us as a guide to this programme, the Statement of Co-operative Policy adopted by the Third Indian Co-operative Congress. Within the framework of that policy we have to decide how best we can make the co-operative organization the important agency for bringing about economic upliftment and improving standards of living, particularly for the large masses in rural areas.

6. I am sure that the celebration of the Co-operative Week will enable all of us to bring these problems into focus and go forward with renewed faith in the potentialities of the Co-operative Movement as a powerful lever of our national regeneration.

MESSAGE OF SHRI AJIT PRASAD JAIN,
Union Minister for Food and Agriculture.

The celebrations of the Co-operative Week every year reminds us of our responsibility towards this great task. As usual, you are going to celebrate this Week from the 1st November. I have an abiding faith in co-operation and I have no doubt that co-operation will long before permeate our economic and social life, in particular in the countryside. All India Co-operative Union has rendered significant services to the development of co-operative activities. Your Union and the celebrations have my best wishes.

MESSAGE OF DR. P. S. DESHMUKH,
Minister for Co-operation, Government of India.

The Socialist pattern of Society has been accepted as the best form for improving the standard of life of the teeming millions of our country. The Second Five Year Plan has been formulated with the object of achieving this goal. Among the various methods of economic and social development, co-operation has been given an honourable place in the Plan. The creation of the co-operative sector has thus been accepted as one of the objectives of the national policy and the adoption of this policy by Government is an important landmark in the annals of the Co-operative Movement in this country. The Planning Commission have stated that "the principle of co-operation should be applied wherever possible and a steadily increasing proportion of the activities of the private sector developed along co-operative lines"

2. The Co-operative Movement is essentially a people's movement and is based on purely democratic principles. In this country, where the majority of the population are of limited resources and as such capital is scarce, co-operation offers the best method for furthering their activities in the field of production, processing, distribution, etc. and thus make the maximum use of the available resources. Although the movement is expected to be spontaneous it has been found by experience that its development depends upon a certain amount of assistance from the State. Plans have accordingly been prepared for an integrated development of the co-operative sector on the basis of State partnership at all levels.

3. The most important problem of the country today is the food problem. All out efforts have to be made in increasing the country's production of food. Here co-operation has a vital role to play. The major handicap, from which the rural population suffers in the matter of production, is its inability to get adequate and timely credit. The organisation of the producers into Co-operative Societies in all the important villages and the advancing of loans to them is one of the most important tasks. I am happy that considerable progress has been recorded in this matter as the credit provided by co-operatives has increased from Rs. 50 crores in 1955-56 to about Rs. 100 crores in 1957-58. During the current year this is expected to go up Rs. 140 crores.

4. It is the duty of one and all of us to see that co-operation spreads to the remotest village in the country. In order to make the movement a successful one, the advantages and importance should be explained to all and a vigorous drive launched to organise, revitalise and strengthen the co-operative societies throughout the country. Example is better than precept. Actually it is only well-managed co-operative societies, which can convince the common public about the utility of co-operatives in general and not mere theoretical discussions on co-operation.

5. The celebration of the All India Co-operative Day and the Co-operative Week has the object of spotlighting the advantages of Co-operation to the public as well as to the workers. I hope that all the people in the country will take a keen interest in furthering the cause of co-operation and participate in the celebrations of the Week, wherever they are held.

6. I send my best wishes to the All India Co-operative Union, State Co-operative Unions, State Governments and the ever expanding band of devoted and selfless workers who have sponsored these celebrations and worked hard to make the movement a success.

Declaration of the International Co-operative Alliance.

The 132 million Co-operators in 43 countries enrolled to-day in the Organisations affiliated to the International Co-operative Alliance constitute a creative force for peace and social betterment without parallel in the world.

The common task of the members of the Alliance at this time is to work unceasingly to establish international peace on enduring foundations.

By constant pressure upon their National Governments, in accordance with the Resolution of the 1957 International Congress at Stockholm, to seek agreement on total abolition of nuclear weapons and on universal disarmament, subject to the international inspection and control, and to collaborate on the international plane in extending the peaceful uses of atomic energy.

By placing generous resources in finance and technical skill at the disposal of the Alliance for the promotion of Co-operation, not only as the most effective means of banishing poverty and exploitation from the less-developed regions of the world, but as the realisation of the Co-operative ideal of human brotherhood.

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M. ARULANANDAM, B. Com. (Hons.)
Secretary.

SPECIAL ARTICLES

Freedom from Hunger—India's Greatest Need*

By

DR. DOUGLAS ENSMINGER

Eleven years ago India freed itself from foreign rule. It did so through its own efforts, guided by dedicated persistent leadership and the united efforts and sacrifices of its people.

Today India needs to rededicate itself to winning a new freedom—freedom from hunger.

To win freedom from hunger, to throw off the oppressive yoke of ever recurring food shortages, India needs the same unselfish dedicated leadership and the united effort of all its people. As in winning freedom from foreign rule, winning freedom from hunger must be given first priority in all political, administrative, economic, and social decisions programmes and actions.

India won its freedom from foreign rule because its leaders had a programme which challenged one and all. The programme included all the people, giving to each a task. The leaders led by example and sacrificed unflinchingly.

For India to win its freedom from hunger, it must have a national programme to solve its food shortages through intensive food production programmes. All of India's people must have an assigned place in achieving this programme. Leaders must be strong in character, willing to sacrifice personal gain, if need be, to assure the achievement of the national plan of freeing the nation from food shortages.

In mounting such a national plan, there will be need for clear,

forthright policy decisions, followed by vigorous administration and an unflinching programme action which will unite the village people and the servants of government in a common cause—winning the nation's freedom from hunger.

While there may be different ways of putting together this national programme, there should be no disagreement on its basic components. In my six and one half years of acquaintance with India, along with my understanding of developing programmes in many countries of the world, I would recommend that India build a national food production programme backed by intensive effort, along the following lines:

First and foremost, we must recognize the fact that the production of food to feed the nation is a business for the cultivator, and that programmes for increasing food production must be approached on a business-like basis.

Looking at village agriculture today, we can draw the following conclusions:

In general, the village cultivator is following traditional practices which were used by his father and handed down from previous generations. While these traditional practices give the cultivator security in that he knows what his yields will be, they obviously produce some of the lowest yields in the world.

If India is to increase food production, the village cultivator must replace his traditional agricultural methods with improved and tested practices.

* Source: Kurukshetra, August 15, 1958.

The methods and techniques for increasing agricultural production are known. What is lacking are clear policies, forceful administration and effective organization at all levels—village, block, district, State and Centre.

Looking more deeply at the problem of food production as a business, we must understand that to continue following the traditional agricultural practices represent few risks to the cultivator. He knows what to expect in the way of yields, be they ever so poor. To ask him to increase his production is asking him to shift from his old proved practices to new, and to him untried practices. In short, he is being asked to stop doing something he knows how to do and feels sure with, and start doing something he doesn't know how to do, and therefore will feel insecure in trying.

A further difficulty is that, the average village cultivator doesn't have enough money to carry on even his traditional practices without continuous borrowing from money lenders. If he is to try improved practices, he has to borrow more money still—money for improved seeds, fertilizers, agricultural implements, insecticides, irrigation etc. In short, we must understand that, to change from the traditional to improved practices, the cultivator as a business man, has to take two risks. He will be risking farming methods unfamiliar to him, and at the same time he will be taking the financial risk of borrowing and investing money against unpredictable returns. As a business man, these are risks he cannot be expected to take.

India must therefore take, as I see it, and take at once, nine imperative steps to set in motion a nationwide programme for increas-

ing food production, with the participation of all its governmental agencies and facilities and all of its people.

Guaranteed Prices for Food Crops

To set the stage for an intensive effort of helping and encouraging village cultivators to increase food production, the nation must, *as a national policy*, establish each year, at least six months before time for the villager to plant his crops, guaranteed sale prices for all the basic food crops. If, in planning to sow certain crops the cultivator knows that at the time of harvest the Government will guarantee him a minimum sale price, he will then know how much he can invest in improved seeds, fertilisers, insecticides, improved implements, irrigation and soil conservation. He can then calculate his expenses, as a business man must, and know if he farms well he will get higher production with a margin of profit. Assurance of profits from his added effort and his higher investment, will give him the necessary incentive to change from the traditional to improved practices.

Some may argue now that India is a developing economy and that, with rising prices, the cultivator already has the essential price incentives. In answering this argument one need only point out that today the cultivator understands very little about national economies and about quotations of the stock markets. His experience with prices is based on first-hand experience of selling his crops at harvest time to the food speculators in his area. Because few villagers have adequate storage facilities and most of them require immediate payment at the time of harvest, they have to sell for the going price of their locality at harvest season. A few experiences,

even in recent years, of having to sell at sagging prices are enough to make farmers want some clear-cut assurance that, if they risk money and effort in using improved methods, they will not lose money in the process.

The need is for a guaranteed sale price at the time of harvest. If, at the time, local prices exceed the Government-guaranteed price, the cultivator should and will sell at the higher price. If, however, local prices are lower than the Government guarantees, then the Government will pay the guaranteed price.

Government purchases of some share amount of the crop under a price support programme will require a net work of grain storage godowns. This will be a clear gain for India. At least a year's supply of the basic cereal crops, produced from India's soil, will be the best possible guarantee, not only against fluctuations in price, but against fear of famines and food shortages from local crop failures.

Government purchase of locally grown food grains will not be a drain on the nation's finances. In a rising market—such as India has at present and is likely to have fairly consistently as its Five Year Plans stimulate the whole economy—the prospects of the Government being compelled to buy any substantial amount of grain are not large. Whatever it does buy, moreover, will not be surplus, but "money in the bank"—available to use whenever local food shortage occur. It should not be forgotten that the Government is already buying abroad—at the cost of scarce foreign exchange—substantial food stocks in addition to food loans and grants from foreign nations.

Liberal and Accessible Farm Credit

Even with a guaranteed price for their future harvest, few cultivators can, even when they use their old methods, plan and harvest their crops without credit. One can immediately see the need for substantial additional credit when the cultivators accept improved practices.

It is true that progress is being made in carrying out the recommendations of the Reserve Bank's Rural Credit Survey and thereby getting more credit to more people. Yet one must today recognize that since established commercial and co-operative credit institutions lend only to clients who can prove credit-worthiness, the great majority of the cultivators cannot get credit when they need it and at a rate of interest they can afford to pay.

Does it not logically follow that a programme which seeks to encourage and urge the cultivator to adopt better farming methods, should be matched by a credit programme, which will provide, on loan the money needed to put the new methods into effect? This means credit for seed, fertilizers, implements, insecticides and irrigation. If this credit goes for these necessary farm supplies, and possibly or preferably if credit is advanced in the shape of these supplies—and further if the sale price of the crops is guaranteed, certainly loans advanced against the expected harvest should then be viewed as secure loans.

Land Reforms

Guaranteed sale prices and credit advanced against harvest are thus two essential steps and incentives to get the cultivator to change to improved practices. There is still a third programme which requires

national policy decisions. Once this policy decision is taken and vigorously carried out, farmers will be provided with a still further incentive for increasing production. This third programme is clear immediate determination of the accepted size of land holdings. As long as holdings don't become too small, the size of the holdings finally agreed upon isn't as important as it is to have the question settled. The continuous threat of further breaking up of existing holdings is a real deterrent to large farmers and small tenants alike in adopting immediate and effective land improvements and better farming methods.

There are a number of interrelated policy decisions on land tenure, which when they are reached, will affect agricultural production. The first, already referred to, is the size of the holding itself. In general, the size of holdings should be adequate to permit scientific farming methods to be applied to the maximum, especially good irrigation practices and the use of improved agricultural improvements and cultivation techniques.

Further, if the tenant is to share—as he must—in the fruits of the extra efforts required by the better farming methods, he must be given security of tenure, and also, protection from having to pay unreasonable rents, be it cash or a share of the crop.

Further, there must be a vigorous effort and programme in all States on land consolidation. Through consolidation of present scattered holdings, the cultivators will be able to farm better, make better use of water, use agricultural implements, and rotate crops. Experience shows that crop production can be increased as much

as 20 per cent just from land consolidation alone. If the village co-operatives in working out a programme of consolidation of the present fragmented scattered holdings, all will benefit and profit—owners, tenants, and the village as a whole.

No laws are required to achieve consolidation of the present fragmented and scattered land holdings. What is required is a State programme followed by vigorous administrative leadership in educating village people to the need for their working together in bringing about the consolidation of land holdings.

Organizing a Farm Supply and Distribution System.

By and large India's agricultural and extension specialists know now what kind of improved seeds, implements, fertilisers, and insecticides to recommend to the village cultivators to increase food production. If liberal available credit is assured to buy these supplies, it becomes essential to organize a supply and distribution system to assure that these supplies are accessible to the cultivators when they are needed, in the quantities required, and within a bullock-cart's hauling distance.

In the case of improved seeds, the agricultural research stations must intensify their plant breeding and field testing. The tested and recommended seeds must then be multiplied on the block government farms; and these seeds in turn must then be distributed to selected village cultivators who will agree to produce and sell them to village co-operatives. This last process, that of the villagers' producing the improved seeds—must be vigorously supervised to assure first, that only certified pure improved seeds are sold to the co-operatives and second, that only

certified improved seeds are in turn sold by the co-operatives to cultivators.

From the point of view of organization and supervision, it would be ever so much easier if an entire village, say one village out of every 25 villages, agreed that all its cultivators would grow the certified seed and sell all they produce to the co-operatives. As an incentive, the co-operatives could agree to purchase the certified seed at a premium. It would be money well spent if those villages specially selected for the production of certified seeds each had a special full time Gram Sevak assigned to them at least for the early years of the programme. He would help the village have a successful experience in producing certified seed and help assure that the co-operatives purchased and sold only certified seed.

In stocking and distributing agricultural implements, fertilizers, and insecticides, care must be taken to be sure that what is stocked is consistent with the recommendations for improved farming methods for the area.

As to fertilizer supplies, the nation should look very close and critically at whether it has in fact planned to produce enough fertilizer supplies. Fertilizer is the one thing that can make the most immediate and telling difference in crop yields. If in India's policies for development of heavy industries, not enough attention has been paid or not enough funds allocated for adequate fertilizer production, a critical re-examination of these policies is urgently called for.

Intensified Programme for the most Productive and Irrigated Areas.

Since the nation's needs are urgent intensification of effort

should be made in the areas where water is available and the soil is most productive. This means that all the fertilizers, improved seeds, insecticides and improved implements should be made available on a priority basis to the areas where canal and tube well irrigation are available and in the areas having sufficient water from rains. By all-out intensification of effort—administrative, organizational and educational—in these areas, the nation should be able in a comparatively few years to realize substantial tonnage increase in food production.

In these selected areas, a food production programme should be shaped with emphasis on the crops bringing the greatest return. There should then be organized an intensive educational programme to guide the cultivators in planting the recommended food crops and in helping assure that the cultivators have a successful experience in growing them. Vigorous administrative organisation and educational programmes should assure that every drop of water is put to the best use and that the maximum number of crops are planted which can use effectively all the water available. Where both climate and available water supply make possible two or three crops, an educational programme should be organised to encourage and assist the cultivators in planting the maximum possible number of crops.

In newly irrigated areas, where an adequate water supply is new to cultivators, water rates should be held low in the early years while the cultivators are being educated to use water. Once the cultivators learn to use it successfully they can then understand that paying for water is a farm investment comparable to that of buying fertilizers.

A Vigorous Soil and Water Conservation Programme.

A soil and water conservation programme for every village should be a national objective. India can no longer be indifferent about the continued loss of soil from water and wind erosion. It can no longer be indifferent about the heavy yearly losses of monsoon rains that rush to sea because there are no far-reaching programmes to hold the water on the soil or store the run off in tanks and behind dams for later use in irrigation. It is authoritatively estimated that a nation-wide village soil and water conservation programme could alone contribute from 20 to 50 per cent of increase in food production.

Intensified Agricultural Research.

While there is now available sufficient research and information on tested and improved seed varieties, fertilisers and insecticides to recommend to farmers, there should be no complacency as to India's long-run needs for intensive and constant research. Since research needs time, it is urgent to step up research programmes now, with special emphasis on new seed varieties, on kind of fertilizers and fertilizing methods required by different types of soils and research and testing on crop and soil adaptations.

Vigorous Reorientation of Agricultural Administration.

The administration and staff of agricultural departments needs to be thoroughly reoriented, on a vigorous and broad scale, to give *first priority* to an impact action programme for higher food production. India has the know-how for food production. The crux of the problem now is one of gearing up its administration to get the food produced.

As one looks at the administration of agricultural programmes, both in the Centre and the States, one observes two disturbing things. First there seems to be an almost total absence of any sense of urgency about increasing food production; there is even, one might say, what appears to be an actual acceptance of the traditional village farming methods which yield so little. The conviction that these ways *must* be changed, and that it is the crucial business of the agricultural departments to change them, does not seem to have taken hold. The tendency appears strong to keep to the traditional emphasis on regulatory activities rather than active field development, or, to put it bluntly, to concentrate on paper rather than people.

Second, these attitudes result largely from the fact that the administration of agricultural programmes in its machinery and procedures, is simply not keyed to development. It is keyed to regulatory functions, again, to paper rather than people. It had had little to no experience in mounting an impact programme involving all of India's villages in accomplishing a specified result. This is in no sense a condemnation or criticism of individuals—rather of a system, an administrative point of view which in pre-Independence days may have been acceptable but is wholly inadequate in the urgent, indeed emergency needs of the nation to-day.

If India is going to mobilize itself for food production, the Agricultural departments in both Centre, and States must frankly face up the fact that the whole administration—in its objectives, its procedures, its rules, its staff assignments—needs reorientation to development; in short orientation to an impact programme for

increasing food production in the fields of each of over half a million villages.

Specially, the first step needed is that a realistic action programme must be drawn up which will bring to the village fields the knowledge, the farm supplies, the technical staff and advice necessary to help and encourage the village farmer to change his old unproductive ways.

Secondly, staff must be assigned or reassigned and *given responsibility with adequate authority* for carrying out this programme. At present, for example in spite of the widely acknowledged urgency of getting improved seeds multiplied and in the hands of farmers, excuses continue to be made for not having adequate quantities for sale to the cultivators. Also lacking is assignment of the necessary staff, followed by concentrated effort for the specific task of teaching farmers in newly irrigated areas how to use the water. Further, since minor irrigation works can contribute towards increasing crops in a significant way, the need is urgent to have this programme entrusted to action-oriented leadership and staff.

Thirdly, many old and once valid administrative procedures will have to be changed—“streamlined”, if you will, to permit the programme to be carried out and the responsible staff to function, without being tied up in red tape. For example, I understand that to get a minor irrigation work underway requires the local officer to send it for approval twice—once for examination and inclusion of the project in the budget, the second time for review and approval of the budget itself. This cumbersome procedure obviously means delays

inconsistent with the need for speedy action.

Mobilizing Village Participation Through Community Development

However effectively the agricultural departments reorient and administer their technical services, the key to solving India's food production rests in the final analysis, on the participation of village people. The national community development programme, therefore, must be the nation's instrument for mobilizing village interest and leadership, providing the educational guidance, and in effectively organizing all the technical and supplementary production resources of the nation for task of getting the villages to adopt the improved agricultural practices at the earliest.

The community development programme must also therefore give *priority attention* to increasing food production. To do so in no way changes the basic objective of community development. Community development's all-important objective is, and will remain, the guiding of self-help development programmes in the villages, through educational means. The achievement of this type of programme means educating and encouraging the village people to look to themselves for the leadership, for the organizations and the finances needed to solve their problems—problems largely related to hunger, disease and ignorance.

While the community development staff can, through education, help village people become conscious of their problems, and stimulate an interest in wanting to change, the actual changes both in attitudes and behaviour must come from within the people. These

outside stimuli of education must become inner motivation; and village leaders must be encouraged and trained to help their people adopt and develop these motivations. Further, if village leaders must be encouraged and apply to their daily lives the recommended new ways of making a living, as well as to adopt better ways of living, they must be helped in building effective village organizations to serve as instruments of change and development.

In the educational process of community development, the village people must from the beginning be helped to understand that they themselves must create new wealth if they are to be able to have better education, health, housing, recreation, and better family living. Village people must understand that the new wealth for education, health etc., can come only from the soil, and that they can have the new wealth only if they will give up their old farming methods and take to improved ways of farming.

For Community development to play its full role in mobilizing and guiding the nation in a massive effort to free itself from hunger, it must, on an urgent basis, put into action a policy decision it has already, and recently taken. This decision is to give the highest priority attention to two things: one, to helping each village cultivator have an individual farm plan for changing to improved practices, and the other, to helping each village community have an effective panchayat and co-operative for encouraging and helping service their efforts to increase food production.

Taking a policy decision and issuing directions to give food

production priority is but one step. The other, and perhaps the harder step, is carrying out this policy through a co-ordinated programme of work for the entire block staff.

While there are several ways of building an educational food production programme for all villages, agreement is necessary on the following fundamental principles and approach:

1. Of first importance is agreement that increased food production must be an accepted responsibility of all cultivators and all village communities.

2. The carrying out of the responsibility for higher production can be done only from village leadership and village organizations, while stimulus, encouragement and farming recommendations come from the Gram Sevaks and the block staff.

3. To carry out on a village-wide basis the recommended farming methods, will require a special food production committee for each and every village.

4. It should be through this food production committee that the Gram Sevak works in getting new practices demonstrated and his recommendations carried out by each and every cultivator.

5. Each village should have co-operative to serve the cultivators' needs for credit, agricultural supplies, storage and marketing.

6. Each village should have a panchayat to assist in land consolidation, and soil and water conservation programmes which involve the co-operation of the village community.

7. Each village should have a youth club so that youth can

gain experience in farming by new methods and learn to work together.

8. The Gram Sevak must be supported and helped by the entire block staff in organizing and servicing the village food production committee, the co-operative, the panchayat and the youth clubs.

9. The Gram Sevak will give 75 per cent of his time to helping organize the village for food production. But he must be forever mindful that man does not live by bread alone. He needs to continue his sensitivity

about all the problems of the village people and encourage and help them find solutions to their many problems in every aspect of rural life.

To have won freedom from foreign rule gave India its opportunity to develop. To win freedom from hunger will provide India the means to develop. As it does so, the millions of India's people will have for the first time, an assurance of enough to eat. To most of them, that assurance will be one crowning fulfilment of their expectations of national freedom.

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Role of the Co-operative Movement in the Present Crisis

By

B. J. PATEL, B.A., LL.B.,

Hony. General Secretary, All-India Co-op. Union.

It cannot be denied that the most important problem the country faces to-day, and one that calls for immediate attention and solution, is that of foreign exchange. The problem has its origin in our adverse balance of trade; in other words, it is due to the fact that our imports have been far in excess of our exports. How has such a situation come about? Briefly, because of the rising imports of capital goods—heavy machinery and the like—needed for development purposes under the second Plan, and because of the necessity for huge food imports to supplement the country's falling food production. These are the two factors that have been primarily responsible for the present crisis.

Now, how can the crisis be solved? The obvious solution is to cut imports drastically on the one hand, and step up exports on the other. The Government has already clamped drastic restrictions on all imports other than those absolutely indispensable for the implementation of the second Plan. It is doubtful, however, if we can similarly reduce food imports also. To judge from reports in recent weeks from various parts, the country faces a serious situation on the agricultural front. And it seems almost certain that, leave alone a cut in food imports, we may actually have to raise them substantially this year, whatever the cost, if we are to avoid a serious food problem.

Perhaps the one thing the country should do under these circumstances is to work determinedly to raise agricultural production. For one thing, increased agricultural production will enable the country to attain self-sufficiency in food and, consequently, help to avoid food imports, thus conserving our foreign exchange resources. For another, we may, if we work steadily on the agricultural front, be able actually to step up exports of commercial crops and earn valuable foreign exchange. Both ways, increased agricultural production should prove of immeasurable assistance in solving the present exchange crisis.

Co-op. Movement's Responsibility

It goes without saying that it will be the duty of every citizen, as of every institution in the field, to assist in a national drive to increase agricultural production. The responsibility is all the greater in the case of the Co-operative Movement which has all along been enjoying, especially since Independence, the liberal patronage of the Government. In a crisis of this kind, it is its sacred obligation, more or less, to render every assistance it can to help the country tide over the crisis, if only to repay—at least partially—the assistance it has been receiving. In our opinion, the Movement should not rest content with trying to make some small contribution to the solution of this crisis. It should, on the

contrary, assume full responsibility for it. And we firmly believe that the Co-operative Movement can discharge the responsibility with success.

The Movement has, moreover, experience of handling such a crisis. At one stage during the Second World War, there came about a serious crisis in regard to civil supplies in the country. To be sure, the Government took stringent measures to combat the situation, but not with much success. In the city of Madras, during what was known as the 'evacuation' following an air raid by a stray Japanese plane, the Government happened to notice that while practically the entire trading community fled the city, a consumer co-operative, the Triplicane Urban Co-operative Society, alone stayed back and stuck to its job of serving its consumer members. The British Government, clever that it was, was quick to realize that it was in its own interests to make the fullest use of the co-operative in the distribution of essential commodities and foodgrains to the people. And it decided to give every preference to the co-operative over others in the matter of civil supplies. Similarly in many parts of the country the Government soon came to entrust the entire work of distribution of civil supplies to co-operative institutions. And the Movement rose to the occasion with a striking efficiency that relieved the Government of all anxiety in regard to civil supplies. We mention this to show that co-operatives can assuredly take over such responsibilities from the Government and discharge them with thorough efficiency and success.

The point might be raised that the problem confronting the nation today is one of production

not of distribution, will the co-operatives be able to handle this also as successfully? The answer is an emphatic affirmative. Not only are we convinced that co-operatives can handle this problem successfully; we are actually of the view that the Co-operative Movement alone is best suited to handle the task of increasing agricultural production.

Movement Widely Spread

What are the reasons that prompt us to make such an assertion? First, the Movement is widely spread in the country, covering almost every village. There are today in India nearly 2,00,000 primary co-operatives. It is possible that some of these are not as active as they should be, but these can easily be activated. A number of new societies can also be started, where necessary.

Secondly, the Co-operative Movement has nearly 90 per cent of its membership drawn from those who are already engaged in agricultural production. Without doubt, it is this farming community which, if properly activated and subsidized through village co-operatives, can augment agricultural production.

Thirdly, the Movement has had experience of handling such a problem. It can rise to the occasion as it did at the time of the civil supplies crisis in the country. As at that time, so too now co-operatives—those that are in the field of agriculture—can organize themselves properly to tackle the question of raising production.

Finally, and more important than all else, the Movement has, we believe, a precise technique of its own which, if properly employed, could solve this question completely.

The technique is simple. It is the system of planned and supervised credit. Under this, the primary co-operative society in a village will be charged with the preparation of a plan of production for each of its members so that production can systematically be raised. For drawing up such production plans, an expert committee could be set up which would comprise, besides the representatives of the co-operative financing agency, an official of the Government in the field of agriculture—say, the Taluk agricultural officer—and two or more successful local farm leaders. The actual composition of the committee or its size is a matter that is best left to the village co-operative. We have merely indicated the broad lines on which such a committee could be constituted.

This expert committee would take into consideration the capacity and potentiality of various categories of members of the co-operative and prepare model plans for each of these categories. When these are ready, the co-operative would enter into active negotiations with its individual members in order to modify and adjust the plan, if necessary, to suit the latter's own capacities and circumstances.

When a farmer's plan is finally approved of by all concerned, the finance necessary for its implementation has to be provided by the co-operative—or the district co-operative bank. The co-operative financing agency has also to arrange for close supervision over the implementation of the farmer's plan, so as to ensure that the credit provided to him is utilized in actual implementation of the plan. The farmer, for his part, should have no objection to

such guidance and supervision by the co-operative agency as the credit has been provided by it and, at any rate, these will be in his interest.

We are confident that proper implementation of the scheme outlined above will lead to a definite and immediate increase in agricultural production, increase that will, at a very conservative estimate, be not less than 10 per cent of the present production.

The Government has also a vital role to play in this scheme in that it will have to provide every possible assistance to the co-operative towards its successful implementation, as it had done with reference to the consumer co-operatives in the matter of civil supplies during the war.

First, the Government has to arrange for technical assistance to the village co-operative in its planning. Among other things, the agricultural officer in the area should be put at the disposal of the village co-operative so as to assist it in this regard.

Secondly, it has to provide the co-operative financing agency connected with the scheme with the necessary finance to be channelled to the member farmers. The cost of planning as well as of the supervision to be maintained subsequently by the financial agency has also to be borne by the Government.

It will, besides, have to arrange for adequate supply of fertilizers—and of cement and steel where necessary—required under the scheme.

The Government will, of course be responsible for provision of adequate irrigation facilities also. Wherever there are irrigation canals, sufficient water supply has

to be ensured at reasonable rates. Where these canals do not exist, diesel and electric pumping sets have to be provided to ensure proper water supply.

The Government's responsibilities will continue even after the crops are harvested. It will, for instance, have to provide the necessary facilities for their processing and marketing. What is more important, the Government will have to arrange for price support also, so that the farmer does not suffer any loss.

We have tackled this aspect of Governmental assistance in the implementation of the scheme at some length, as we believe that without its fullest assistance any scheme for raising agricultural production will prove difficult of execution.

An immediate increase of ten per cent at least in agricultural production—an increase that will keep multiplying in subsequent years if the scheme continues to be implemented vigilantly—is only one of the many advantages that will accrue to the nation from proper execution of this scheme.

Besides, for one thing, the concept of democratic planning, or planning from below, will have come to be actively enforced in practice. For the plans of individual farmers, so formulated, could easily be integrated into a common plan for the entire village; and the plans of the village in a district could similarly be brought together to form an organic district plan. The same process could be continued upwards to form a State plan, the various States' plans being, finally, put together to make the national plan. A plan thus formulated—at least in the sphere of agricul-

ture—will be truly reflective of the country's needs and possibilities, as its base is the individual farmer. It can truly claim to be a people's plan.

Moreover, a keen interest in the plan will also be generated in the farmer. He will get directly interested in its success as he will have realized that its success leads first and foremost, to an increase in his own income. And he will assuredly direct all his energy towards its implementation. Such an interest, generated in the farmers in all parts of the country will prove a potent factor towards the success of any plan.

Another incidental advantage, perhaps more important than all others, is that the scheme will have induced in the cultivator the habit of maintaining accounts and made him plan-conscious. Indifference to, even total disregard for, the maintenance of accounts, and absence of a plan-sense are the bane of the Indian farmer to-day. These will be remedied effectively by the successful implementation of this scheme. The benefit to the nation as a whole can be understood if we remember that agriculturists comprise the better part of the country's population.

How to Evolve the Scheme

We suggest that work in regard to this scheme be taken up by the Ministry of Food and Agriculture (which is, happily, in charge of Co-operation also) and the Ministry of Community Development, in collaboration with the All India Co-operative Union, the federal body of all co-operative organizations in the country. In the first instance, these three should meet and discuss the scheme outlined above

and evolve a comprehensive plan. When this has been worked out in detail, a conference of States Ministers in charge of Agriculture and Co-operation and leaders of the Co-operative Movement belonging to the field of agriculture may be called and the plan and the programme for its execution explained to them. When these are fully explained to all concerned, the entire Government machinery at the Centre and in the States will have to be geared to its effective implementation. And it will be the duty of the States' Ministers and co-operative leaders in turn to explain the plan properly to co-operative officials and co-operators at various levels and ensure that it is effectively implemented.

We are convinced that the scheme detailed in the foregoing paragraphs could solve, to a considerable extent, the crisis that confronts the country today. The feeling is widely prevalent, rightly or wrongly, that despite all talk about raising production the Government has in reality laid greater emphasis on taxation so far on production. One does not wish to step into matters of State policy but one can say that so far as the Solution of the present exchange crisis is concerned, an increase in agricultural production is sure to be of greater help towards that end than anything else. Apart from other things, agricultural production can be stepped up immediately and at very little expense.

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The Industrialization of the Artisan Through Co-operation

By

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General Secretary, Confederation Generale des Societes Ouvrieres de
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It is self-evident that the change-over from a traditional economic system on a rural and artisanal basis to a modern system implies rapid industrialization. Heavy industry with the huge concentration of capital which it demands remains the sphere of private capitalism, the State, or perhaps some form of mixed economy. For the moment, however, it is not a feasible proposition for the Co-operative Movement.

The processing industries on the other hand fall well within the cooperative scale, particularly in relation to the future of the traditional craftsman. Will he disappear as a result of modern methods of production? Or can he, on the contrary, adapt himself and in what way?

It is, of course, inconceivable to attempt to approach the age of mass production with out-of-date methods. Nevertheless, experience shows that mass production does not entirely meet the requirements of modern society. The last few years have seen the advent in many countries of innumerable small enterprises and semi-craftsman workshops which are appendages of the big industries. Moreover, the growing public taste for unusual things and folk art has given a new lease of life to many dying crafts.

This tendency today has been helped by the widespread supply of electricity, by the internal combustion engine and the production of small electric tools.

Tomorrow, doubtless, new sources of energy, handier and even less costly, will increase still further the dispersal of production points which in the 19th century were of necessity concentrated round the clumsy steam engine.

The artisan is not, therefore, doomed to inevitable disappearance, but he must make an effort to adapt himself, and it is in this effort that the Cooperative Movement can play a decisive part.

Co-operation, the Weapon

Let us now consider the aspects and potentialities of artisanal co-operation, industrial co-operation and elements of a policy capable of promoting these two forms of production.

Although certain trades may disappear, the majority will persist, but only if they adapt themselves to modern economic conditions and overcome difficulties both within their ranks and without.

Their internal weaknesses are inadequate means of production and lack of up-to-date methods and materials; stubborn attachment to out-of-date techniques and rejection of new ideas; excessive individualism and a total absence of commercial organisation. Moreover, inadequate financial resources prevent both renewal of equipment and the formation of a capital fund essential for the maintenance of day-to-day working.

The external difficulties are the growth of industrial competition,

and changing taste and ways of life causing certain craftsman-made products to go out of use. To overcome these the artisan must improve his equipment, his stock, his methods of production and his sales technique. This he cannot do, however, while he is still hampered by internal weaknesses.

To adapt himself to present day conditions, therefore, the artisan must wage a double fight against himself and against unfavourable circumstances. In this fight his weapon is the Co-operative Movement.

The artisans will make no progress unless they unite, and there is no better way of uniting than in a co-operative society. Each time the artisans find how hard it is to get stock at a fair price, to raise credit for equipment, to work to customers' requirements or to get information on such and such a new manufacturing process, they will realise the value of co-operative action. If they really wish to overcome their difficulties they must become co-operators.

Bringing the Artisan up-to-date

Because he has to buy at retail rates, the individual artisan pays the highest prices for his materials. Nor can he buy to the best advantage nor choose the best moment, since he has no credit and no direct contact with the manufacturer. Moreover, he has not the resources to obtain up-to-date machinery and his workshop is usually too small to accommodate it. The formation of a co-operative society would enable the artisans to pool their resources. Collectively they could obtain credit for equipment, rural credit and government grants for much

larger amounts than they could expect individually. Not only could they purchase machinery; by intensive production they could rapidly pay off the cost. Through the co-operative they could employ instructors to advise on the use of new materials, organise production and ensure a guaranteed standard of quality of workmanship. Modern methods of publicity and salesmanship, which are beyond the reach of the individual artisan would be available through the society, and regular recovery of debts would be assured.

Better Human Beings

However, even with improved materials, the artisan will see his field of activity shrink progressively if he keeps to his old fashioned ways, but with the aid of the co-operative society technical developments offering new possibilities, and artists to improve designs would be within his reach.

Finally, by the voluntary formation of such a collective group implying joint and equal responsibility for management which constitutes a valuable form of discipline, the artisans will increase their value as human beings. For the artisan the co-operative society is a training school in modern economic management.

The fundamental principles of co-operation are applicable to all societies whatever their particular line. The course of action will vary, however, according to whether the co-operatives in question work on traditional lines but with improved methods, or whether they are trying to bring their craftsmen into line with the requirements of modern industry.

An Extension of Industry

Maintenance and Installation work was formerly limited to the building trade, but today its scope has been greatly extended by the development of the internal combustion engine, the automobile, electricity, radio, television and electrical domestic appliances. Nevertheless, such work is also to a certain extent subject to the same limitations and drawbacks as those indicated in connection with the traditional worker. Technical training is usually inadequate and there is little or no guarantee for the public. This sector would, however, offer a new line of business for co-operative societies.

There are in existence certain examples of artisans working as an extension of industry. In the textile trade, for instance, spinning and dressing are done by machinery, but certain high quality fabrics are craftsman made. The same is the case with regard to leather of which the tanning is an industry, whereas saddlery, fine leather goods and high quality footwear are to a large extent the work of craftsmen.

In recent years, moreover, there is an increasing tendency by industrial organisations to entrust to sub-contractors the manufacture and finishing of certain parts of their products. Here also is an important opening for a co-operative group of skilled craftsmen.

Co-operative Unions

If the artisanal co-operatives continue to work as single units, however, they will sooner or later come up against the weaknesses and limitations which are characteristic of such organisation. The advantages of group activity seem

no less evident for the co-operative society than for the individual artisan. Whether these services are commercial or technical or consist in accountancy and supervision, they will function better and more cheaply if effected through unions of co-operative societies managed on the same principles as the societies themselves.

Here again co-operation is a multiplying factor, as is well demonstrated by the Provincial Weaver's Co-operative Society of Madras. Founded in 1938 as part of Gandhi's campaign for revival of hand-weaving, this society now comprises more than 350 member societies with about 60,000 weavers dispersed throughout Madras province. Although in the beginning it was helped by a "Registrar" or Advisor appointed by the government, it is now managed entirely by the members. It has its own funds and is no longer in need of the government guarantee which enabled it to obtain loans from the banks in the early stages. It has a network of 19 warehouses in urban districts and has under its direct management five dye works, three experimental factories and one workshop for painting on silk. The society employs thousands of craftsmenweavers and artists to design new patterns. The primary societies are allowed to market half their production and the other half is marketed through the provincial society. The work carried on in this way has revolutionised the existence of tens of thousands of families in the entire region.

Working Associates

The study of this well-known example and of others similar in type if not in size shows that, having achieved a certain size and

scope, the artisanal co-operatives must ultimately give place to a more highly developed type of organisation.

Artisanal co-operation pure and simple consists in a group of craftsmen who, although combining to procure certain economic advantages, retain ownership of their tools and workshops and the liberty to sell to clients of their own choosing. In our example, however, the weavers remit their entire production to the society, and moreover, they are going in increasing numbers to work in the factories and workshops of the co-operative, where they receive a wage instead of payment by sales. Consequently, their position is becoming much more nearly allied to that of workers in a workers' productive cooperative rather than that of individual craftsmen.

Actually, the nature of the society changed from the moment the artisans agreed to carry on certain activities in a commonly owned workshop and with commonly owned tools. In the event of a large order having to be executed collectively, the last distinction between the artisanal co-operative and the workers' productive co-operative would disappear. Side by side with the technical evolution which is leading our group of craftsmen from a medieval system of production to a modern system, there is taking place a social evolution which is drawing them together as working associates. All that is lacking is a recognised title and juridical status. Inevitably these will follow through technical and economic requirements.

Human Aspirations

Our artisanal team has thus been able to show how superior is

production in the mutually owned organisation to that in the ancestral workshop. New types of goods have been produced which, although no longer of the nature of handicrafts, have a novel attraction of their own and are justified by results. In calling in industrial workers, technicians and even engineers, with a new outlook the artisans' horizon has broadened and passed almost imperceptibly into the sphere of industrial production. In such circumstances, the old regulations governing handicrafts would be a hindrance and quite out of keeping with the outlook of co-operators who have turned their backs on the traditional type of workshop.

What they want, and what is also the aim of the workers' productive society, is "to carry on their trade jointly in a mutually owned workshop."

What is a workers' productive co-operative society? It is a group of technicians and workmen, who together carry on an enterprise which is their common property and of which they share the fruits. Such an organisation provides the answer to two great human aspirations, namely, to do the work of one's choice in the place of one's choice and to receive fair remuneration for it.

This is neither the time nor the place to recount the history of workers' productive co-operation. The important fact is that, although they came into being against a background of cynical denigration, the workers' productive co-operatives today have achieved an enviable position in the productive capacity of a number of countries. They offer the only truly effective system of economic management by the workers themselves. It would be superfluous to stress the obvious

impetus they can give to peace and social progress but we should draw attention to their potentialities in relation to economic education and human development, which are so essential in any country aiming at one and the same time at transforming its economy and training its future administrative teams.

Policy of Industrial Co-operation

Workers' productive co-operation offers a magnificent school of management because it prepares technicians and workers to cope with managerial problems, and because it brings the administration and accountancy sectors into continuous contact with those who are in charge of production.

Workers' productive co-operation and artisanal co-operation arose spontaneously in certain countries at certain periods. Such spontaneous growth constitutes by far the most solid foundation, but the imperious demands of our epoch make it impossible to wait for such long periods of gestation. Nor can we consider an "imposed" co-operative movement, since that would be a contradiction in terms. Nevertheless, it is the duty of the public authorities to inspire and encourage a system which offers such obvious benefits. The plan of action must, of course, be adapted to conditions existing in the various countries. There are, however, certain general lines of action.

1. *Legislation.* Co-operative legislation must be as simple and unambiguous as possible. Constitution and registration of societies must be subject to precise but simple formalities involving no cost whatever nor requiring any special legal advice. Any abuse of the word "co-operative" must be subject to severe legal sanctions.

2. *Administration.* It is desirable to form a special team of "co-operative councillors." Regular supervision is advisable and it would be useful for this to be in the hands of representatives specially qualified in co-operative practice. After a certain time, the advisory and supervisory functions should be delegated to co-operative federations having an adequate organisation.

3. *Taxation.* The system of fiscal preference does not appear to have given any good results whatever. On the other hand, co-operative taxation must be realistic and consistent with co-operative legislation. This means in practice that returns or distribution of "profits" to co-operative members must not be compared to distribution of dividends by limited companies; that frequent increases in capital which are highly commendable should not logically be taxed; that the reserves of co-operative societies which constitute a collectively owned and indivisible capital should not be subject to taxation like that of limited companies.

4. *Education.* The creation of one or more co-operative training centres is desirable as education in co-operation is just as vital as technical instruction. A well-run co-operative must undertake to organise apprenticeships for its members, to accept apprentices from other societies or from public or private undertakings and to devote a part of its surplus to financing educational activities.

4. *Social.* Rigorous adherence to social legislation is even more essential in a co-operative society than in any other form of enterprise. The co-operative should undertake to create and to finance as far as its circumstances permit

mutual aid and pensions institutions, both on its own account and jointly with other societies.

6. *Economic.* The allocation of a certain proportion of orders from Government or Public Utility organisations to industrial co-operatives has shown excellent results for both the co-operatives and the Public Utilities concerned.

Those large public and private undertakings which receive Government concessions or financial aid should be under the obligation to entrust the orders for accessories, installation and maintenance to industrial co-operatives formed wherever possible for this express purpose.

A Co-operative quality label should be instituted.

7. *Finance.* State aid can take two forms: Bank guarantees on behalf of co-operatives; and direct financial aid by means of specially created organisations. The former is preferable for short-term loans or agricultural credits; the latter for long-term loans or investment purposes.

On the whole, subsidies are not beneficial to co-operatives, but, on the other hand, loans at reasonable interest and subject to precise conditions as to use and repayment are a fundamental necessity. The Co-operative Credit Banks should, therefore, be very liberal in granting loans while maintaining strict supervision and control over the expenditure of monies advanced.

Together with high quality personnel, the organisation of credit for industrial co-operatives, rapid decisions, the minimum of formalities and supervision of the employment of funds by the co-operatives, constitute the fundamental basis of success of any Co-operative Movement, but more particularly of the workers' productive societies.

In exchange for government aid the co-operative should be asked to exercise rigorous financial discipline by carefully controlling their general expenses, being on their guard against excessively heavy commitments and allocating a substantial portion of the surplus (at least 25 per cent in the initial stages) to reserve. These would, of course constitute ideal conditions which it rests with the co-operators to carry out. "Heaven helps him who helps himself" remains an excellent co-operative maxim.

Love of work, perseverance, honesty and economy, the spirit of solidarity and mutual aid, initiative, discipline and courage, all these co-operative attributes constitute an invisible but valuable asset. Given these fundamental qualities, the experience, the administrative and technical knowledge will come of themselves and will continue to increase. But from the very outset the members must devote all their moral, intellectual and physical resource to their co-operative society.

GLEANINGS

The Integrated Scheme of Rural Credit

[We have great pleasure in reproducing the booklet "The Integrated Scheme of Rural Credit" published by the Agricultural Credit Department of the Reserve Bank of India. It is a brief and comprehensive account of the scheme, ably documented with interesting statistics. We commend this eminently readable and informative pamphlet for all those, who are interested in following the latest trends in Co-operative Development in India.—*Edr.*]

The co-operative movement in India was initiated in 1904. The growth of the movement for the next fifty years was slow and did not make much impression on the problems which it had set itself to solve. One of the revelations of the All-India Rural Credit Survey conducted by the Reserve Bank in 1951-2 was the fact that the private creditor—the professional money-lender, the agriculturist money-lender and the trader—still reigned supreme in the field of rural credit, supplying 70 per cent or more of the total credit requirements. The government supplied as little as 3.3 per cent and the co-operatives the equally insignificant proportion of 3.1 per cent. Out of this very little, the larger part went to the bigger agriculturist and only a minor fraction percolated to the smaller cultivator. Most co-operative societies lent on the security of land, and they tended to set aside as non-creditworthy, those who could not offer such security. While the private interests of trading-cum-money lending, themselves strong, derived further strength from the whole superstructure of urban trade and finance, the co-operative societies had very little help from the federal structure of co-operation, itself very weak, or from the State. This feeble character of co-operative movement is shown by the following figures indicating the all-India averages of membership, share capital, etc. of

primary agricultural credit societies in 1953-4.

Membersip	...	46
Share capital per society Rs.		901
Share capital per member...	..	20
Deposits per society		363
Deposits per member		8
Working capital per society		4,286
Average loan advanced per member		51

The Second Five-Year Plan

The co-operators of the country were keen on putting new life into the movement and expanding institutional rural credit. They discussed the General Report of the All-India Rural Credit Survey Committee at various conferences and finally accepted its scheme of integrated rural credit at the Second Indian Co-operative Congress held at Patna in March 1955. The government of the country, both central and State, adopted the scheme at a conference held at New Delhi in April 1955. It was embodied in India's Second Five-Year Plan (1956-61) and formed the basis for the co-operative development plan of each of the 14 States and 6 Union territories constituting the Indian Republic.

State Partnership

The central recommendation of the Rural Credit Survey Committee was that the State should extend its helping hand to co-operatives to enable them to

[The article is the text of a lecture delivered by Mr. Antoine Antone when he visited Morocco. It is reproduced from "Review of International Co-operation", July, 1958.]

withstand the opposition of the moneylenders and traders and compete with them on equal terms. It would not do for the State merely to provide facilities and privileges for co-operative as it had done in the past. It should, in addition, enter into partnership with them and actively advance their cause. Such partnership had to be entered into with co-operative credit societies, marketing societies, processing societies etc.

State Partnership in Credit Societies

Credit institutions handling rural credit consist of agricultural credit societies at the primary or village level, central co-operative banks at the district or regional level and state co-operative banks at the State level. The State had to partner the credit societies at all these levels so as to enable them to raise adequate funds to finance the needs of their affiliated units. At the primary level, the State could not partner small rural credit societies because they were like the Raiffeisen societies of Germany based on unlimited liability. The Government could not become a member of an unlimited liability society and be liable for all its losses in the event of liquidation. They could only partner a limited liability credit society; but such a society with a limited area of operation could not command adequate business to pave its way; for it would require a whole-time paid-secretary with a knowledge of banking instead of a part-time honorary secretary of the Raiffeisen pattern. Hence the Second Five-Year Plan provided for the setting up of 10,400 large-sized credit societies which would command a business of about Rs. 1.5 lakhs each and function as regular banks with

trained and efficient secretaries. The government were to take shares in each of them to an extent of about Rs. 10,000 so as to give it an additional borrowing capacity of Rs. 80,000, that is, eight times its share capital. There were about 4,470 large sized credit societies in 1957-58.

State Partnership in Co-operative Financing Banks

Increased borrowing power for primary credit societies entailed increasing the borrowing power of the co-operative financing banks from which the former derived their funds. Consequently, the plan provided for the State taking shares in central co-operative banks and state co-operative banks as well. A contribution of Rs. 1 lakh from the State to the central co-operative bank and to the state co-operative bank would enable the central co-operative bank to borrow ten to twelve times more from the general public and the Reserve Bank and the state co-operative bank fifteen times more.

Long-term Operations Fund

But most States did not have the resources for contributing to the share capital of co-operative credit institutions in such an extensive manner. They had, therefore, to turn to their banker, the Reserve Bank, which constituted a special Fund for this and other purposes known as the National Agricultural Credit (Long-term Operations) Fund with an initial contribution of Rs. 10 crores. This Fund is to be increased by annual contributions of Rs. 5 crores. At present, it has Rs. 23 crores to its credit. So far, i.e., up to 30th June 1958, thirteen States have drawn Rs. 7.44 crores out of this Fund

for taking shares in co-operative credit societies and their financing banks.

Increase in Co-operative Rural Credit

As one of the results of State partnership in the co-operative credit structure, there has been a substantial increase in the volume of loans disbursed to agriculturists by primary agricultural credit societies. It rose from Rs. 24.21 crores in 1951-2 to Rs. 67.33 crores in 1956-7. The additional funds were raised by the Co-operative credit institutions in the form of deposits from the public and in the shape of loans from the Reserve Bank to the state co-operative banks. The short-term loans (loans up to 12 months) drawn by the state co-operative banks from the Reserve Bank for seasonal agricultural operations and marketing of crops at the concessional rate of 2 per cent totalled Rs. 61.38 crores in 1957-8 as against Rs. 12.11 crores in 1951-2. The medium-term loans (loans up to five years) drawn by them from the Reserve Bank at the same concessional rate increased from Rs. 26.56 lakhs in 1954-5 to Rs. 106.11 lakhs in 1956-7 and to Rs. 279.65 lakhs in 1957-8. The Second Five Year Plan has set a target of Rs. 150 crores for short-term credit by 1960-1. It is hoped that at the pace at which disbursement of loans to agriculturists has been made during the last two years, the target set can be reached within the allotted time.

Loans against Anticipated Crops

While state partnership is the chief reason for expansion of co-operative credit for agriculture another which has contributed to it is the shift of emphasis from land to crops, when loans are sanctioned to agriculturists. In many States, agricultural loans

were in the past confined to those who possessed lands, and they were given only on the mortgage of land. Tenants who cultivated the lands of others were seldom given loans. Now, even tenants are admitted as members of societies and loans are given to them freely on the surety of one or more members if they can show that they have a marketable surplus of crops. This liberalisation of credit requires that for the prompt recovery of loans, the marketable crops should be secured and disposed of in as profitable a manner as possible.

Linking of Credit with Marketing

To attain this end, the Plan provides for the establishment of 1,000 marketing societies. They are set up at important marketing centres, and agricultural credit societies as well as agriculturists belonging to villages from which there is a natural flow of harvested crops to those centres are enrolled as their members. When production loans are given by credit societies, the borrower signs an agreement to the effect that he will deliver the crops raised with the loan at the marketing society to which the credit society is affiliated, and that the marketing society may recover his production loan for the credit society either out of the sale proceeds of the crops or out any loan it may advance on the security of the produce left in its godowns. In addition to the marketing societies already in existence, about 749 primary marketing societies have been established during 1956-57 and 1957-58 and some of them own godowns, constructed with the aid of grants and loans given by the government. In the Broach District of the Bombay State, out of a total production of 1,46,900 bales of cotton, co-operatives

marketed 57,800 bales or about 40 per cent. A co-operative marketing society in the Visakhapatnam District of Andhra Pradesh sold Rs. 33.99 lakhs worth of agricultural produce in 1956-7. Both these districts are areas where the integrated scheme of rural credit is in operation on an intensive scale.

Storage Facilities

The development of co-operative marketing requires the provision of storage facilities. Godowns are needed by the primary credit societies for collecting the produce of their members until they attain transportable volume and transports are ready to take them to the marketing society. Godowns are also required by the marketing society to facilitate the members to store their produce until prices rise in the market, or to advance them loans on the pledge of the stored produce, or to stock the produce which the marketing society itself has purchased against firm orders. The Second Five-Year Plan provided for the construction of 4,000 godowns by large-sized credit societies and 1,500 godowns by co-operative marketing societies. Towards the erection of these godowns, the government generally give the societies a loan of about 75 per cent and subsidies of about 25 per cent.

Warehouses

The merchants who buy agricultural produce from the co-operative marketing societies usually unload their stocks among the retail dealers soon after purchase. If they could be helped to keep the produce for some time, the release of agricultural produce in the country will be evenly spread out in a year and thus help in stabilising prices. Again, some of the bigger agriculturists who do not care to join the co-operative marketing

societies may prefer to deposit their produce in warehouses and take out warehouse receipts which they could pledge with commercial banks or co-operative urban banks of which they are members. It was, therefore, considered desirable that warehouses should be established in the country and warehouse receipts should be freely circulated as instruments of credit. With this end in view, the Agricultural Produce (Development and Warehousing) Corporations Act was enacted by Parliament in 1956 enabling the establishment of the Central Warehousing Corporation for the whole of the country and a State Warehousing Corporation for each State. Under this law, the Central Warehousing Corporation has already been established with an issued share capital of Rs. 10 crores and it has set up 9 warehouses; eleven State Warehousing Corporations have also been formed and these are going to set up warehouses of their own. The Second Five-Year Plan provides for the construction of 350 warehouses in all. The Central Warehousing Corporation is expected to erect warehouses in strategic centres such as ports and railway junctions and the State Warehousing Corporations are expected to build warehouses in other important centres. It is hoped that when the co-operative marketing societies begin to function vigorously and effect purchases of their own for export to other States or abroad, these societies also will find it advantageous to keep their stocks in the warehouses before railing them to different parts of the country or shipping them abroad.

The Co-operative Development Board

The Agricultural Produce (Development and Warehousing) Corpo-

rations Act already referred to, has also constituted a National Co-operative Development and Warehousing Board which is intended to promote the development of co-operative activities in general and particularly to assist the progress of warehousing, processing and marketing. The Board gets its funds from the Government of India. The total amount of loans and subsidies provided by the Board for the co-operative development programme amounted to Rs. 208.20 lakhs in 1956-7.

One of the fruitful ways of linking the warehouses with the co-operative marketing societies said to be engaging the attention of the Development Board is the storage of fertilizers in the warehouses. Chemical fertilizers produced in the country and imported from abroad could be stocked in the warehouses and distributed to agriculturists through the co-operative marketing societies.

The State Bank of India.

The vast expansion of the co-operative credit movement which has begun under the Second Five-Year Plan would require a large and expanding volume of funds from the co-operative financing banks, besides involving elaborate efforts for supervision over the application of loans for the purposes they are given and for their recovery in time. It was, therefore, considered that too great a burden should not be put on the co-operative financing banks and that the Imperial Bank of India, which was converted into the State Bank of India in 1955, should be brought into the picture and should undertake the financing of co-operative marketing societies and processing societies wherever the co-operative financing banks were unable to

do so or would not object to such a course. In pursuance of this policy, the State Bank of India has already begun financing co-operative marketing societies and co-operative sugar factories in some parts of the country.

Co-operative Training.

The success of the integrated scheme of rural credit depends in large measure on the availability of well-trained and efficient staff who are sympathetically inclined to the needs of the rural areas. Government have provided large funds as grants in the initial years to agricultural credit societies, large and small, and to marketing societies to enable them to recruit such staff. They have also constituted a Central Committee for Co-operative Training with representatives of the Government of India, the Reserve Bank and the co-operative movement. Under the aegis of this Committee, there is one co-operative training centre for the senior officers of the co-operative departments and institutions in the country, 13 for intermediate officers and 46 for junior officers. They have so far trained 13,131 officers in the principles and practices of co-operation and 3,620 are under training.

Conclusion.

This pamphlet has concentrated attention on the integrated scheme of co-operative rural credit and is likely to leave the reader with the impression that the co-operative movement in India is at present engaged only in this task. There are co-operative activities in other directions as well, e.g., consumers' societies, housing societies, milk supply societies, etc. A bird's-eye view of the entire co-operative movement will be found in the statement on the next page.

The Co-operative Movement in India 1956-57 Figures at a Glance.

(Rs. in lakhs)*

Total number of societies	...	2,44,769
Membership of primary societies	...	1,93,73,349
Working capital of all types of societies	Rs.	567.67
Loans advanced by primary societies	...	173.16

State Co-operative Banks.

Number	...	23
Membership	...	33,440
Loans advanced	Rs.	123.71
Working capital	...	79.54

Central Banks and Banking Unions.

Number	...	451
Membership	...	3,10,555
Loans advanced	Rs.	100.80
Working capital	...	110.26

Primary Agricultural Credit Societies.

Number	...	1,61,510
Membership	...	91,16,846
Loans advanced	Rs.	67.33
Working capital	...	98.30

Primary Non-Agricultural Credit Societies.

Number	...	10,150
Membership	...	32,38,727
Loans advanced	Rs.	82.07
Working capital	...	100.41

Grain Banks

Number	...	8,191
Membership	...	7,62,259
Loans advanced	Rs.	51
Working capital	...	267

State Non-Credit Societies

Number	...	56
Membership	...	15,644
Value of goods received	Rs.	14.83
Value of goods sold	...	14.52
Working capital	...	12.90

Central Non-Credit Societies

Number	...	2,947
Membership	...	21,22,902
Value of goods received	Rs.	70.12
Value of goods sold	...	71.46
Working capital	...	23.95

* The expression 'lakh' and 'crore' signify 100,000 and 10,000,000 respectively.

Primary Agricultural Non-Credit Societies

Number	...	31,905
Membership	...	27,57,911
Value of goods received	Rs.	43.71
Value of goods sold	...	43.96
Working capital	...	44.74

Primary Non-Agricultural Non-Credit Societies

Number	...	28,522
Membership	...	31,64,020
Value of goods received	Rs.	58.34
Value of goods sold	...	61.59
Working capital	...	60.89

Central Land Mortgage Banks

Number	...	12
Membership	...	1,16,561
Loans advanced	Rs.	3.80
Working capital	...	21.32

Primary Land Mortgage Banks

Number	...	326
Membership	...	3,33,586
Loans advanced	Rs.	2.05
Working capital	...	12.70

The Madras District Co-operative Central Bank, Ltd.,

13/14, Mukkur Nallamuthu Cherry Street, Madras-1.

ESTD. 1930

TELEPHONE No. 2384.

President:

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

Authorised Capital ... Rs. 15 lakhs

Working Capital ... Rs. 70 lakhs

Loans are issued to all Primary Societies and Co-operative Urban Banks

All kinds of deposits accepted.

Rates of Interest.

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

With effect from 1.2.1958 the Bank will receive Fixed Deposits at the following rates of interest.

Fixed Deposits for

Six Months	...	4%
One Year	...	4 1/2%
Two Years & above	...	5%

Further particulars can be had from the undersigned:

N. M. SIVAPERUMAL,

Secretary.

The Third Conference of Rural Co-operative Banks held at Salem on 18-10-1958.

(Contributed)

"Our Prime Minister Shri Jawaharlal Nehru, in his address at the Third All India Co-operative Congress, has laid emphasis on raising the level of life of even the smallest man behind the plough. Whether this service to the peasants, who form the backbone of our Country, can be channeled more effectively by the small village co-operative society or the big size co-operative organisation is a question which I place before the representatives of Rural Co-operative Banks, who are assembled here, to consider and decide."

Thus observed Shri V. Ramiah, Minister for Irrigation, Electricity and Co-operation while declaring open the Third Conference of Rural Co-operative Banks in the Madras State, at Salem on 18-10-1958.

The above Conference was convened by the Idappadi Co-operative Rural Bank under the auspices of the Tamil Nadu Co-operative Union, in which delegates from all the 23 Rural Co-operative Banks in our State took part. The Conference commenced at 9 a.m. at the meeting hall of the rest house of Salem Co-operative Central Bank which was packed to the full with Co-operators. Sri N. N. Ramanatha Iyer, President of Nangavaram Co-operative Rural Bank presided. The dais was decorated beautifully with a background of rich foliage of flowers. Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies was also present along with the Minister.

The National Flag was hoisted by Sri K. S. Subramania Gounder,

President of the Salem Co-operative Central Bank and the Co-operative Flag was hoisted by the Registrar of Co-operative Societies. Sri P. M. Manickam Chettiar, President of Idappadi Rural Co-operative Bank and Chairman of the Reception Committee, welcomed the delegates. In his address he stressed the necessity of increasing the Individual Maximum Borrowing Power in Rural Co-operative Banks from Rs. 2,000 to Rs. 5,000 for produce loans, and from Rs. 1,000 to Rs. 2,000 for Jewel loans. The Conference was declared open by the Minister. The Minister referred to the development of co-operatives in our country after the attainment of Independence and how the Government are keen in helping the movement. He paid a tribute to co-operators of the Madras State wherein Co-operative Democracy has developed in a remarkable manner. The question regarding the size of the primary co-operative society which he posed on the occasion, as stated at the outset, is a food for thought for those connected with the Rural Co-operative Banks in our State. Sri N. N. Ramanatha Iyer, in his Presidential address stressed that the Central Banks should reduce their lending rates to Rural Co-operative Banks. He also suggested that the Reserve Bank should directly finance Rural Co-operative Banks instead of channelling the medium term funds through the Central Co-operative Banks. Sri K. S. Subramania Gounder gave some practical ideas in his flag hoisting speech. He suggested, that, besides the Agricultural Co-operative

Banks and the Rural Co-operative Banks, the small village Co-operative Credit Societies should be helped to develop themselves so that each village society could increase its transactions to at least Rs. 50,000. He suggested that, instead of the present practice of allocation of Reserve Fund as a first charge on profits, payment of maximum dividend on share-capital may be given preference, as such a system would attract more share capital in the rural co-operatives. The Registrar in his speech detailed the scheme, which was put through three years ago, regarding the formation of the Rural Co-operative Banks for dispensing medium term credit and how the further organisation of these institutions has been stayed after the Agricultural Co-operative Banks have come into being. He said that the banks have so far dispensed credit to the villagers to the extent of about Rs. 1 crore, that the Rural Banks do not dispense surety loans and this is the only difference between a rural bank and an agricultural Bank. He suggested that, wherever

possible, Rural Banks can convert themselves into agricultural Banks so that they can also cater the short term requirements of the villagers besides developing the banking activities in the countryside. This suggestion however seemed to be as bitter pill for those connected with Rural Banks.

The morning session was over, after the introduction of the representatives to the Minister, at 12 Noon. 28 resolutions were passed at the Conference in the evening session which commenced at 3 p.m. after lunch. The President of Tiruvaiyar Rural Co-operative Bank of Tanjore District invited the next Conference to Tiruvaiyar which was unanimously accepted. With a vote of thanks proposed by Sri R. M. Kumarswami Gounder, President of Palladam Co-operative Rural Bank on behalf of the Delegates, and the Editor, "Kootturavu" on behalf of the Tamil Nadu Co-operative Union, the Conference terminated. The delegates were thereafter entertained with music and dance performances.

RESOLUTIONS PASSED AT THE CONFERENCE

1. Resolved to request the Government to exempt the members of Rural Co-operative Banks from payment of the registration fees and fees for encumbrance certificates in connection with their transactions with these Banks.

2. Resolved to request the Government of Madras and the Registrar of Co-operative Societies to permit the Rural Co-operative Banks to amend their by-laws fixing the period of repayment of loans by members so as to range from three to ten years instead of the present period of three to five years.

3. Resolved to request the Registrar of Co-operative Societies to permit the Rural Co-operative Banks to amend their by-laws increasing the individual maximum borrowing power to Rs. 5,000.

4. Resolved to request the Government to permit Rural Co-operative Banks to include all the villages within a radius of 5 miles in the area of operation of these Banks, as it would be for the development of these institutions.

5. This Conference resolves to request the Registrar of Co-operative Societies to permit Rural Co-operative Banks to lend to their

members on the pledge of fixed assets up to 10 times their share capital.

6. Resolves to request the Registrar of Co-operative Societies to permit the Rural Co-operative Banks to amend their by-laws fixing the maximum rate of interest payable by these banks on fixed deposits as not exceeding 5 per cent per annum and the interest chargeable on loans advanced by these banks, excepting loans on the mortgage of fixed assets, as not exceeding $7\frac{1}{2}$ per cent per annum.

7. Resolved to request that the free services of Senior Inspector Secretaries of Rural Co-operative Banks may be given to these Banks for a continuous period of the first five years.

8. Resolved to request the Registrar of Co-operative Societies to waive the audit fees payable by the Rural Co-operative Banks continuously for the first 5 years.

9. Resolved to request the Registrar of Co-operative Societies to issue orders exempting the fire insurance of the produce in the case of produce loans up to a sum of Rs. 1,000.

10. Resolved to request that the payment of government subsidy to Rural Banks in the matter of establishment and contingent expense be extended to a further additional period of 2 years.

11. Resolved to request the Registrar of Co-operative Societies to permit Rural Co-operative Banks to amend their by-laws fixing the individual maximum borrowing limit from Rs. 2,000 to Rs. 5,000 in the case of produce loans.

12. Resolved to request the Government of Madras to permit

the Temple Endowments and Panchayat Boards to invest their funds in the Rural Co-operative Banks situated in their areas.

13. Resolved to request the Registrar of Co-operative Societies to increase the individual maximum borrowing power of members on Jewel loans to Rs. 2,000.

14. Resolved to request the Registrar of Co-operative Societies to issue orders permitting the Rural Co-operative Banks to obtain encumbrance certificates on mortgage loans only once, i.e. at the time of disbursement of the loan instead of one certificate at the time of loan application and another certificate at the time of disbursement.

15. Resolved to request the Government to recognise the Rural Co-operative Banks as agents for the collection of Insurance premia and Electricity bills.

16. Resolved to request the Government to sanction subsidies to Rural Co-operative Banks situated within Block Development areas through the respective Block development officers for the distribution of improved agricultural implements to the villagers.

17. Resolved to request the Government and the Registrar of Co-operative Societies to arrange for the distribution of iron, steel, agricultural implements, cement, seeds, insecticide and manure required by the agriculturists through the Rural Co-operative Banks.

18. With a view to encourage the employees of Rural Co-operative Banks, it is resolved to request the Registrar of Co-operative Societies to permit these Banks to amend by-law No. 55 by adding provision for the issue of

bonus not exceeding one month's pay to the staff.

19. Resolved to request the Madras Government that the subsidies sanctioned through the agricultural department for the distribution of insecticides be liberally allowed to Rural Co-operative Banks, so that the benefit of the scheme may be liberally made available to the members of these banks.

20. Resolved to request the Central Co-operative Banks to place the services of their supervisors who are working in the Rural Co-operative Banks on a 50 per cent subsidy basis for a further period of two years on the same terms.

21. Resolved to request the Government through the Registrar of Co-operative Societies to extend the period of nomination of the Directors who are originally nominated for 5 years for another period of five years.

22. This conference resolves to request the Central Co-operative Banks to charge $4\frac{1}{2}$ per cent interest on loans issued to the Rural Co-operative Banks and it is further resolved to request the Reserve Bank to take suitable action in this respect.

23. It is hereby resolved that the Reserve Bank should reserve a portion of the loan allotments of Central Co-operative Banks, to Rural Co-operative Banks.

24. Resolved to request the State Co-operative Bank to include the Rural Co-operative Banks in their list of approved Banks for the collection of cheques and bills.

25. With a view to enable the Rural Co-operative Banks to construct their own office buildings, it is resolved to request the

Government and the Registrar of Co-operative Societies to sanction 50 per cent of the cost of construction up to a maximum of Rs. 10,000 as subsidy and the balance as long term loan to these Banks.

26. Since the area of operations of the Rural Co-operative Banks are wide, and loans are issued to members on property securities only and further, the liability of members is limited to the share capital subscribed, it is hereby resolved to request the Registrar of Co-operative Societies to exempt the Rural Co-operative Banks from the maintenance of property statements.

27. In order to discuss with the Registrar of Co-operative Societies about the action taken on these resolutions and also on the resolutions of the previous conferences, it is resolved to constitute a sub-committee consisting of the following gentlemen, viz.

(1) Dr. P. Natesan, General Secretary, Tamil Nadu Co-operative Union. (ex-officio).

(2) Sri V. K. Velu Ambalam (Othakkadai Co-operative Rural Bank)

(3) Sri V. C. Subbiah Gounder (Thudiyalur Co-operative Rural Bank)

(4) Sri N. N. Ramanatha Iyer (Nangavaram Co-operative Rural Bank)

(5) Sri P. M. Manickam Chettiar (Idappadi Co-operative Rural Bank)

and (6) Sri S. A. M. Annamalai Udayar (Tiruvannainallur Co-operative Rural Bank)

28. It is unanimously resolved to accept the invitation of the President of Thiruvaiyar Co-operative Rural Bank to conduct the next conference of Rural Banks at Thiruvaiyar by that Bank.

Memorandum Regarding the Exemption to be granted to Co-operative Societies from the Madras Shops and Establishments Act
Submitted to The Hon'ble The Chief Minister, Madras,
Minister for Labour and Minister for Co-operation by
The Deputationists on the 23th September 1958.

The Madras Shops and Establishments Act was passed in 1947 with a view to protect the service conditions of employees working in Shops and other Commercial establishments. Though the Act is intended only for the protection of the interests of the workers in certain commercial establishments which are not controlled or supervised by any Governmental machinery, yet the Act is sought to be implemented even with respect to co-operative institutions which are wholly guided, controlled and supervised by the Registrar of Co-operative Societies. The provisions of the Madras Shops and Establishments Act do not help the smooth working of the co-operative societies, because of the considerable inconvenience caused to a number of good working co-operative institutions. It was felt by the co-operators that a general exemption from the operation of the Madras Shops and Establishments Act should be obtained from the Government. The matter was considered by the State Co-operative Advisory Council on 22nd August 1949, the 27th Madras Provincial Conference on 1st January 1950 and the 25th Co-operative Central Banks Conference which unanimously resolved to request Government to exempt all co-operative societies from all the provisions of the Madras Shops and Establishments Act, 1947. In order to impress upon the Government the imperative need to exempt co-operative societies from the Shops Act, a deputation consisting of Dr. P. Natesan, Sri D. Krishnamurthy Gounder, Sri Kesava Rao, Sri N. Satyanarayana and Sri M. D. T. Kumaraswamy Mudaliar and Sri V. V. Ramaswamy Nadar waited on the Chief Minister and the Ministers for Labour and Co-operation in October 1952. The deputation explained the working of the Co-operative Societies Act and emphasised the view that because co-operative institutions were not purely profit earning institutions and because the institutions were guided, controlled and supervised by the Registrar of Co-operative Societies and because of the fact that the service condition of the employees of Co-operative institutions were regulated by the model service conditions prescribed by the Registrar of Co-operative Societies, which abundantly secured to the employees leave, pay, gratuity provident fund and other amenities, there was no necessity to enforce the provisions of the Madras Shops and Establishments Act in respect of Co-operative institutions. Later, a small sub-committee consisting of Dr. P. Natesan and Sri V. Balasundaram, I.A.S., the then Joint Registrar of Co-operative Societies, was constituted for the purpose of revising the model service conditions for employees of co-operative societies and incorporating all the important provisions of Chapters II, III, V and VII of the Madras Shops and Establishments Act of 1947 in the said service conditions. Accordingly, a revised set of model service conditions for the employees of co-operative societies was drafted and the Registrar of Co-operative

Societies in circulars Re. No. 196097/53-A dated 15th March 1954 and Re. No. 41518/54-A dated 19th April 1954 issued the special bye-laws relating to service conditions of employees employed by societies and instructed all the societies to adopt the said model bye-laws. The Government were satisfied that the interests of the employees were well protected by the adoption of these special bye-laws and they were pleased to exempt co-operative societies from all the provisions of the Madras Shops and Establishments Act of 1947 for a period of one year from 14th October 1953 as per G. O. Ms. No. 4432, Development Department dated 21st September 1953. The Government order specifically laid down that the exemption would only apply subject to two conditions, viz. (1) that the societies shall adopt the special bye-laws relating to service conditions of employees as per the model appended to the notification and (2) that the societies, shall exhibit the standing orders in their premises.

The Government order was of great assistance to the smooth working of the co-operative societies. Immediately, the State Co-operative Union and the Registrar of Co-operative societies issued appeals to all co-operative societies to take advantage of the exemption given by the Government to the co-operative societies from the provisions of the Madras Shops and Establishments Act and adopt the special bye-laws relating to service conditions of employees as per the Registrar's instructions and exhibit them in their premises. Almost all the important societies adopted these bye-laws and Government were pleased to extend the exemption given to co-operative societies

year after year from 1953 onwards up to 1957.

As per G. O. Ms. No. 3423, Department of Industries, Labour and Co-operation, dated 18th October 1957, the Government cancelled the general exemption granted to all co-operative societies from the Madras Shops and Establishments Act and limited the exemption to only such of the societies as have adopted the special bye-laws. The Registrar of Co-operative Societies was requested to apply for exemption with the list of societies, that have adopted the special bye-laws so far and the Commissioner of Labour was requested not to enforce the provisions of the Madras Shops and Establishments Act, 1947 in respect of societies which have adopted the special bye-laws, pending the issue of formal orders by the Government. In regard to the other societies he was requested to enforce the provisions of the Madras Shops Establishments Act strictly. But recently, we received the G. O. Ms. No- 2982, Department of Industries, Labour and Co-operation dated 1st August 1958 which abruptly cancelled even the limited exemption granted, by the earlier G. O. Ms. No. 3423, Industries, Labour and Co-operation, dated 10th October 1957. That was, indeed, a bolt from the blue. The Government give certain reasons which induced them, as it were, to reconsider the decision and cancel the exemption granted to co-operative societies from the Madras Shops and Establishments Act. We would like to represent our views on the points raised in the G.O. *seriatim*.

1. *That if the labour legislation is enforced in certain co-operative societies and is not applied to other societies it would lead to confusion.* We submit that almost all

the important societies in the towns and cities have adopted the special bye-laws relating to service conditions of the employees. In respect of only a very few societies, which are in the rural areas, action, has not been taken to satisfy the conditions of the G. O. Even there, the Registrar is taking vigorous efforts to persuade the societies to adopt the special bye-laws relating to service conditions. Therefore, the objection that confusion would arise between the two sets of societies, the ones that have adopted the bye-laws and the ones that have not adopted the bye-laws does not seem to have much force. And again, there is another point—most of the co-operative societies are member owned democratic organisations. Their motto is service to members. They are not merely profit earning institutions, though they are business institutions. The co-operative societies take as much care of its employees as it does of its members. Their leave regulations, their hours of working, health and safety measures, wages, gratuity, provident fund etc. are all governed by principles of justice and fair play. Therefore, in the very actual working of the co-operative societies, the conditions of service are always ideal and the interests of the workers are well safe guarded.

2. *The G.O. refers to bye-law No. 13 which provides for appeal in the event of punishment or dismissal to a committee of the Board of Directors and considers the provision to be illusory.* We submit that we do not agree with the Government that an appeal to a committee of the Board will be illusory, but on the other hand such an appeal will bring justice to the members affected, because the committee will exercise its

powers in a judicious manner, with an intimate knowledge of the conditions of work. But if, however, the Government are anxious that an appeal to an outside authority should be provided, we have no objection to the incorporation of the provision for an appeal against dismissal alone to the Registrar of Co-operative Societies.

3. *That the bye-law No. 18 of the special bye-laws is contrary to the principle of freedom of association enjoined by our constitution.* Even now Co-operative Employees Unions have been formed and registered and are functioning in several co-operative societies. Many of these unions are not recognised by the Registrar and they do not also satisfy the conditions prescribed in bye-law No. 18. Still the Labour Department is taking cognisance of the representations made by such unions and action also is being taken on such representations. In practice, bye-law No. 18 is already superseded and, therefore, we have no objection to the deletion of the by-law No. 18.

Having said this, we now wish to impress upon the Government the imperative necessity of exempting co-operative societies from the operation of the Madras Shops and Establishments Act. The employee-employer relationship in co-operative society is fundamentally different from that of a private profit earning institution. There is a great force in our request to treat co-operative societies on a special footing in respect of labour legislation. We have again and again pointed out that co-operative institutions have been organised to promote the welfare of the members by undertaking services like credit, marketing, housing etc. and also to safeguard and promote the welfare

of its employees. Co-operatives are social welfare institutions and their main emphasis is on service and not on profit. They are as much anxious as the Government themselves to protect the interests of their workers. They want the workers to be well paid, and work in ideal conditions and provide them with maximum welfare amenities as would be consistent with their resources. The average daily hours of work do not exceed six hours. They get a weekly holiday of 1½ days, besides the public holidays. They have got the same standard of privilege and sick leave facilities as are applicable to Government employees. Co-operative institutions work out a very beneficial type of provident fund scheme. They have also provisions for the grant of gratuity and other compensatory allowances including educational concessions for the children of employees. In some institutions, facilities for housing have also been provided to employees. Therefore, in the very organisation of the co-operative societies, the welfare of the workers gets a very important consideration and our plea for the grant of exemption from labour legislation gets reinforced.

Secondly, unlike the profit making institutions, where the interests of the workers and the employers are entirely antagonistic, in co-operative institutions the interests of the employees and the committee members are identical. Both employees as well as the committee members are devoted to the good working of the co-operative institutions. And, moreover, co-operative institutions are guided, controlled and supervised by the Registrar of Co-operative Societies. They are registered and licensed under the Madras Co-operative Societies

Act. The Registrar of Co-operative societies is the head of a big department, and he is in charge of statutory functions of registration, supervision, auditing, arbitration, liquidation etc. Every aspect of the working of the co-operative society is being controlled and supervised by the Registrar, through his deputies and inspecting staff. Every year the accounts of the co-operative societies are audited and supervised by his staff. Every co-operative institution is being inspected by the inspecting staff. The Registrar has got power to enquire under section 38. He has got the power to supersede the society in the event of mal-administration. He has also got the power to liquidate societies, if the working of the societies has gone beyond control. Further, he has also got the power to arbitrate and decide disputes touching the business of the society as per section 51. When so much of supervision and so much of control is being exercised by a statutory authority viz. the Registrar of Co-operative Societies, there is very little scope for any serious employer-employee misunderstanding or dereliction in matter of observance of the special bye-laws relating to service conditions of employees. The Registrar's supervision itself will ensure that the interests of the workers in co-operative institutions are well protected. There need not be any separate department or act for the working of labour legislation in respect of co-operative societies.

Thirdly, Section VI of the Madras Shops and Establishments Act provides that the Government may by notification exempt either permanently or any specific period any establishment or class

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of establishments, or person or class of persons from all or any of the provisions of the Act, subject to the conditions as the Provincial Government deem fit. It is our submission if there should be any class of establishments that is justified by its social welfare purpose and the method of its working to be exempted permanently from the operation of this Act, they are the co-operative societies registered under the Madras Co-operative Societies Act. We have already explained in detail how the co-operative societies are inherently striving to protect the interests of the workers and how

they are as much public welfare institutions as the Government Offices or the local boards.

Therefore, we request the Government to treat the co-operative societies as public welfare institutions and exempt them from the operation of the Madras Shops and Establishment Act permanently. We have already enjoyed the benefit of exemption for the past 5 years. We shall be much obliged to the Government for a permanent exemption to be granted to co-operatives from the provisions of the Madras Shops and Establishment Act.

The Madurai District Central Co-operative Bank Ltd., Madurai (South India)

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Enquiries Solicited

V. ALAGAPPAN, B.A., B.L.,
Secretary.

Madras Dock Workers' Co-operative Stores, Ltd.,

PRESENTS

WELCOME ADDRESS

To

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

The Madras Dock Workers' Co-operative Stores Ltd., Madras, brought up a very pleasant function on 7-10-1958 in their spacious Co-operative premises.

Thousands of Dockers with their families were present. The entire Building, the lawns in front and the adjoining Hall where the Meeting was held were all gaily decorated with green asoka leaves and hundreds of lights.

The Occasion was the presentation of a Welcome Address to the Registrar by the President, the Board of Directors and Members of the Co-operative Stores.

Many of the elite of the City had kindly responded to the Invitation of the Board of Directors.

Dr. P. Natesan,
Mr. Mahomed Hafeez,
Jt. Registrar.

Mr. S. Ganesan &
Mr. Chandrasekharan,
Co-operative Sub-Registrars.

Mr. V. Govindaswami Naidu,
M.L.A.,

Messrs. Ajoy Kumar Ghosh,
P. Ramamurti, S. V. Ghate,
P. C. Joshi, Sardar Sohan Singh Joshi,

Mr. Mohan Kumaramangalam,
Mrs. Kalyani Kumaramangalam,

Mr. E. C. P. Prabhakar, the
Executive Officer, Madras
Dock Labour Board,

and several others were present.

After the guests went round the Co-operative Stores which

was very tastefully displaying the the various departments of the Stores, they assembled in the adjoining Hall for the function.

After Vande Mataram, the Guests were entertained to Tea.

Then Mr. A. S. K. Iyengar welcoming the guests briefly recounted the phenomenal growth of the Co-operative Stores in a short span of 9 months. Starting with just a Grocery Section in Januray 1958, and dealing with just a few items, the Co-operative Stores to-day has four Departments—Grocery—Textiles—General Stores and a Children's Department, where Children's wear and toys and sweets and Educational Play things are available. Starting with a Membership of just about 500, a monthly turnover of about Rs. 7,000 in January '58 to-day the Membership has nearly doubled itself and the turn-over is nearing ½ Lakh per month.

Mr. Iyengar requested Shri P. Lakshmipathy Naidu, President, Administrative Body, Madras Dock Labour Board to kindly preside over the function.

Mr. Naidu congratulated the Dock Workers' Co-operative Stores on their tremendous achievements in a brief spell of time and eulogised the indefatigable services of Mr. A. S. K. Iyengar to the cause of Dock Workers in general and the Co-operative Stores in particular.

Mr. A. S. K. Iyengar then read the Welcome Address to the Registrar of Co-operative Societies.

The Address said :

Permit us to add with justifiable pride that the Madras State leads all other States in India in the Great Advance of the Co-operative Movement which has already galvanised the People of Tamilnad.

When we say this, it is obvious that under your able and far-sighted leadership, this great advance has been registered and we are sure that every 'Co-operator' in Tamilnad will have nothing but praise for the yeoman service you have rendered to this Great Cause.

It will not be out of place here to mention, ever so briefly, about this Co-operative Stores of ours.

The Madras Dock Workers' Co-operative Stores was inaugurated by the Hon'ble Shri C. Subramaniam. (Finance Minister of Tamilnad) on 7th January 1958, and thus this Co-operative Stores is just 9 Months old. It is intended to cater to the needs of Dock Workers—Registered and listed who number about 7,000.

Thanks to the timely help and assistance given to us by the Madras Dock Labour Board, which agreed to make deductions at source, credit purchase facilities were given to Members from the very inception of this Co-operative Stores, which in a sense accounts largely for its success. The Directors and Members of this Co-operative Stores take this opportunity to thank Shri G. Venkateswara Iyer, I.C.S., Chairman of the Madras Dock Labour Board and Shri P. Lakshminipathi Naidu, President of the Administrative Body of the Madras Dock Labour Board, and the Members of the Madras Dock Labour Board, for making this Stores possible.

During this short-span of 9 Months, the Membership shot up and from a turnover of Rs. 8,000 January 1958, it has reached Rs. 41,000 in September 1958. Starting with just 20 items, we have been adding to them little by little till to-day we distribute as many as 62 different commodities. We have a Grocery Department, a Textile Department and a General Stores Department. This month we have started a Childrens Department which we hope to build up soon. It is our ambition to build this Co-operative Stores in such a manner that a Dock Worker may obtain from it from the most trivial thing to say for instance an automobile.—if he so desires.

The Madras District Co-operative Central Bank Ltd., under the inspiring Presidentship of that Great Co-operator, Dr. P. Natesan, M.B.B.S., has been giving us unstinted support and help. But the Cash Credit Facilities now afforded are not enough to meet the urgent needs of the Co-operative Stores. To obviate this difficulty have amended our by-law to enable the Registrar of Co-operative Societies, if he so pleases to recommend Cash-Credit Accommodation to ten times the Share Capital.

We would earnestly request you to bestow your kind attention to this aspect of our present problem and help us run the Co-operative Stores without having to face a financial bottleneck every now and again.

In conclusion, Sir, we thank you for all the services you have rendered to the cause of the Co-operative Movement in our Land. We earnestly hope you will continue to head the Co-operative

Movement for many more years to come.

Once again thanking you,

We remain,

Respected Sir,

Ever yours,

President & Secretary
& Members of the Madras Dock Workers Co-op. Stores Ltd.,

Before presenting the Address which was printed on a White Handloom Linen and framed in white, Mr. Iyengar garlanded the Registrar with a Laced Handloom Upper Cloth.

The Registrar congratulated the Madras Dock Workers' Co-operative Stores, on their fine work

and said he was happy to find the Co-operative Movement gaining ground among Dock Workers who have also taken steps to start a Co-operative Credit & Thrift Society.

He praised the self-less work of Mr. A. S. K. Iyengar, who he said, was the Moving Spirit of the Dockers.

Dr. P. Natesan paid tributes to the work of the President of the Co-operative Stores and said he had raised the living standards of the Dock Workers.

Sweet Packets were distributed to all the Members of the Co-operative Stores and the Function ended with everyone standing to attention to Jana Gana Mana.

SRI PALANIAPPA MUDALIAR'S ADDRESS

Mr. President, and Directors and members of the Madras Dock Workers Co-operative Stores, I am thankful to you for the welcome address presented to me by the society this evening. It gives me very great pleasure to see that your Stores which started only last December has already made very rapid strides. It is certainly gratifying that within about 9 months after its starting, you have enrolled nearly 800 members and built up a share capital of nearly Rs. 8,000. During this period, the Stores sold goods worth Rs. 1.82 lakhs. It deals not only in grocery articles but also in textiles, children's ware and consumer goods. While credit sales are made to the members, recoveries are effected promptly through the Madras Dock Labour Board. The Stores has a cash credit accommodation of Rs. 33,000 from Madras District Co-operative Central Bank and it is very satisfactory to note that the stores has been regularly fulfilling its obligations to the Bank.

The progress so far made is really praiseworthy and I dare say that it is not a little due to the untiring and abiding interest evinced in the Society's working by Sri A. S. K. Iyengar President of the Stores, and the active and whole-hearted co-operation extended to him by the other Directors and members.

I am sure you know that the consumers' movement made spectacular progress in this State during the war years when there was scarcity of essential articles including food grains. Everyone recognised that the co-operatives rendered very valuable service to the community, in arranging for the equitable distribution of food stuffs and other articles which were in short supply. With the removal of controls, however, the consumers' movement received a set back and several societies found that they could not function successfully under competitive conditions. Necessarily therefore a period of consolidation of

the stores movement followed and the uneconomic institutions which could not survive went into liquidation. On 30-6-1957 there were 541 primary stores in the State with 2.76 lakhs members and a paid up share capital of Rs. 38.52 lakhs. During the year ended 30-6-1957 they effected purchases for Rs. 489.29 lakhs and sold goods for Rs. 509.14 lakhs.

The war and its after effects did not however affect the consumer's societies organised for workers. The workers stores were making steady progress. On 30-6-57, there were 66 stores for workers—mostly mill workers and they had 93,794 members on their rolls with a paid up share capital of Rs. 12.82 lakhs. Their purchases and sales during the year ended 30-6-57 amounted to Rs. 161.15 lakhs and Rs. 169.63 lakhs respectively. The main reason why the workers' stores had not been affected in the same way as the other consumers societies is, that, unlike in the other stores, the workers who are the members of these societies stood loyally by their organisations. Students of consumers' co-operation will tell you that the most essential requisite for the success of a co-operative store is the continued loyalty of its members to it. If the members stand by their organisation through thick and thin, there is no reason why it should not succeed. Every worker who has joined the Stores should make it a point to make all his purchases from the stores only. The Stores on its part should see that all kinds of articles normally required by its members are purchased in good quality and at reasonable prices and are made available for sale to the members. This is the keynote of success for the stores societies. I have no doubt that the men at the helm of

affairs of your stores and the members have realised this aspect of the question.

I see that your Stores is allowing credit sales to the registered Dock Worker-members who are under the Madras Dock Labour Board and that the Dock Labour Board has agreed to recover from the pay of the workers towards their dues to the Stores upto 50 per cent of their wages or Rs. 50 whichever is less. I also understand that the Dock Labour Board has agreed to enhance the limit from Rs. 50 to 75 and that the Stores is considering an amendment to its by-laws to take advantage of this facility.

I also gather that there is a proposal to allow credit sales to other registered workers who are under private employers. There should be no difficulty in extending the facility to them by eliciting the co-operation of the private employers for the recovery of the dues from their employees. The Co-operative Societies Act has been recently amended making it obligatory on the part of the employers to recover the co-operative dues from their employees, and I am sure the employers will extend their co-operation in the matter.

While I recognise that it is not possible for the workers to carry on without such credit facilities, I should warn them against the danger of facile credit. There should be no tendency on the part of the workers, to indulge in improvident purchases merely because easy credit facilities are available. In the same way as loyalty on the part of the members and efficiency on the part of the management are the fundamental requisites for the success of a consumer organisation, so also sale for cash is an

important requisite for its success. In fact it is one of the principles on which the consumers co-operation of the Rockdale Pioneers was founded. I would therefore suggest that in your own interest and in the interest of the organisation, credit sales should be looked upon as an inevitable evil and restricted to the minimum. Cash sales should be encouraged as far as possible.

The normal way in which a co-operative stores ought to work is to require the members to place with the society trade advances and to allow the members to make purchases against these advances. I do not see why this method should not be adopted by the workers' stores also. It is true that it may be difficult for the members to make any large advances all at once. I see, however, no difficulty in the Stores building up a small trade advance in respect of every member by making small collections from him every month and accumulate these amounts to his

credit. By doing so the society will be inculcating thrift among them.

In the long run, if these amounts are made non-withdrawable, a stage will certainly be reached when every member will have decent amount to his credit against which he can make purchases. The accumulations of the members will be substantial and will in fact be sufficient even to carry on the business of the Stores without borrowing from the co-operative Central Bank. I have no doubt that you will appreciate the suggestion made by me, work out the details and build up your organisation on the above lines.

I thank you, gentlemen, for your Welcome Address, for the sentiments expressed about me and the honour done to me this evening. I wish your Stores a bright career of useful service to the workers.

Thank you.

G.O.'s and Circulars

PATTERN OF FINANCIAL ASSISTANCE TO CO-OPERATIVE SCHEMES

Copy of letter No. F. I-46/58 Co-op. I dated 20-6-1958 from the Government of India, Ministry of Food and Agriculture, Department of Agriculture, New Delhi to the Secretary in charge of Co-operation (All State Governments and Union Territories).

SUB: Pattern of financial assistance for schemes of Co-operative Development.

I am directed to enclose a note on the subject mentioned above and to request that action may kindly be taken to get the same published in the local Co-operative Journals for the information of the public.

(True Copy)

Pattern of financial assistance for schemes of Co-operative Development relating to Rural Credit, Marketing, Processing etc..

Second Five Year Plan :

1. In the Plan the following targets have been given for the Co-operative Schemes of Integrated Credit and Marketing, processing and warehousing;—

	Rs.
(i) Organisation of large sized societies	... 10,400
(ii) Organisation of Marketing Societies	... 1,900
(iii) Sugar Factories	... 35
(iv) Cotton gins	... 48
(v) Other Processing Units	... 118
(vi) Godowns of:—	
(a) Large sized societies	... 4,000
(b) Marketing societies	... 1,500
(vii) Warehouses of:—	
(a) Central Warehousing Corporation	... 100
(b) State Warehousing Corporation	... 250

The plan provides Rs. 52 crores to be shared by the Central and State Governments, for the implementation of these programmes. In addition, the Reserve Bank of India, will also provide Rs. 25 crores as loan to State Governments for participation in the share capital of co-operative credit societies.

The National Co-operative Development and Warehousing Board :

2. Under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, the National Co-operative Development and Warehousing Board was set up by the Central Government in September 1956 to sponsor and assist schemes of co-operative development. The functions of the Board are to plan and promote programmes, for the production, processing, marketing, storage, warehousing, export and import, of agricultural produce

through a co-operative society or a warehousing corporation. The State Governments are being assisted by the Board and the Central Government to implement the above scheme included in the Second Five Year Plan.

Pattern of Assistance from the Central Government :

3. Financial assistance for the programmes is governed by the following principles:—

(i) Small sized Primary Agricultural Credit Societies :

For strengthening and revitalizing the existing small sized societies and for organising new ones on sound lines, subsidies are allowed at the following rates:—

	Rs.
(a) First year	... 150 per annum.
(b) Second year	... 100 „
(c) Third year	... 50 „

This amount is given for employing more qualified staff for the management of the societies provided the following conditions are fulfilled:—

(1) the area of operation of the society should as far as possible be limited to one village; and

(2) within three years, the society should be able to have a turn over of atleast Rs. 25,000 per year.

50 per cent of the cost incurred by the States in this regard will be shared by this Board. The intention is that within period of three years, such small sized societies must be made to stand on their own.

(ii) Large sized societies, Central Banks, Apex banks and Land Mortgage Banks:—

(a) *Managerial staff:* Lack of trained managerial personnel is one of the main handicaps in the development of co-operative credit. It is, therefore, necessary to see that the credit institutions are provided with trained managerial personnel. To achieve this end, a part of the cost of additional managerial staff required for large sized societies, central banks, apex banks, and the Land Mortgage Banks as approved by the State Governments is subsidised by the Board and State Governments for a period not exceeding three years as under:—

Year	Board	State Government
First year	... 50 per cent	50 per cent
Second year	... 33 1/3 per cent	33-1/3 per cent
Third year	... 16-2/3 per cent	16-2/3 per cent

(b) *Godowns by large sized societies:* In the Integrated Scheme of credit and marketing, the large sized societies are to play an important part in the collection of the surplus produce of their members on behalf of the marketing societies. For this purpose and for supplying production requisites such as fertilisers, seeds etc., some of the societies are to be provided with godowns. For construction of such godowns by large sized societies, the Central assistance takes the form of loan and subsidy. The loan is given upto 62½ per cent and

subsidy upto 12½ per cent of the total cost. The aid is offered on condition that the State Government will provide atleast an equal amount as subsidy and 12½ per cent of the total cost as loan.

The loans are repayable in fifteen years and carry on interest at the rates prescribed by the Central Government from time to time. The interest was charged at 4½ per cent on the loans granted in 1956-57 and 1957-58.

The State assistance for godown of a large sized society will be generally to the extent of Rs. 10,000 as under :—

	Central share	State's share.
(i) Loan	Rs. 6,250	Rs. 1,250
(ii) Subsidy	1,250	1,250
Total	7,500	2,500

(iii) *Co-operative Marketing and Processing societies :*

(a) *Share capital contribution :* In order to develop marketing and processing on co-operative basis the State Governments buy shares of co-operative marketing and processing societies. The National Co-operative Development and Warehousing Board assists the State Governments in this connection by a loan to the extent necessary having regard to their ways and means position. The quantum of aid in this regard is generally 75 per cent of the total contribution by the State. The balance viz., 25 per cent is met by the State Government from its resources.

Approximately the State contribution in the share capital of a marketing society is of the order of Rs. 20,000 to 25,000. In the case of district marketing societies, apex marketing societies, marketing cum processing societies and processing societies, the contribution depends upon the actual requirements of the societies concerned and their paid up share capital.

(b) *Godowns of Marketing societies :* To provide storage facilities for marketing societies, loans and subsidies for construction of godowns are allowed on the same ratio as indicated in (ii) (b) above.

The total State assistance which is about Rs. 25,000 for the godowns of a primary marketing society comprises the following :—

	Central Govt.	State Govt.
(i) Loan	Rs. 15,625	Rs. 3,125
(ii) Subsidy	3,125	3,125
Total	18,750	6,250

In the case of godowns of District and Apex Marketing societies, larger assistance is offered.

(c) *Additional Managerial Staff :* The cost of additional managerial staff for marketing and processing societies is subsidised

by the Central and State Governments in the manner indicated in (ii) (a) above. No assistance is, however given to meet the cost of technical staff appointed by processing societies.

(iv) *Godowns hired by co-operatives :* In the initial stages some of the marketing societies and large sized societies may not be in a position to own or construct godowns. In such cases, they may have to take godowns on hire. The rent on such godowns is subsidised by the Board to the extent of 50 per cent provided the State Government also shares the remaining 50 per cent.

(v) *Co-operative Sugar Factories :* To encourage the sugar cane growers to collect at least a part of the capital required for establishing co-operative Sugar factories, Government of India advance loans to the State Governments to enable them to participate in the share capital of co-operative sugar factories. The aid from the Central Government does not exceed Rs. 15 lakhs per sugar factory. This is subject to the condition that the growers and promoters collect an equal amount.

The Industrial Finance Corporation has also provided finance for setting up several co-operative sugar factories. On an average a loan of Rs. 50 lakhs to Rs. 60 lakhs per factory has been advanced by the Industrial Finance Corporation.

(vi) *State Warehousing Corporation :* According to the Agricultural Produce (Development and Warehousing) Corporations Act 1956, the State Governments are to contribute 50 per cent of the share capital of the State Warehousing Corporations. In such cases, loans to State Governments not exceeding 50 per cent of the amount of their contribution are offered by the Centre to enable State Governments to participate in share capital of State Warehousing Corporations.

(vii) *Departmental staff in the States :* The improve supervision, inspection and audit of the co-operatives, the cost of the additional departmental staff appointed by the States in the Co-operative Departments is subsidised by the Board to the extent of 25 per cent ; the States bearing the remaining 75 per cent of the cost.

(viii) *Co-operative Training : (a) Subordinate Personnel :*

For the training of subordinate personnel, the Central and State Governments share equally the cost on the following items :

1. Salary of principal.
2. Salary of lecturers.
3. Contribution towards leave salary and Dearness Allowance.
4. Payment of Honorary lecturers.
5. Travelling allowance for staff.
6. Stipend to candidates.
7. Travelling allowance to candidates ; and
8. Library.

(b) *Senior and Intermediate Personnel :* The cost of their training is met by the Reserve Bank of India. But the cost of regional

training centre organised for training Block Level Co-operative Officers is met in full by the Central Government.

(c) *Members and Office bearers of societies:* The Central Government assists the State Government and the All India Co-operative Union to run training units for imparting training of members and office bearers of Co-operative Societies to the extent necessary.

(ix) *Adjustments by States:* Even though the assistance from the Centre is governed by principles set out in items (i) to (viii) above, some State Governments make adjustments in their pattern of assistance to co-operative societies. In case the amount of subsidy or loans is increased, the responsibility of finding the additional resources rests with the States. Some states have already made such adjustments.

(x) *Union Territories:* As regards Union Territories although the principles and general pattern are identical, the Central Government directly participate in the share capital, provide entire loans and grant full subsidies under various heads mentioned earlier.

(xi) *Aid to Co-operative through State Government:* (No direct aid):

As Co-operation is a subject within the purview of State Governments, the National Co-operative Development and Warehousing Board, and the Central Government give financial help to State Governments who in turn help the co-operatives.

The Board cannot entertain applications from or extend help to individual co-operatives directly.

(True Copy)

ABSTRACT

Acts—Madras Shops and Establishments Act 1947—Co-operative Societies—Temporary exemption from all the provisions of the Act—Granted.

Department of Industries, Labour and Co-operation.
G.O. (P) No. 4037. Dated: 18—10—1958.

Read the following:—

G. O. Ms. No. 3423, Industries, Labour and Co-operation
Dated, 18—10—57

G. G. Ms. No. 2982, Industries, Labour and Co-operation
Dated, 1—8—1958.

Memorandum dated 27—3—1958 from Tamil Nadu Co-operative Union Ltd., Madras,

ORDER:

In G. O. Ms. No. 3423, Industries, Labour and Co-operation dated 18—10—1957, the Government cancelled the general exemption granted to Co-operative Societies as the progress of adoption of the special by-laws by the Co-operative Societies during the preceding four years was unsatisfactory, but, however,

ordered that exemption would be granted to such of the Co-operative Societies as adopt the special by-laws and embody certain chapters of the Madras Shops and Establishments Act in their standing orders. On further examination, the Government decided that where employer-employee relationship exists, labour legislation should be enforced and therefore declined in G. O. Ms. No. 2982, Industries, Labour and Co-operation dated 1—8—1958, to grant exemption even to Co-operative Societies that have adopted the special by-laws etc.

2. On a representation made by the Tamil Nadu Co-operative Union Ltd., Madras, in its Memorandum dated 27—9—1958 and the deputation which waited on Chief Minister, the Government have reconsidered the position and have decided to exempt till the 30th June 1959 all the Co-operative Societies from all the provisions of the Madras Shops and Establishments Act 1947 subject to the condition that their by-laws are amended on the lines of the special by-laws relating to service conditions of persons employed in Co-operative Societies appended to the following notification and that the standing orders are modified so as to embody the provisions of Chapters II, III, V and VII of the Madras Shops and Establishment Act, 1947. The Registrar of Co-operative Societies is requested to take steps to see that all the Co-operative Societies adopt the special

by-laws and modify the standing orders within the period of exemption. If all the co-operatives do not adopt special by-laws and modify their standing orders accordingly within the time allowed, the exemption will be withdrawn.

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

NOTIFICATION.

In exercise of the powers conferred by section 6 of the Madras Shops and Establishments Act, 1947 (Madras Act XXXVI of 1947), the Governor of Madras hereby exempts all societies registered or deemed to be registered under the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932) from all the provisions of the Act first mentioned upto and inclusive of the 30th June 1959 subject to the following conditions, that the societies, in which non-members are employed, amend their respective by-laws on the lines of the special by-laws relating to service conditions of persons employed in societies, appended to this notification; and include the provisions of Chapters II, III, V and VII of the Madras Shops and Establishments Act, 1957 (Madras Act XXXVI of 1947), in their standing orders and exhibit them in their premises.

C. D. JANAKIRAMAN,
Addl. Deputy Secretary to
Government.

News and Notes

Madras Governor Visits Industrial Co-operative at Vellore

Sri Bishnurm Mehdi, Governor of Madras, visited the Walajapet Cane Workers' Co-operative Society on 18-8-1958 where he was received and taken round the society by Sri E. N. Narayanaswamy, Assistant Director of Industries and Commerce, Vellore. The Governor appreciated the fine quality of cane articles produced by the society. His Excellency then visited the general purpose Engineering Workshops and Cycle Factory run by the Department of Industries and Commerce at Kaghithapadi, Vellore, on the same day. The Governor showed a very keen interest in the working of the workshop. The Governor then visited the North Vellore Women's Co-operative Industrial Society. He announced a donation of Rs. 150 for the welfare of the members of the society.

Dindigul Urban Co-operative Bank Ltd.,

The General Body meeting of the Dindigul Urban Co-operative Bank was held on 21-8-1958 under the Chairmanship of Sri K.R. Narayana Iyer. The administration report and audit review for the year 1956-57 were adopted. The Bank has completed 50 years of service and will shortly celebrate its Golden Jubilee. The Bank has a membership of nearly 5,000 a share capital of Rs. 91,000 and a turnover of Rs. 5.6 lakhs and has earned a net profit of Rs. 12,000. The Bank is rendering a first class credit service to the members.

Trichy District Co-operative Supply and Marketing Society Chief Minister Lays Foundation Stone for Office Building

Sri K. Kamaraj, Chief Minister of Madras, laid the foundation stone for the office building of the Tiruchi District Co-operative Supply and Marketing Society Ltd., on 24-8-1958. The cost of the building is estimated to be 1.12 lakhs; the Society has already purchased a site measuring 2.05 acres at a cost of Rs. 60,000. It is proposed to construct a godown at an estimated cost of Rs. 90,000 simultaneously. Sri V. Venkatachalam Pillai, President of the society read an account of the history and growth of the society. Sri T. K. Thillaivelu Mudaliar, President of the House Construction Society, Thillainagar, hoisted the Co-operative Flag. Sri N. T. Viswanatham, Vice-President, read the messages received from distinguished co-operators and proposed the vote of thanks. The function came to an end with the singing of the National Anthem.

Progress of Agricultural Bank in Tanjore

The Koothanallur Co-operative Agricultural Bank in Mannargudi was registered on 10-8-1958 and started on by Sri G. Viswanatham President of the Mannargudi Supervising Union. Sri S. E. S. Mohamed Ismail presided over the occasion. Sri D. A. Susainathan, Special Deputy Registrar, credit and Marketing and Sri Pulavar Natesa Pillai spoke on the importance of the Agricultural banks in revitalising the rural economy.

Review of Progress

Eleven Banks are working in the Tanjore circle. The Koothanallur Agricultural Bank is the

first of the six banks to be organised during this year, 1958-59. Altogether there are 12 Agricultural banks working in the circle. The bank was organised by conversion of the existing multi-purpose co-operative society. There are 176 members with a paid up share capital of Rs. 3,332 and a turn over of Rs. 16,000. The target for the bank during the year is to have a membership of five hundred, share capital of Rs. 10,000 and a turn over of a lakh of rupees.

Tirunelveli District Co-operative Central Bank's Achievement

The Tirunelveli District Co-operative Central Bank is continuing its brilliant record of collecting the entire payments under both, principal and interest and showing a nil balance on the 30th June every year in succession for the past 15 years. As on 30-6-1958 the Bank again has the proud record of collecting the entire balance of Rs. 38.8 lakhs under the head 'Principal' and the entire interest of Rs. 3.01 lakhs under the head 'Interest' on 4-6-1958 itself.

Inauguration of Che. Nachipattu Agricultural Bank

Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies, Madras, inaugurated on 29-9-1958 the Che. Nachipattu Co-operative Agricultural Bank. Sri B. Bakthavatsalam presided. Sri S. Gopal Reddiar welcomed the gathering. Sri B. Bakthavatsalam, Deputy Speaker, unveiled the portrait of Sri A. Palaniappa Mudaliar and Dr. P. Natesan unveiled the portrait of Sri B. Bakthavatsalam Naidu. Sri D. Krishnamurthi Gounder unveiled the portrait of Sri P. S. Rajagopal Naidu. With a vote of thanks, the function came to an end.

Godown for Alangudi Co-operative Bank

Sri R. Kanakasabai, M.P., President, Madras State Co-operative Bank, declared open the new Godown of the Alangudi Agricultural Co-operative Bank at Alangudi on 15-10-1958. Sri P. Balasubramania Sastrigal presided over the occasion. Dr. P. Natesan unfurled the Co-operative Flag.

Inauguration of Ponnamaravathi Co-operative Agricultural Bank

Dr. P. Natesan, General Secretary, Tamil Nadu Co-operative Union, inaugurated the Ponnamaravathi Co-operative Agricultural Bank at Ponnamaravathi on 15-10-1958. Sri R. Kanakasabai, M.P., President, Madras State Co-operative Bank, unfurled the Co-operative Flag. Sri P. Balasubramania Sastrigal, President, Pudukottai Co-operative Central Bank, presided over the occasion.

Co-operative Training to the State Bank of India personnel

As a part of staff training to the personnel of the State Bank of India, a series of lectures on Co-operation had been arranged during the month of October 1958. Sri C. M. Janarthanam, Associate Editor, "The Madras Journal of Co-operation", delivered five lectures on principles of Co-operation, Co-operative Banking, Agricultural Co-operation, Co-operative Housing, Consumer Co-operation and Co-operative Education, from 7-10-1958 to 13-10-1958.

Unveiling the Portrait of Sri S. Thirunavukkarasu Mudaliar

Sri R. Venkataswami Naidu, President of the Coimbatore Central Co-operative Stores, unveiled the portrait of Sri S. Thirunavukkarasu Mudaliar, Ex-President of the Thelungupalayam

Co-operative Milk Supply Society on 15th August 1958. Sri T. V. Angappan, President of the Society welcomed the gathering. Sri M. S. Palaniappa Mudaliar paid a warm tribute to the services rendered to Co-operative Movement by Sri S. Thirunavukkarasu Mudaliar. Sri R. Venkataswami Naidu, while unveiling the portrait praised the qualities of Sri S. Thirunavukkarasu Mudaliar. He laid stress on the importance of rearing good Milch Cattle. Sri C. P. Natarajan, Vice President proposed a vote of thanks.

Opening Function of the Godown of the Villupuram Co-operative Marketing Society Limited, E. 1429, Villupuram.

The newly constructed godown of the Villupuram Co-operative Marketing Society Ltd., in South Arcot Dist. was declared open by Sri A. Palaniappa Mudaliar, M.A., I.A.S., Registrar of Co-operative Societies, Madras on 5-10-1958. Sri O. P. Ramaswamy Reddiar, ex-Chief Minister of Madras State presided over the function. The Co-operative flag was hoisted on

that occasion by Sri R. Kanakasabai, M.P., President of the State Co-operative Bank, Madras. Sri M. Pachaiappan, President of the Co-operative Marketing Society welcomed the guests and introduced them to the audience. In his presidential address Sri O. P. Ramaswamy Reddiar stressed the need for men of integrity in this field to strengthen the Co-operative Movement. He further added that the prosperity of the country depended upon the prosperity of the agriculturists. The Registrar in his speech narrated how the godown can be utilised to the best advantage of the agriculturists.

The representatives of the various institutions read out resolutions expressing their different needs. The Registrar and the President of the State Co-operative Bank promised to look into them. The function concluded with vote of thanks by Sri M. Pachaiappan, President of the Marketing Society.

Book-Review

PROGRESS OF CO-OPERATIVE MOVEMENT IN INDIA FOR 1956-57

The *Statistical Statements relating to the Co-operative Movement in India for the year 1956-57* has been published by the Reserve Bank of India, Agricultural Credit Department. The publication which could not be issued earlier on account of the reorganisation of States during the period, provides a statistical assessment of the co-operative movement in its various aspects in the country. As in previous years, it presents statistical data in three sets of tables, viz. the general statements, abstract tables and appendix, with a few minor modifications in presentation. The developments in the co-operative movement as revealed by the publication are summarised in the following paragraphs.

2. The expansion in the activities of the co-operative movement witnessed during the earlier years continued unabated during the year under review. Though the number of co-operative societies of all types functioning in the country had increased only by 1.8 per cent from 2.4 lakhs to 2.5 lakhs, their working capital went up from Rs. 469 crores to Rs. 568 crores or by 21 per cent. The membership of primary societies recorded an increase of about 10 per cent from 1.76 lakhs to 1.94 lakhs during the year. This increase is noticed in spite of about 3 lakhs of policy holders in the erstwhile co-operative life insurance societies going out of the co-operative fold consequent on the integration of the societies with the Life Insurance Corporation of India. The advances made during 1956-57 by primary societies were 23 per cent higher than during 1955-56. Bombay

alone accounted for 63.20 crores or 36.5 per cent of the aggregate advances.

3. Following the reorganisation of States, the Manipur and Tripura State Co-operative Banks were newly formed, Madhya Pradesh State Co-operative Bank was reconstituted into the Vidarbha and the Mahakoshal State Co-operative Banks while the Ajmer, Bhopal, Coorg and Vindhya Pradesh State Co-operative Banks ceased to be apex banks. Consequently the number of state co-operative banks at the end of June 1957 stood at 23 compared to 24 a year ago, and their membership also declined from 36,394 to 33,440. However, their working capital rose by a little over 25 per cent to Rs. 79.54 crores and this was achieved by an increase of 15 per cent in their owned fund and about 70 per cent in their borrowings. The average working capital per bank more than doubled itself during the period 1951 to 1957. Their advances to their member banks and societies stood at Rs. 113.77 crores recorded an impressive rise of Rs. 55.67 crores from Rs. 58.10 crores during the previous year.

4. The declining trend in the number of central co-operative banks and banking unions, continued during the year under review and the number of banks fell from 478 to 451, the smaller banks merging with adjacent larger banks. In spite of this decline, their membership rose from 3 lakhs to 3.11 lakhs and their working capital from Rs. 92.67 crores to Rs. 110.26 crores during the year. Loans advanced to banks and societies during 1956-7 amounted to Rs. 84.84 crores

representing an increase of 20.5 per cent over the previous year. Of this amount, Rs. 25.20 crores were advanced by the central co-operative banks in Bombay. At the end of 1956-7 the overdues amounted to Rs. 9.34 crores compared to Rs. 7.88 crores at the beginning of the year and constituted nearly 13 per cent of the outstanding loans compared to about 15 per cent in the previous year. The position of the overdues was heaviest in the case of the central banks in Bihar where they constituted over 44 per cent of the outstandings on 30th June, 1957.

5. Agricultural credit societies constituted the most important sector of the co-operative movement the country. At the end of 1956-7 there were 1,61,510 such societies with a membership of 91.2 lakhs and working capital of Rs. 98.30 crores. Borrowing from state or central banks, which stood at Rs. 55.90 crores on 30th June 1957, formed the main component of the working capital. Loans advanced by them during the year amounted to Rs. 67.33 crores while the year-end outstandings of loans stood at Rs. 76.82 crores. Overdues constituted about 22 per cent of the outstandings on 30th June 1957 against 25 per cent at the end of 1955-56.

6. The non-agricultural credit societies numbered 10,150 at the end of June 1957 compared to 10,003 at the commencement of the year. More than 50 per cent of these societies were concentrated in Punjab, Bombay and Mysore. Their membership rose by 1.66 lakhs to 32.39 lakhs during 1956-57. Their working capital recorded a fairly large increase from Rs. 85.74 crores at the beginning of the year to Rs. 100.41 crores at the end of

June 1957. Loans advanced by them during 1956-57 amounted to Rs. 82.07 crores and represented an increase of Rs. 10.01 crores over the amount advanced during the preceding year. On 30th June 1957, the loans due by individuals amounted to Rs. 74.99 crores and overdues formed 8.2 per cent of this amount.

7. There were 12 central land mortgage banks with a membership of 1,16,142 individuals and 419 banks at the end of 1956-57. Their paid-up capital and reserves amounted to Rs. 1.09 lakhs and Rs. 62 lakhs respectively. The loans advanced by the banks during 1956-57 amounted to Rs. 3.80 crores, while outstandings on 30th June 1957 stood at Rs. 14.94 crores. During the year under review the number of land primary mortgage banks went up by 24 to 326, their membership by 19,759 to 3.34 lakhs, and their paid-up capital from Rs. 85.64 lakhs to Rs. 98.70 lakhs. Borrowings from central land mortgage banks and loans due by individuals stood at Rs. 10.94 crores and Rs. 11.51 crores respectively on 30th June 1957.

8. At the end of June, 1957 the total contribution of State Governments towards the share capital of co-operative societies of all types amounted to Rs. 774 lakhs. Of this amount Rs. 328 lakhs or 42 per cent is accounted for by primary agricultural societies (both credit and non-credit) Rs. 220 lakhs by state co-operative banks and Rs. 126 lakhs by central co-operative banks. Nearly 85 per cent contribution to primary agricultural societies was made by the States of Bombay (Rs. 191 lakhs) and Punjab (Rs. 88 lakhs). Over 72 per cent of the state contribution to central co-operative banks was accounted for by Bombay,

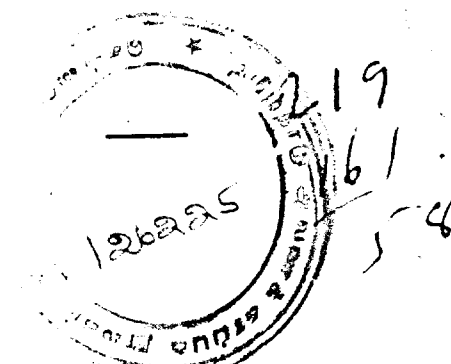
Madyha Pradesh and Bihar. Bombay is the only state which had contributed to the share capital of many types of co-operative societies and in most cases the contributions have been larger than those in any other State. Consequently about 45 per cent of the total contribution by all the State governments is accounted for by this single State. Only five States have contributed to the share capital of central land mortgage banks, the total contribution being Rs. 18.75 lakhs.

9. The number and membership of the State non-credit societies declined from 82 and 22,894 at the end of June 1956 to 56 and 15,644 at the close of 1956-57. On 30th June 1957 their paid-up share capital was also less at Rs. 1.70 crores compared to Rs. 1.82 crores at the end of the preceding year. The turnover of these societies during the year was of the value of Rs. 14.52 crores which was more or less of the same order as during 1955-56. On 30th June 1957 the central non-credit societies numbered 2,947 and their membership consisted of Rs. 20.49 lakhs individuals and 74,024 societies. Their turnover for the year 1956-57 aggregated Rs. 71.46 crores which exceeded the turnover for the preceding year by Rs. 13.61 crores. At the end of June 1957 there were 31,905 agricultural non-credit societies of all types with a membership of

Rs. 27.58 lakhs and a working capital of Rs. 44.73 crores. Their turnover during 1956-57 was of the value of Rs. 43.96 crores compared to Rs. 31.16 crores during the preceding year. Of these 9,731 were agricultural marketing societies. The sales effected by these societies during 1956-57 were valued at Rs. 24.51 crores against Rs. 15.23 crores during the preceding year. The number, membership and working capital of the non-agricultural non-credit societies at the end of the year under review stood at 28,522, Rs. 31.64 lakhs and Rs. 60.89 crores respectively. Their turnover was of the value of Rs. 61.59 crores compared to Rs. 44.73 crores during 1955-56.

10. There was an all round improvement in the profits made by co-operative societies during 1956-57 compared to the previous year. The increase was, however, not uniform as between the different types of societies. The largest increase was noticed in the case of primary agricultural non-credit societies whose profits rose from Rs. 69 lakhs in 1955-56 to Rs. 165 lakhs in the current year.

The publication is priced at Rs. 2. Copies are available from the Administrative Officer, Department of Research and Statistics, Reserve Bank of India, Post Box No. 1036, Bombay-1.



TELEGRAMS : "CENMORBANK "

TELEPHONE : 71061

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

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

President :

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

Authorised Capital	...	Rs. 30,00,000.
Paid up Capital	...	Rs. 19,82,600.
Reserves	...	Rs. 24,04,896.

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

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

*Summary of Balance Sheet as on 30-6-'58.

Liabilities.		Assets	
	Rs.		Rs.
Share Capital	... 19,82,600	Cash on hand and	
Reserve	... 24,04,896	with Banks	... 77,883
Debentures	... 5,53,19,900	Loans	... 4,44,29,561
Deposits	... 12,27,011	Sinking Fund and	
Loans	... 49,32,359	other Investments	2,10,23,392
Sundry Liabilities	... 9,61,810	Sundry Assets	... 16,02,472
*Net Profit	... 3,04,732		
Total	... 6,71,33,308	Total	... 6,71,33,308

*Subject to revision after audit.

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

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

"Co-operative Central Bank Buildings," Ootacamund.

DR. N. BASUVIAH,
President.

PHONE: 420

SRI B. HALA GOWDER,
Vice-President.

Authorised Capital	Rs. 10,00,000
Paid up Share Capital	Rs. 10,00,000
Statutory & Other Reserves	Rs. 3,45,392
Working Capital	Rs. 88,30,396

Loans and Overdrafts business exceed rupees one crore.

Deposits are accepted at the following rates:—

Fixed Deposits :

For 3 months & upto 6 months	2½ %	Current Deposits	½ %
For 6 months & upto 1 year	3 %	Savings Deposits	2 %
For 1 year and upto 2 years	4 %	Recurring Deposits	2 %
For 2 years and above	5 %	Provident Deposits	3 %

All Kinds of Banking Business Transacted

Ootacamund,
15-8-1957.

SRI G. MADALAIMUTHU UDAYAR, B.A.,
Deputy Registrar-Secretary.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture, Madras, is publishing a Monthly Journal in Tamil, called *Mezhichelvam*. It contains very useful articles on agriculture and allied subjects written by experts as well as agriculturists in the language and style that can be easily understood by ryots.

The present circulation of the journal is 20,000 copies every month.

Agriculturists are requested to enrol themselves as members and get the benefit of the information this journal imparts. The annual subscription is Rs. 3-0-0 only and this may be paid to the nearest Agricultural Demonstrator.

The Journal commands a wide circulation in areas not covered by many other journals and therefore offers an excellent medium for advertisement. In order to encourage such advertisement and thereby serve the readers of the journal also, the advertisement tariff has been fixed at very low rates as given below.

Advertisement Tariff :

Full page	... Rs. 25	} per insertion on the inside pages of the journal.
Half page	... Rs. 15	
Quarter page	... Rs. 10	

The journal offers an excellent opportunity to businessmen indent on reaching even simple villagers.

A fair commission will be allowed to approved agents for canvassing advertisements.

For further particulars apply to :

The Director of Agriculture

Post Box. No. 412, : : MADRAS-5.

**THE
Tiruchirapalli District Co-operative Central Bank, Ltd., No. 178.**

**TIRUCHIRAPALLI
(ESTABLISHED IN 1909)**

Fort Station Road, Teppakulam P. O., Tiruchirapalli-2

Tel:—"CO-OP. BANK," Post Box No. 324. Phone No. 189

Branches:—KARUR & ARIYALUR.

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

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

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

All banking business are transacted. For further particulars. apply to:

The Secretary,

The Tiruchirappalli District Co-op. Central Bank, Ltd.

Fort Station Road, Teppakulam-2 Post, Tiruchirappalli.

Post Box No. 324. T. S. MUTHUKUMARASWAMI PILLAI,

President.

**THE RAMANATHAPURAM
DISTRICT CO-OPERATIVE CENTRAL BANK, LTD.,**

No. 5184.

5, West Masi Street, Madurai.

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

Branch at: Karaikudi.

Authorised Capital	Rs. 15,00,000
Paid up Share Capital	Rs. 12,16,000
Reserve Fund	Rs. 4,75,566
Other Reserves	Rs. 4,64,061

Working Capital Exceeds Rs. One Crore

Deposits are accepted at the following rates:

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

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

Savings Bank Deposit 2 per cent

Current Deposit upto Rs. 5,000 1/2 per cent

Provident Fund Deposits 3 1/2 per cent

Season Deposits are accepted in our Karaikudi Branch also.
All kinds of banking business transacted.

A. Sivan,
Co-op. Sub-Registrar & Secretary.

R. Nagulswami Naidu,
President.

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