

THE
Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

HONY. EDITOR :
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THOUGHT FOR THE MONTH

Future of Mankind

" Biological studies lend support to the ethnic of universal brotherhood ; for man is born with drives towards co-operation, and unless these drives are satisfied, man and nations alike fall ill. Man is born a social being, who can reach his fullest development only through interaction with his fellows. The denial at any point of this social bond between man and man brings with it disintegration. In this sense, every man is his brother's keeper. For every man is a piece of the continent, a part of the main, because he is involved in mankind".

UNESCO—"Statement on Race".

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Editorial Notes

THE SOUTH INDIA CO-OPERATIVE SPINNING MILLS, LTD.

A Welcome Venture

We have great pleasure in publishing a special souvenir to mark a new and progressive venture, viz., The South India Co-operative Spinning Mills, Ltd., which was inaugurated by Sri K. Kamaraj, Chief Minister, Madras, on the 30th November 1958. It is a good augury for the textile industry in South India, more especially the handloom industry. The establishment of the South India Co-operative Spinning Mills is a landmark in the history of the development of the handloom industry on co-operative basis. The mill constitutes a special type of co-operative effort and with the inauguration of the mills, the co-operative movement in Madras, has entered a new era of expansion.

Hitherto the concept of co-operative organisation of industries meant only the extension of the co-operative technique to the field of cottage and small-scale industries. The starting of the mills is a pioneer attempt to introduce co-operation in the actual field of industrial production. Not only that, it also means that the handloom industry, which has been largely organised on co-operative lines covering 1½ lakhs of looms will henceforward be serviced by a production unit organised under its own auspices. That is a measure, which is bound to give a great fillip to the co-operative handloom sector.

The South India Co-operative Spinning Mills Ltd., Pettai, Tirunelveli, is the first of its kind registered in the State of Madras in April 1952. The object of the Mill is to carry on the business of cotton

spinning and supplying yarn to the Madras State Handloom Weavers' Co-operative Society. The authorised share capital of the Mill is Rs. 60 lakhs of which Rs. 41.86 lakhs has been already subscribed. We are glad to report that the Madras State Handloom Weavers' Co-operative Society, Ltd., and the Primary Weavers' Co-operative Societies have between themselves contributed Rs. 31.86 lakhs towards the share capital of the Spinning Mills, besides the Government share capital of Rs. 10 lakhs. The Mill is expected to have a spindlage of 16,000 and is expected to produce 750 bales of yarn of 20s per month. Already the Mill has so far produced 1,069 bales of 20s yarn and despatched them to the several units of the State Society under its instructions.

With the starting of the Mills, the co-operative handloom industry in this State has now gained an additional facility in the matter of supply of yarn and has solved to a large extent the problem of yarn supply, which has bedevilled the industry during the war period. Not only that, two other co-operative spinning mills have already been started, one at Srivilliputhur and the other at Tiruchendur. Though the societies started would function as processing units to the growers of cotton, they would also help the co-operative handloom industry in the matter of adequate supply of yarn. Thus the co-operative spinning mills in the State are doubly advantageous, it is advantageous to the producer of cotton in the sense that the mills would help the producer of cotton in getting a better price for his

produce and help the consumers of yarn—the weavers' societies—in getting an adequate and continuous supply of yarn of required counts at more or less favourable rates under the aegis of the co-operative movement itself.

We have great pleasure in welcoming this new venture and hope that the South India Co-operative Spinning Mills would be of great value, both to the co-operative handloom industry as well as to the agriculturists in the State.

The starting of the Mills, besides being a stabilizing factor in

the handloom industry would confer immense benefits to the entire economy of Madras State. For one thing, its abundant employment potential would go a long way in solving the unemployment problem in the countryside. As a promising agro-industry, it will confer an additional facility to the cotton growers in the matter of processing the cotton and assuring a better price. Thus, on the whole, the starting of the Spinning Mills marks a new era of prosperity and better standards of living to the peasants and artisans of our State.

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

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Reserve	... 24,04,896	with Banks	... 77,883
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Deposits	... 12,27,011	Sinking Fund and	
Loans	... 49,32,359	other Investments	2,10,23,392
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*Net Profit	... 3,04,732		
Total ... 6,71,33,308		Total ... 6,71,33,308	

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O. V. CHINNASWAMY, B.A., B.L.
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SPECIAL ARTICLES

Planner and Peasant in India*

By

SIR MALCOLM DARLING, K.O.I.E.

Since the last war the conception of nation-wide planning, which derives from Soviet Russia, has spread west to her satellites and east to India and China, and to some other countries as well, all predominantly agricultural with the peasant as their backbone. In Russia and her satellites its application has been backed by compulsion and in China by pressure if the two can be distinguished. In India, on the other hand, it is being applied on democratic lines with the consent, or at least the acquiescence, of all concerned. That this should be attempted with a population of nearly 400 million, most of whom are illiterate, gives the experiment a unique interest.

The First Five Year Plan was successfully completed in 1956. The Second is now in operation, and the role it assigns to the co-operative method for improving the lot of the peasant makes it a fascinating study for the student of Co-operation. No other country is trying to apply it on so large a scale and to so many sides of its rural life. "A co-operative commonwealth within a socialistic framework" is the ultimate aim. For Co-operation this is a novel departure, for it involves the active participation of Government in the movement. Since all movements owe their vigour to opposition, one wonders whether the friendly new setting will be more invigorating than the unfriendly capitalistic setting of the past. That, however, only time can show. In this article I propose to do no more than briefly consider the aims and im-

plications of the new association for both planner and peasant, and to do so in the light of a visit which it was my privilege to pay India last year under the auspices of the Planning Commission.

Why, it may first be asked, does India plan at all? In the more developed countries of the West, planning for the whole community is felt as a necessity only in time of war. But in the less developed countries of the East it is considered indispensable even in peace time on three main grounds. There is, firstly, the economic need to increase agricultural production in order to raise the peasant's standard of living, if not, indeed, to prevent it actually falling where, as in India and China, population is growing at the rate of many millions a year. Secondly, there is the social need to give the village the advantages and amenities of modern life and at the same time to counter the diseases so rife in the East and to remove the widespread illiteracy with its concomitant fatalism and bondage to custom.

Thirdly, there is the political need, obvious enough in Communist countries where the aim is to collectivise farming and so to break the peasant's attachment to his land and make him a tool in the hands of Government. In democratic India the political need takes a different form. Every five years there is a general election and the whole adult population, now nearly 200 million, has the right to vote. Already, as last

* Source: Year Book of Agricultural Co-operation, 1958.

year's election showed, the peasant is beginning to ask what is Government doing for him, and with each election the question is likely to become more insistent. A succession of Five Year Plans is to be the answer, each shrewdly timed to end within a year of the following election.

That the answer may satisfy the peasant, it is felt to be essential that India should not be outstripped by China, whose rural problems are not very different. Ten years ago, thanks to the material advantages of the Pax Britannica and a tolerably efficient administration, India was well ahead of her neighbour. Her roads, railways and canals, her hospitals, universities and schools, though far from sufficient for the needs of to-day, gave her a good start in what has become almost a race between the two countries. But since the communist came into power, China has been fast catching up. As a totalitarian state she can dictate to the peasant, and dictation backed by pressure can achieve quicker results than the more persuasive methods of democracy, though the results are likely to be less lasting. The immediate effect, however, is to give the planner in India a sense of urgency which, as we shall see, is not without its danger to the co-operative movement.

Between the democratic and the totalitarian state there is also a difference of aim. In the former, as between Government and governed, the interests of Government come first. In a democratic state, with adult suffrage, the reverse is the case, and the planner has to consider not only what Government wants from the peasant, but even more, what the peasant wants from Government.

So much by way of introduction. Now let us consider what Government in its present Plan wants from the peasant. First and foremost, since over 250 million peasants cannot be approached individually, it requires them to group themselves into co-operative societies. It is hoped that in time all, or nearly all, will be willing to do this. For the time being, the target is to raise the number of members of co-operative societies from 5 to 15 million, a sufficiently formidable task if they are to be co-operators in more than name.

Further, since co-operation is to be "the vital principle of all rural development", the peasant is expected to co-operate with his neighbours for all his needs. The facilitate this on the economic side, co-operative marketing, still in its infancy, is to be organised on a nation-wide scale with a target, for the five years of the Plan, of 2,200 marketing and processing societies, to include 160 cotton-ginning and sugar factories. In addition, there are to be 350 warehouses, and 5,000 village societies are to be equipped with storage godowns.

So wide an extension of membership and activity demands a great expansion of financial resources, with much more finance per member than in the past if agricultural production is to be modernized and the peasant's dependence on the money-lender broken. The target in the case is to raise the amount available through co-operative channels from £33 million to £168 million. There is no easier way of inducing the Indian peasant to join a co-operative society than to promise him money on loan if he does so, but there is no equally effective bait for getting it back. In the past, punctual repayment was the

last thing to be expected from him, and it was often difficult to get him to repay at all. He was never at a loss for an excuse, and drought, flood or disease often made the excuse unanswerable. It is a little ominous that arrears of interest in Central Co-operative Banks rose in three years (1953-56) from 32 to 49 per cent of the amount due for payment.

To guard against this weakness, which in greater or less degree permeates the whole co-operative credit movement in India, Government is tightening its control over it in two ways. It is enlarging the controlling staff and it is becoming a shareholder in societies of all types at State and district level, and in the larger societies at village level. In the days of British rule it was commonly charged against us that official control was too tight for the healthy development of a movement, which should be self-governing. Now it is to be tighter than ever, yet since the movement has to function within socialistic framework, can this be avoided? To minimize its drawbacks, all concerned with control and management are wisely being given a much more systematic training in the principles and practice of Co-operation than was common in the past.

To spread the flow of the new stream of credit over the whole of India and to direct it into productive channels is in itself a problem. Many think it can be done through the small one village Raiffeisen Society, which has hitherto been the basis of the agricultural movement. Societies of this type are sufficiently numerous—about 1,60,000 in 1955-56—but in all but three of India's 14 States the average amount on loan per member was less than Rs. 90 (£6 15s), in some less than Rs. 50. In

six, membership averaged less than thirtyfour, and in eight, overdues were more than 25 per cent of the amount on loan at the end of the year. Such figures certainly do not suggest a very firm foundation for rapid expansion. Accordingly, it has been decided to organise over 10,000 larger societies with a membership of 500 or more. This, it is hoped, will ensure them a loan business of at least 1½ lakhs (£11,250) a year, and in addition they are expected to supply their members with their agricultural and domestic requirements.

"The proposal", if I may quote the report on my mission, "involves radical changes—limited instead of unlimited liability, paid instead of mainly honorary management, a group of villages instead of only one as the area of operations, and last, by now means least, the participation of Government in the society as a shareholder: in fact, a complete break with the Raiffeisen model." In defence of the policy it is urged that with Government as a Shareholder these societies will have ampler resources, a wider range of activities and a larger volume of business, and be able to employ a properly paid staff and be altogether a much more effective instrument for the distribution of the new supplies of credit.

These considerations have great force; but the policy has its disadvantages. The most serious is Government's participation as a shareholder. "At the apex level (to quote my report again), there is much to be said for this, given the paramount necessity to increase agricultural production and to supply the cultivator with sufficient credit for the purpose. But the primary level, so far as the thrift and credit society is

concerned, every experienced co-operator must view it with concern, since it is only too likely to undermine the independence and self-reliance essential to the strength of the movement at its base."

A lesser drawback, though not without its importance, is the grouping of villages into societies. "From time immemorial (I quote the report again), the village in India has been a self-contained unit with strong economic and social ties. It is true that with modern economic and political developments it is rapidly becoming less self-contained, but it still provides the best atmosphere for the spirit of mutual help and understanding, which should inform every co-operative society. This advantage will be lost if villages with no tie but propinquity are grouped together." Attendance at general meetings will also suffer, especially as societies grow, and that is bound to react on the co-operative spirit. It has not been easy to generate this spirit in a small society; it will be difficult in a large, and almost impossible in the largest: some already have over 2,000 members. In a country like India, where the social and the moral value of Co-operation is of equal importance with the economic, this is a consideration not lightly to be dismissed.

In view of this it is to be hoped that these societies will be regarded rather as an experiment in a new direction than as a step towards replacing the existing type of thrift and credit society. For semi-urban areas and for cultivators specializing in commercial crops they may very possibly prove the better type of the two; and they will not be without their attraction for the more pros-

perous peasants, but the poorer are unlikely to feel entirely at home in the formal surroundings of what will in effect be a small bank; nor will the many who cannot afford a bicycle appreciate having to trudge several miles, often under a hot sun, in order to obtain or repay a loan, accompanied in the first case by their sureties. Be this as it may, the one-village society is too numerous to be displaced en masse. A very special effort, therefore, is needed to make it more equal to the demands of the Plan. I stress the point because I found a disposition, natural enough, to pay more attention to the new types of society than to the old.

Agriculturally, a fundamental weakness in India's economic structure, and a formidable obstacle to any striking increase in production, is the uneconomic holding. The country is riddled with them. So, too, is China, and the remedy adopted there is collective farming, statistically with spectacular results. In three years (1953-56) collective farm societies increased from 14,000 to a million, embracing, it is claimed, 92 per cent of all rural households. Such rapid growth can have but little strength—it is the slow-growing tree that lasts—and it has already been followed by much discontent. Yet, such is the influence of figures in this statistical age that it has led many to advocate its introduction wholesale into India. The democratic planner has, however, to be more cautious than the totalitarian, and in dealing with the peasant, if he is wise, more patient. It has therefore been decided to proceed experimentally and to start a mere 3,000 societies during the next three years.

The collective farm society is beset with more practical and

psychological difficulties than those who have not studied its working commonly realize, and to succeed, it requires a much stronger co-operative spirit than the more familiar types of society. At the same time, as I have shown in a previous article, if it works as it should, it is not without solid advantages for the peasant: farming can be more quickly and effectively modernized, fragmentation by passed, labour economized, and the amenities of modern life more easily supplied. But a high price has to be paid. Both owner and tenant must give up their independence, and the owner his land as well. That in China they have done this is more likely to be due to Communist pressure than to a spontaneous change of mind and heart. In Yugoslavia, when I visited it in 1951, pressure had produced 7,000 of these societies, but when, two years later, it was relaxed, the number fell to 1,000. It would be unwise, therefore, to accept China's achievement at its face value, still less to assume that what suits the Chinese peasant with his different environment and character will suit the Indian. With, however, several hundred societies already functioning, there is good reason for experimenting on a larger scale.

But if the peasant's co-operation in this field is to be wooed on more seductive lines, the experiment should also embrace co-operative farming on an individual basis as suggested by Dr. Otto Schiller in his recent study, *Individual farming on co-operative lines*. The type of society he envisaged would leave the peasant in full control of his land and time, but not of his way of farming. As such, it offers a much easier way of applying Co-operation to the processes of

production. Nor, if and when members wish, is there anything to prevent it from being converted into a collective farming society. This, too, they can do by stages: first, by cultivating only part of the land collectively, then by forming themselves into groups for cultivating the whole, and so on through "Joint Farming" with individual ownership retained, to full-fledged collective farming.

So far we have considered only the measures for dealing with the peasant's economic needs. As already noted, there are also his social needs—education, better health and the other advantages and amenities of modern life. Over 80 per cent are still unable to read and write, and the great majority live in villages which lack good roads, paved lanes and drains, and have no school, doctor or vet within easy reach. In a country where the cattle count for so much the vet is of unusual importance. To give India these essentials within five or ten years would be a task beyond the power of any democratic government single-handed. In this field, therefore, the collaboration of the peasant is supremely necessary. To secure it, a very imaginative steps has been taken. A National Extension Service is being created on a vast scale. The whole country is being divided into blocks of about a hundred villages each in charge of a Block Development Officer with a staff which should, but does not always, include a representative of the departments mainly concerned with the peasant. By the end of the first Five-Year Plan (1956) 1,700 blocks were in operation; by the end of the second, there are to be 3,800, covering about 380,000 villages. Funds are allotted to each, and a programme is drawn up in consultation with

the villagers through their Village Councils, with priority for schemes which attract the largest popular support in the shape of land, labour or cash. The system ensures, on the one hand, that every rupee spent by government does more than a rupee's worth of work on the other, that the money is spent on what the peasant wants and not just on what Government thinks he wants or should want. So far the response has been surprisingly good and suggests that the peasant is at last beginning to shake of the inertia of centuries.

It has been comparatively easy to apply the contributory principle to the more concrete needs of the villages: the construction of a road or school requires but a single effort, and their maintenance can be left to Government. It is far more difficult to apply it to the less tangible and more exacting demands of Co-operation. It may indeed be easier to form a society than to make a road, but its maintenance is far more difficult; nor, if the society is to be truly co-operative, can maintenance be left to Government. Up to a point Government can help, but if its help is to foster self-help, there must be experienced guidance on the part of the staff. In most of the blocks I visited there was far too little of this.

I have now touched, very superficially, on the salient features of the Plan for the rural sector, and we have seen that, on the whole Government has borne in mind the necessity of adjusting its own aims and the country's needs in general to the needs and wishes of the peasant. A democratic Government has, indeed, no alternative if it is to be true to its principles. But, considering the importance it attaches, and wisely attaches,

to Co-operation as the chief means to its ends in the village, its policy, I venture to suggest, is open to criticism on one major point.

The policy was being carried out by many I met with remarkable zeal and devotion, but owing to India's fear of being outstripped by China, the pace set for its execution seemed to me dangerously fast. For example, in a mere five years can the number of genuine co-operators be raised from five to fifteen million? Can, too, the flow of credit be increased from £ 33 millions £ 165 million without involving an improvident and not very credit-worthy peasantry in financial difficulties, from which it will only be possible to rescue them by tightening Government's control over the movement? Can, again, a superstructure of 2,200 marketing and processing societies be safely added to a structure nowhere very strong and in some States deplorably weak? In fact, are these high targets really in the interest of the peasant? Would not it be better served by lower targets combined with a determined effort to strengthen foundations in the shape of the all too small thrift and credit society? For if the structure were anywhere to collapse, past experience shows how difficult it would be to repair it.

Targets are in themselves a danger when applied to the spread of Co-operation. Applied to the distribution of the material aids to production such as fertilizers and seed, they are appropriate enough, but not for a system involving complicated psychological factors. Everyone, too, who has served in India knows how ready a subordinate is to regard the strongly

expressed wish of his superior officer as virtually an order. It was not surprising, therefore, to find many officials so target-mined that they seemed almost to regard the peasant as made for the target and not the target for the peasant. If targets there must be, they should be respected but not venerated.

It is a drawback to nation-wide planning that it involves the creation of a vast army of officials. For Co-operation this means the recruitment of thousands to start, guide and help in controlling the new societies. Everything possible is being done within the time available to train them for their new duties; but with the pace set by the Plan they are being pushed out into the field with far too little experience for their responsibilities.

This leads to a final point. The inevitable result of planning on Communist lines is an enormous growth of bureaucracy. It would be a sad comment on India's democratic planning with Co-operation as its "vital principle" for rural development, if it were to have the same result. Yet with the present haste and the large number of officials concerned, this might easily happen. To guard against it, it is being impressed upon those under training that they must act not as the masters, but as the servants of the peasant. But even if this golden rule is followed, there will still remain the difficulty of serving two masters—Government and the peasant; and can anyone be blamed if he pays more attention to the master on whom his future depends?

The new partnership adds to the difficulty. In the old days, the Registrar in his dual capacity as official and co-operator could, if he wished, act almost exclusi-

vely as co-operator. But now, Government as a partner, and inevitably the senior partner in the movement, this will no longer be possible; and if not possible for the Registrar, much less so for his subordinates. Further, if in any area Government's financial interests are in jeopardy—and with so much haste and with so much money poured into the movement this is far from impossible. Government pressure upon the controlling staff is bound to increase, and with it any tendency of the staff to consult Government's interests rather than the peasant's.

Co-operation is everywhere the peasant's best friend. In India it is perhaps his only sure defence against Communism. But its general acceptance involves a psychology rooted and grounded in immemorial custom and tradition. It is true that under the influence of independence and two world wars, and of the spread of education and the motor-bus, custom is becoming less of a tyrant and traditional ways more open to question. But from my experience of change in the past, it must almost certainly vary greatly from tract to tract and largely in ratio to the peasant's accessibility to school, road, rail, or town. The majority are probably much as they were—the landscape as seen from road or rail, except in the Punjab, certainly suggested this and that means that their minds still work at bullock-cart pace. Great patience will therefore be required to persuade the peasants *en masse* to adopt the co-operative system and to apply it with sufficiently sustained effort to their needs. The risk is that in many areas the system will be accepted but without the necessary effort. In that case the movement must

either be bolstered up by Government and become part of the bureaucratic machine or collapse.

It is because I feel how lamentable either alternative would be that I have emphasized the dangers of haste. Who goes wisely,

says the Italian proverb, goes slowly; and who goes slowly, goes far. And though well set on the road, India has still very far to go before anything approaching a Co-operative Commonwealth is established.

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President.

The South India Co-op. Spinning Mills Supplement

Special Articles

HANDLOOM INDUSTRY AND CO-OPERATIVE SPINNING MILLS

By

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

Registrar of Co-operative Societies, Madras.

The Handloom Industry occupies a vital position in India's economy, from the point of view of the direct and indirect employment which it provides and the contribution it makes to the cloth needs of the country.

It provides direct employment to about 75 lakhs of people on a full-time basis, and meets nearly one-third of the total internal needs of cloth. In the Madras State, there are 4.54 lakhs handlooms and about 16 lakhs of people are dependent on the industry.

The Union and State Governments have taken many measures to foster and improve the efficiency of the industry and promote the welfare of weavers through weavers co-operative societies, with the large-scale financial assistance available from the cess fund. One of the important schemes, implemented for the development of the handloom industry is sanction of financial assistance from the cess fund for the establishment of co-operative spinning mills.

The establishment of Co-operative Spinning Mills has several advantages. They constitute a special type of co-operative effort. The mill, composed of weavers co-operative societies, apex weavers co-operative society, cotton growers, handloom weavers, etc., will purchase the cotton required from its grower members and others, produce yarn and supply it to weavers co-operative societies, who are also its members.

For the grower-members it is the processing society, and for the weavers society members, it is the supplier of raw materials, yarn. This arrangement will therefore promote an identity of interests of both the producer and the consumer and eliminate the conflicts between them in respect of quality as well as the prices of yarn produced.

It will thus provide an incentive both to the producer and to the consumer to be loyal to the mill. These co-operative spinning mills will also act as a check on the prices of yarn and the quality of yarn available in the market for the handloom industry.

First Step

The first step in the formation of co-operative spinning mills was taken in 1951. A Co-operative Spinning Mill, the Madras Co-operative Spinning Mill, was established in that year in Guntakkal in the former composite Madras State.

The South India Co-operative Spinning Mills at Pettai, Tirunelveli was registered in April 1952, and started on work formally on May 30, 1952. The object of the mill is to carry on the business of cotton spinners and supply yarn to the Madras State Handloom Weavers' Co-operative Society. The authorised share capital of the mill is Rs. 60 lakhs.

Two other Co-operative Spinning mills have also been registered

subsequent to the establishment of the South India Co-operative Spinning Mill. The Ramanathapuram Spinning Mill was started formally in September 1957. Its by-law provides for the admission of weavers co-operative societies, other co-operative societies, Government and individuals, preferably cotton growers and handloom weavers. The mill had 743 members on its roll with a paid-up share capital of Rs. 10.73 lakhs. According to the by-law of the mill, bonus may be paid to grower members who deliver cotton to the mills and weavers co-operatives which purchase yarn from the mills. The mill will operate with 12,000 spindles and is expected to produce yarn of medium counts. A Special Deputy Registrar has been sanctioned for the work connected with the establishment of the mill

and his pay etc., are met by the Government. The mill is taking steps to purchase the site required and is also finalising the machinery to be purchased.

The Tiruchendur Co-operative Spinning Mill was registered in April 1958. It has been established primarily for the benefit of the repatriates from Ceylon and its membership will be composed of such repatriates and their sympathisers as well as Government and Co-operatives. The mill will also recruit skilled and unskilled labour from the repatriate members. It will set up a 12,000 spindles plant and produce medium counts yarn. A Deputy Registrar, free of cost, has been sanctioned to the mill.

There are two other proposals for forming co-operative spinning mills at Salem and Tirunelveli.

Rise in Indigenous Cotton Consumption

INCREASE IN COARSE CLOTH OUTPUT LEADS TO GLUT

By

SRI M. P. NACHIMUTHU MUDALIAR,

Chairman, The South India Co-op. Spinning Mills, Ltd., Tirunelveli.

There are 470 cotton mills in India of which 295 are composite mills and 175 spinning mills. Out of a total of 13 million spindles, the composite mills account for 10 million spindles and the spinning mills for three millions only.

It is estimated that more than 1770 million lb. of yarn has come off the spindles last year and this is an all-time record in yarn output in this country. But the rated capacity of the mills is far higher and it is estimated at 1840 million lb. and the target for the Second Plan is 1950 million lb.

bales of cotton, a large part of it being short-staple. The industry consuming then about three million bales, the rest has been exported. Exports have thus played a very important part in India's cotton economy.

With the Second World War, the export trade has come to a stand still and India is required to grow cotton that could be mostly consumed by the Indian textile industry. Consequently 88 per cent of the cotton consumed by mills is grown in India.

As partition has taken away the most prosperous cotton-growing area covered by canals, the cultivation of cotton in the remaining areas has to be reorientated to suit the changing economy of the country. The Central Indian Cotton Committee has evolved various new strains of long staple cotton of the American variety, consequently the production of long-staple cotton of 7/8" and above has increased to 41 per cent as against 42 per cent medium and 17 per cent short-staple.

Still short-staple cotton earns a large amount of foreign exchange and its production should therefore increase, so that the country can maintain its traditional share in the international trade in cotton. This would also counteract the foreign exchange difficulties of the Government in buying foreign cotton.

The mills are working to their maximum capacity and other consumption of cotton has risen to 5,230,000 bales out of which 4,660,000 bales are Indian cotton, while the consumption of foreign cotton has come down to 5.7 lakh bales.

This progressive displacement of foreign cotton by Indian varieties reflects the steady improvement in the quality of Indian cotton. It is also due to Indian cotton being cheaper than foreign cotton.

The rise in the consumption of indigenous cotton has led to increased production of coarse varieties of cloth which accelerated by the preferential treatment accorded to such varieties under the excise levy, has resulted in a glut of this category in the textile market.

Effect of Partition

In pre-partition days, India has grown between five and six million

The import of Egyptian and Sudan long-staple is curtailed and

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Village Co-operative Societies	128
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State Government	1
Authorized Share Capital	Rs. 2,00,000
Paid up Share Capital	Rs. 1,18,361
Reserve Fund	Rs. 4,12,819
Other Reserves	Rs. 5,52,443
Value of Potatoes, Tea and Coffee Manure	
Mixtures sold (1957)	Rs. 30,30,268
Value of Potatoes sold (1957)	Rs. 24,22,856

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S. H. KARI, Secretary. SRI C. RAGHAVAN NAIR, Deputy Registrar & Business Manager.

the import of African medium-staple in becoming increasingly difficult. The only possibility is the import of American cotton under the aid programme with which we could spin 40's. The price of this cotton is not quite favourable to the mills as compared to East African cotton.

Sea Island Cotton

Some quantity of long staple cotton ranging between 1" to 1-16" is grown in some parts of India and in the Southern Zone experiments in the cultivation of 1-1/8" and higher are being made. Recently in Kerala some sea island cotton has been grown and it is capable of being spun up to 100 counts. This when developed will save and earn a lot of foreign currency.

The new long-staple Madras Uganda has been found to be suitable for growing as a summer crop in Madurai, Ramanathapuram and Tirunelveli districts and it has a staple length of 1-1/32" to 1-1/16" suitable for spinning up to 40s.

Mills have now started spinning 60s also with Indian cotton. But the average yield per acre in India being round about 116 lb. of lint as against 413 lb. in U.S.A. the prices are not remunerative to keep down the price of yarn. A more intensive cultivation may help to improve matters.

A Major Problem

The price of cotton is vital, as it largely determines the market for the Indian textiles abroad, be it yarn or cloth, mill or handloom. One of the major problems to be tackled by producers is the price structure.

India has been the biggest exporter of cotton textiles for a considerable number of years and during the Korean War the exports have exceeded 1,300 million yards. Decline has, however, set in and there has been a sudden drop in the offtake by other Asian Countries on account of the increasing competition from Japan and China.

The foreign markets have to be studied more intensively. The world market to-day is a buyers' market and because of the aggressive competition now prevailing quality and price will continue to be the determining factors.

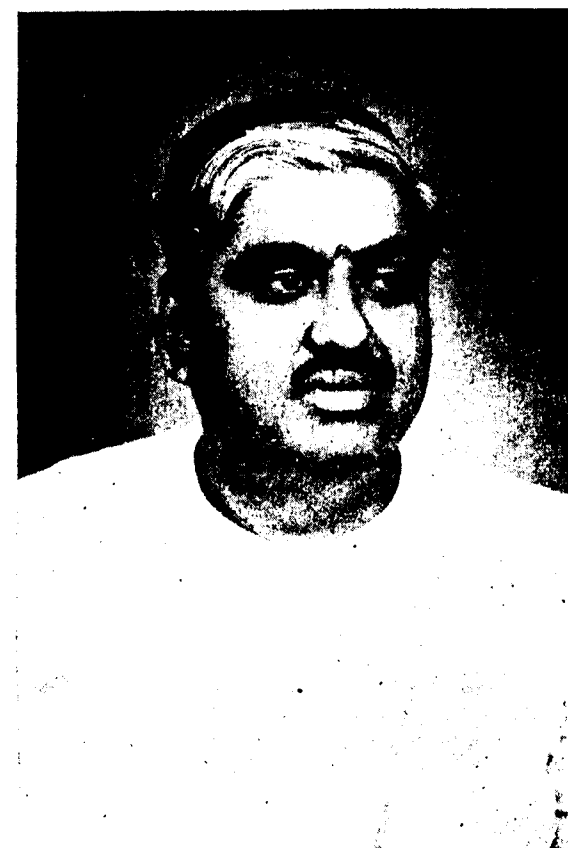
The potential American market, too, for handlooms cannot be on Indian side, if the prices are not competitive. The recent price trends do not suggest that all is well with the industry. There is wide fluctuation which prevents producers from taking any determined step. Much headway is not made even in the export of yarn, despite the open dock for 1,00,000 of bales.

Requires Sacrifice

When it is economic for our neighbours to quote an attractive price in the world market, why should it not be possible for us also? Perhaps it requires a sacrifice either at the trade level or at Government level.

In the value of a piece cloth, 60 per cent is the price of yarn and in the value of yarn, 85 per cent is the price of cotton. It is high time we develop a sense of cost consciousness in public endeavours. Efficient cost control is necessary for both private and public sectors.

The South India Co-operative Spinning Mills Ltd. Members of the Board

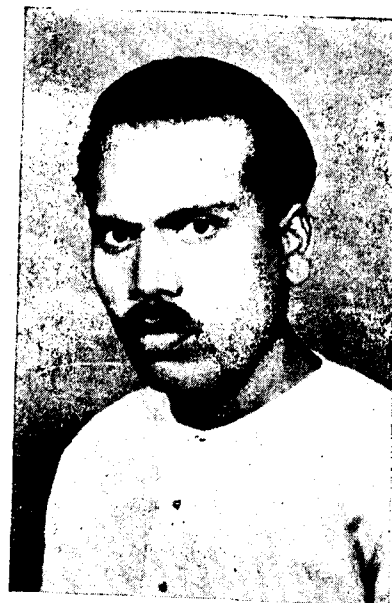


Sri M. P. Nachimuthu B.A., B.L.,
Chairman.

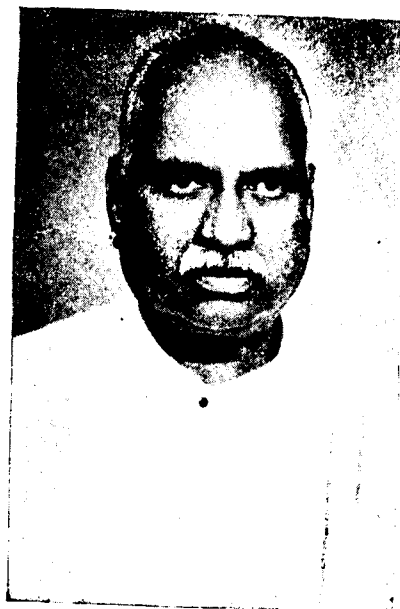
Members of the Board.



Sri J. Arunachala Mudaliar, M.L.C.
Director.



Sri K. A. Kasiviswanatha
Mudaliar, *Director.*



Sri K. Kolandaivelu Mudaliar,
Director.



Sri L. Natesan,
Director.

Members of the Board.



Sri V. S. Sankarasubramania
Mudaliar, B.A., B.L.,
Director.



Sri G. V. Doraiswami,
Nominated Director.



Sri A. Palaniappa Mudaliar,
M.A., I.A.S., (Retd.)
Registrar of Co-op. Societies, Madras.
(Ex-officio Director)



Sri T. S. Sankaran, I.A.S.,
Director of Handlooms
(Ex-officio Director)

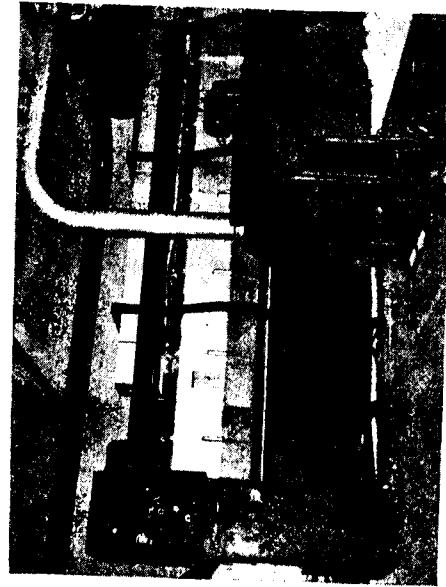
The South India Co-operative Spinning Mills, Ltd.



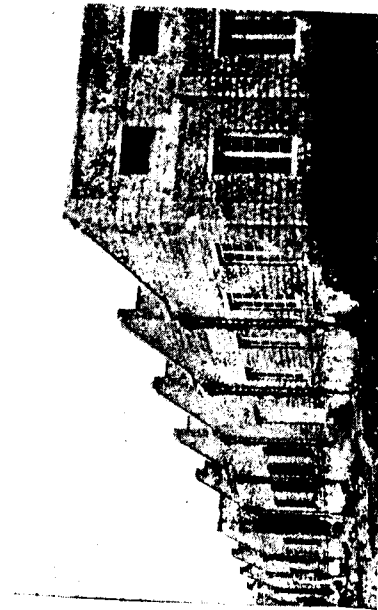
Front View of the Mills.



Main View.



Mixing Department.



Side Elevation.

Rehabilitation of Handloom Industry

PLEA FOR SHELTERED MARKET

By

SRI M. SOMAPPA,

President, All-India Handloom Fabrics Marketing Co-op. Society, Ltd.

It is hardly necessary to say that the handloom industry in India is the largest cottage industry next in importance only to agriculture. Despite a century's cut-throat competition by mills, it has survived, which is a tribute to its innate vitality and vigour.

There are 25,00,000 looms according to the recent statistics of State Governments. While the number of persons employed by all the heavy industries in the country put together is 27,00,000 those provided by handlooms are 75,00,000 persons on whom 15 millions are depended for their livelihood.

The handloom industry is spread over the entire sub-continent and is entrenched in the villages. A weaver in a village earns anything between Re. 1 to Rs. 3 depending on his skill and capacity. Handlooms are supplying a third of the country's cloth requirements.

Though several measures have been taken for rehabilitating the handloom industry, they have at best been palliatives, since the real solution to the handloom problem lies in reserving a field of production exclusively for handlooms; in other words providing a sheltered market in the home country.

Rightly had Rajaji, an elder Statesmen, suggested the reservation of saris and dhotis exclusively for handlooms, which sane suggestion has not unfortunately been implemented so far.

Powerlooms Threat

While, on the one hand, it is trying to rehabilitate the handloom industry, on the other misled by the propaganda of vested interests, the Government are allowing its help to be obliterated in permitting the introduction of powerlooms. Though handloom interests in one voice protested against the introduction of powerlooms, as powerloom would go to displace 10 handloom, thereby aggravating the already serious unemployment problem in the country, the Government unfortunately are trying to force the powerloom scheme.

A most important event in the consolidation and development of handloom industry in the recent years, has been the birth of the All-India Handloom Fabrics Marketing Co-operative Society. Sponsored by the All-India Handloom Board and started with the blessings, sympathy and support of the Union and State Governments and Apex Weavers Co-operative Societies (in 1956) with the principal object of promoting inter-State trade and export of handloom fabrics, it is progressing very satisfactorily.

The principal raw material required for the handloom industry is yarn. It was the Madras State Handloom Weavers' Co-operative Society of the composite Madras State, which conceived the idea of starting co-operative spinning mills, and organised the first co-operative spinning mills, at Guntakal with share capital subscribed

by primary weavers co-operative societies and the Apex Society in 1952. This mill went into production by 1954, when Andhra State was formed.

It is heartening to note that the working of Guntakal Co-operative Spinning Mills is very satisfactory and it is fulfilling ably the objectives for which it was brought into being.

The Madras State Handloom Weavers' Co-operative Society deserves to be congratulated for

initiating active steps for the starting of a co-operative spinning mills to fill up the void created in its State as the result of the allocation of the Guntakal Spinning Mills to the Andhra Handloom Weavers' Co-operative Society, consequent on the bifurcation of the composite Madras State Society.

I wish all success to the South India Co-operative Spinning Mills at Tirunelveli and hope that it will be an inspiring example for many more similar spinning mills to be started in India.

A Case for Revising Textile Policy

By

SRI V. S. SANKARASUBRAMANIA MUDALIAR

The present textile policy of the Government of India was announced on 18-6-1955 by the then Indian Minister of Commerce and Industry Sri T. T. Krishnamachari adumbrating a four-point programme for the production of additional requirements of 1700 million yards of cloth during the second plan period after taking into account 18.5 yards per capita plus 1,000 million yards for export. The estimated output of cloth at that time from all the three sectors of Mills, Handlooms and Powerlooms was 5,000, 1,500 and 200 million yards respectively, making in all 6,700 million yards.

The calculation was based on two assumptions namely the population of the Indian Union will be 40 crores by 1960 and the per capita consumption will raise to 18½ yards. The total demand for our country would be 7,400 million yards and adding 1,000 million yards intended for export, the total requirements would be 8,400 million yards. The estimated increase of 1,700 million yards was allocated to the various sectors of production as follows: 350 million for Mills, 700 million for Handlooms with mill yarn, 300 million for Handlooms with Ambar charka yarn and 200 million for powerlooms in Handloom Sector. A reserve of 150 million yards was kept unallotted, to be assigned at a later date to the sector which was capable of producing it.

This new policy is a revision of the policy enunciated by the Textile Inquiry Committee and the Karve Committee in 1955. Both the committees independently came to the conclusion that the

Mill production must be pegged at 5,000 million yards and the Handloom sector left to produce the rest. Both the committees expected a per capita consumption of 18 yards by the end of the Second Plan period.

Even from the beginning opposition to the report of the Textile Inquiry Committee and the new textile policy was countrywide and handloom interest all over the country declared that the implementation would ruin the handloom industry and requested the Government not to accept the recommendations and to peg the Mill production at 4,000 million yards and not to introduce powerlooms. The Madras State Handloom Committee also expressed the view "that fixing the maximum at any figure above 4,000 million yards inclusive of exports is detrimental to the Handloom Industry". Their main ground of objection was that the basis of calculation for ascertaining the total requirements is wrong. The actual consumption of cloth during the years between 1937 to 1954 has not risen above 14 yards per head on the average and the expectation of an increase to 18 yards is based on erroneous data. The opposition and protests were ignored by the Government, who went ahead with the new policies without even placing them before the Parliament for discussion. Subsequent events have proved that the opposition was based on correct data.

The position today, after two years, is that protection has outstripped consumption by leaps and bounds. The off-take from

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

the consumer has not registered any increase as presumed by the Government nor are there signs of improvement in the near future.

The economic development of the country is not at the rate envisaged by the second five year plan and the purchasing power of people has not increased. The Textile Enquiry Committee appointed this year points out this fact and admits that the fixing of the per capita consumption at 18.5 yards is erroneous.

The population of our country in 1957 is 385 millions and the production of cloth in the same year is 5317, 1643 and 303 million yards in Mills, handlooms and powerlooms respectively. Our export was 795 million yards and our import is 12 million yards. Thus, it can be seen that 6480 million yards was available in 1957 for internal consumption that is 16.8 yards per head. The stocks in all the sectors did not move even at the production level. It is because the production is in excess of the demand. It may also be said that the purchasing power has not kept pace with production.

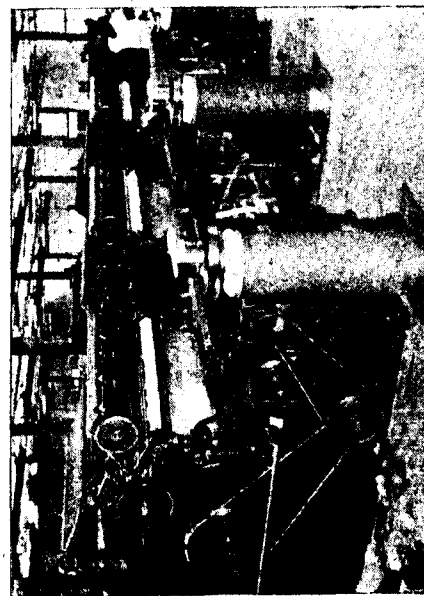
In China

Another main reason for the low increase in the off-take of

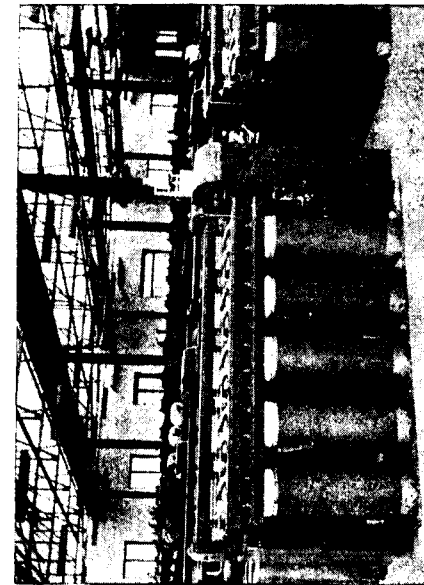
cloth is the disproportionate increase in the price of cloth due to heavy cost of production. The Communist China is able to place in Indonesian Market cloth much cheaper than India. They are working their machinery 8,000 hours a year as against our 5000 hours. Indian Textiles do not enjoy a first class reputation in international market and our exports are not likely to improve in the near future.

All these things show that we have reached a stage when we should rethink and reassess the quantum of production in all the sectors. The industry is drifting towards new dangers and if we fail to peg the Mill production at a lower level and take such other measures as are necessary to correlate production with consumption, the entire textile industry will be thrown out of gear. The Government must re-think and reassess the cloth requirements of the country and the quantity required for export and reallocate the quantum for each sector of production. The industry must also be modernised and rationalised to bring down the cost of production and to enable it to meet textiles of other countries in international market on competitive basis.

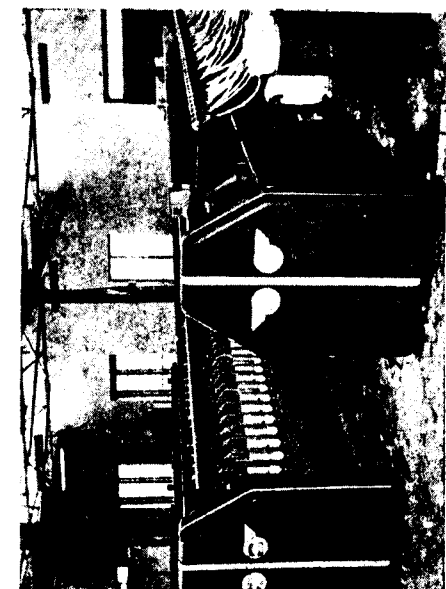
The South India Co-operative Spinning Mills, Ltd.



Carding Department.



Drawing Frames.

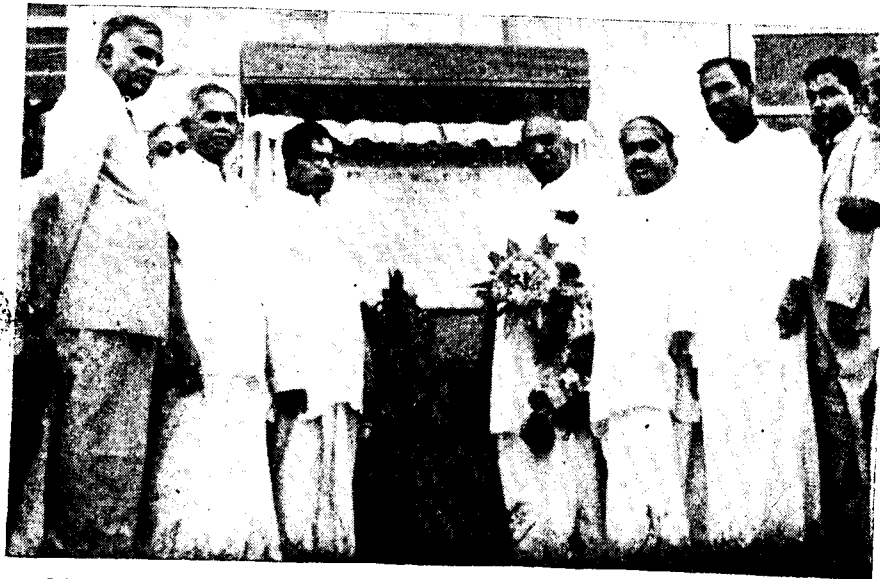


Speed Frames.

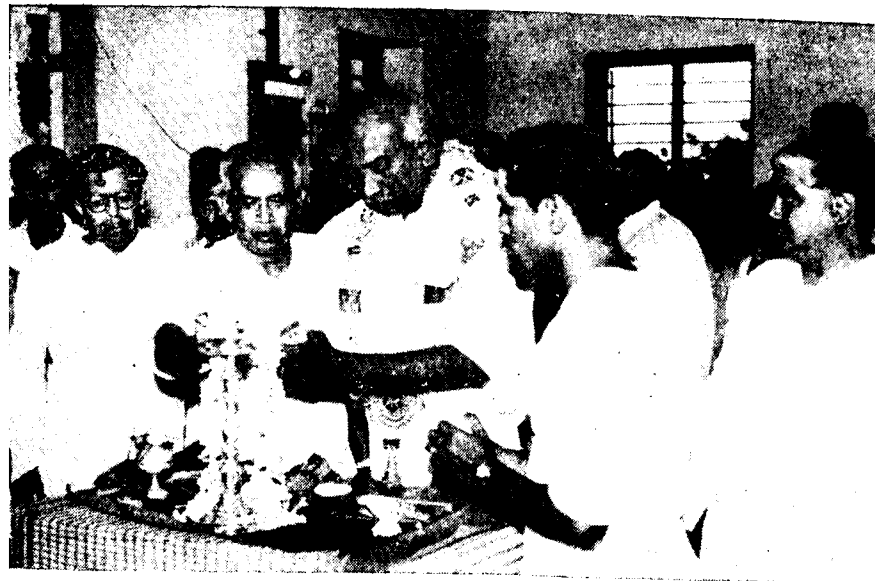


Ring Frames.

Inauguration of the South India Co-operative Spinning Mills, Limited.



Messrs K. Kamaraj, C. Subramaniam, A. Palaniappa Mudaliar, M. P. Nachimuthu and others are seen in the picture taken on the occasion of the inauguration of the South India Co-operative Spinning Mills, Ltd., Pettai.



Sri K. Kamaraj, Chief Minister is seen inaugurating the Mills by lighting a Kuthuvilakku.

A Report of the Inauguration of the South India Co-op. Spinning Mills Ltd., Pettai, Tirunelveli

MESSAGES

DR. S. RADHAKRISHNAN, *Vice-President, India, New Delhi.*

Thank you for your letter. I am glad to know that you will have soon the South India Co-operative Spinning Mills. In these days, co-operation in the right spirit, seems to be the only way out.

SHRI BISHNURAM MEDHI, *Governor of Madras, Raj Bhavan, Guindy, Madras.*

I am happy to know that the South India Co-operative Spinning Mills Ltd., will be inaugurated by the Chief Minister in November 1958 and that the Finance Minister will be presiding over the function.

This is the first of the Co-operative Spinning Mills formed in the Madras State by the Weavers' Co-operative Societies with 16,000 spindles. The Mills will produce yarn and supply it to the Madras State Handloom Weavers' Co-operative Society for distribution to the several Primary Weavers' Co-operative Societies affiliated to it.

The development of Co-operative enterprise is essential in all branches of national activity. I congratulate the sponsors on this new venture. I have great pleasure in sending my best wishes for the success of the Mills.

SRI C. RAJAGOPALACHARI, *60, Bazlullah Road, Thiagarayanagar, Madras.*

The planning has been excellent. I wish the Co-operative Spinning Mills enterprise all success. No pains should be spared to help the handlooms of South

India to maintain their heroic struggle with the Weaving Mills with vigour and success. Let the Weavers not admitted into Co-operatives not be forgotten. They too are brothers and more unfortunate than those who have been lucky enough to get into the Co-operatives.

SHRI LAL BAHADUR SHASTRI, *Minister for Commerce and Industry, Government of India, New Delhi.*

I am glad that your Chief Minister and the Finance Minister would be participating in the inaugural function of the South India Co-operative Spinning Mills, which is a somewhat new venture of its type. The Co-operative movement has entrenched itself well in the Handloom Industry in the Madras State and I have learnt with pleasure that the Co-operative Spinning Mills have a scheme of distributing a part of the profits of the mills to the weavers' societies in proportion to the yarn purchased by them.

Wishing well and all success in this new effort.

SRI K. KAMARAJ, *Chief Minister, Government of Madras.*

I am very glad to note that the South India Co-operative Spinning Mills, Ltd., the first of this kind in this State, has commenced production. The value of a Co-operative Spinning Mill to the handloom weavers in this State particularly to the Weavers in the Co-operative fold cannot be over-emphasised. I am sure that the South India Co-operative Spinning Mills will be doing a great

service to the Handloom Industry in the State by the production of yarn of required quality at reasonable prices. I wish the Mills all success.

SHRI NITYANAND KANUNGO,
*Minister of Commerce, India,
New Delhi.*

The Weavers' Co-operative Societies in the State of Madras deserve congratulations for setting up a Co-operative Spinning Mills with 16,000 spindles, which will provide a sure source for supply of raw material for the weavers. Successful running of spinning mill by a Co-operative Society will require the highest degree of competence and integrity. The office-bearers of the Society have to remember that the Co-operative movement of India is on test, and I hope that they will meet it successfully ensuring the multiplication of such enterprises in other fields of industries also under the aegis of Co-operative movement.

SHRI MANUBHAI SHAH, *Minister
of Industry, Government of
India, New Delhi.*

I am very happy to learn that the South India Co-operative Spinning Mills, Ltd., is soon coming into existence. This is a joint venture by the Weavers' Co-operatives, Government of Madras and the All India Handloom Board. The Central Government is very much interested in this undertaking.

The Mill, which is to go into production with 8,000 spindles, will, it is expected, eventually, turn out 700 bales of yarn per month for the Handloom Industry. The Madras State can surely take pride in their highly developed Co-operative sector in the State and the Handloom Industry in particular has benefited and

stabilised by this Co-operative endeavour. Till now the Weavers' Co-operative Societies were purchasing mill yarn, but with the establishment of this unit they would become actual producers of raw material also. This is bound to bring increased benefits for the weavers and Co-operative Societies.

I wish this Co-operative venture all success and shall watch its progress with interest.

DR. P. V. CHERIAN, *Chairman,
Madras Legislative Council,
Madras.*

I am very glad to hear that the South India Co-operative Spinning Mills Ltd., will be inaugurated by our Chief Minister, Sri K. Kamaraj, in November and that also our Finance Minister, Sri C. Subramaniam will be presiding over the function. Yours is a great venture and I hope it will meet with every possible success. I have great pleasure in sending you this message.

DR. U. KRISHNA RAU, *Speaker,
Madras Legislative Assembly,
Madras.*

I am happy to learn that the South India Co-operative Spinning Mills will be inaugurated by our Chief Minister in November and that the Hon. Sri C. Subramaniam, Finance Minister, will preside. I am sure the starting of this Mill will help the handloom weavers of the Co-operative Society to a considerable extent. It is indeed very creditable that the Weavers' Co-operative Societies in our State should have contributed as much as 32 lakhs rupees as share capital in this Mill. Please accept my congratulations and my good wishes for the successful working of this Mill.

SRI M. BHAKTAVATSALAM, *Home
Minister, Government of
Madras.*

It gives me great pleasure to note that the South India Co-operative Spinning Mills Limited, the first of its kind in this State, is being declared open by our Chief Minister. The value of the Co-operative Spinning Mills in the Co-operative Sector of the Handloom Industry cannot be gainsaid. I am sure that the South India Co-operative Spinning Mills will be doing a great service to the Handloom Industry in the South by the production of yarn. I wish the function all success.

SRI C. SUBRAMANIAM, *Minister for
Finance, Government of
Madras.*

The inauguration of the South India Co-operative Spinning Mills is a land-mark in the 50 year old Co-operative Movement of the State. The aim of the Co-operative Movement has ever been the promotion of initiative and enterprise among men of limited means as also to change the economy of the country from an individualistic to a socially regulated pattern. The weaver, by virtue of his skill as an artisan, had a very long tradition of individualistic approach and had taken quite a lot of persuasion to bring him within the co-operative fold. And now we have co-operation among the weavers' co-operatives, which has culminated in the establishment of a Spinning Mill. This, I hope, would ensure the supply of quality yarn at reasonable rates, so that our handloom fabrics can withstand the competition of the organised textile industry. I feel that this represents the consummation of the Co-operative ideal in the handloom sector, and as such, I

look forward to the long and successful working of the Mill.

SRI M. A. MANICKAVELU, *Minister
for Revenue and Health,
Government of Madras.*

Your letter of the 1st inst. regarding the starting of the Co-operative Spinning Mills. Tirunelveli District deserves to have a Spinning Mill established there, and the first Co-operative Mill to be started there will be a good augury. I wish the enterprise all success.

SRI R. VENKATARAMAN, *Minister
for Industries, and Labour,
Government of Madras.*

It gives me great pleasure to note that the South India Co-operative Spinning Mills are being declared open by our Chief Minister. The value of the Co-operative Spinning Mill in the Co-operative Sector of the Handloom Industry cannot be gainsaid. I am sure that the South India Co-operative Spinning Mills will be doing a great service to the Handloom Industry in the South by the production of yarn. I wish the function all success.

SRI V. RAMIAH, *Minister for
Electricity, Government of
Madras.*

Thank you very much for your kind letter dated 1st inst. I am glad to know that you have proposed to inaugurate 'The South India Co-operative Spinning Mills, Ltd.' in November 1958. I wish the function all success.

SHRI S. V. RAMASWAMY, *Deputy
Minister, Railways, India,
New Delhi.*

I am glad to note that the South India Co-operative Spinning Mills, Ltd., will be inaugurated by Sri K. Kamaraj in November.

I am always interested in the handloom industry. Salem—my home town—is a big handloom Centre. Surely, the handloom weaver needs all support and encouragement and what makes me more happy is that the South India Co-operative Spinning Mills, Ltd., is intended for the benefit of the handloom weavers in the Co-operative fold.

I wish the Mills all success.

SRI T. T. KRISHNAMACHARI, *Blue Cairn, Kodaikanal.*

Many thanks for your letter of the 1st October. I am happy to hear that the South India Co-operative Spinning Mills at Tirunelveli will be inaugurated by Sri Kamaraj, next month. I congratulate you and your colleagues on the successful completion of this venture. During my tenure as Commerce and Industry Minister, I tried my best to help to start Co-operative Spinning Mills as adjuncts to the Handloom Industry. However progress in this direction was slow. I am therefore all the more pleased to hear that this unit will function before long.

With all good wishes.

SRI M. SOMAPPA, *President, All India Handloom Fabrics Marketing Co-operative Society Limited, Bombay-1.*

The basic raw material required for the Handloom Industry on which millions of Handloom Weavers are dependent for their livelihood in our country is yarn. The fortunes of Handloom Weavers are intimately linked up with the availability of yarn in adequate quantities and at reasonable prices.

The Handloom Industry has often, in the past, suffered owing to high cost of yarn coupled with unavailability, which unhappy position was more pronounced during days of cloth scarcity. Mainly to arrest the vagaries of yarn prices, and to have an assured supply in a bid to achieve self sufficiency in course of time, starting of Co-operative Spinning Mills was deemed necessary under long term measures of relief to the Handloom Industry, and the first Spinning Mill of this kind sponsored by the Composite Madras State and started at Guntakal immediately after the formation of Andhra State, which happily is functioning very well, has proved beyond a shadow of doubt the utility and usefulness of such undertakings.

These days, when the Handloom Industry is passing through difficult times, and the mere provision of continuous work has been quite a job to the Weavers' Co-operative Societies faced as they have been with the problem of cloth accumulation and financial stringency, the collection from primaries of a sum of Rs. 17 lakhs and contribution by the Madras State Society of a sum of Rs. 15 lakhs is indeed remarkable. I take this opportunity of congratulating the sponsors of the South India Co-operative Spinning Mills. It is a happy augury that the Mills is going to be inaugurated by no less than Sri K. Kamaraj, the Chief Minister of Madras State, who is the champion of the cause of the Handloom Industry.

Starting of more Co-operative Spinning Mills is the need of the hour and let us hope that more and more Spinning Mills on Co-operative basis will be started. I wish the South India Co-operative Spinning Mills all success.

SRI D. S. JOSHI, *Textile Commissioner, Government of India and Chairman, All India Handloom Board, Bombay.*

It gives me great pleasure to learn that the South India Co-operative Spinning Mills, Ltd., is being inaugurated by the Chief Minister of Madras. With the starting of this mill, one more step would have been taken to ensure to the handloom industry adequate supplies of suitable counts of yarn in the desired quality. I wish the undertaking all success in its efforts to serve the handloom weavers in the South.

SRI J. C. RYAN, *Agricultural Credit Department, Reserve Bank of India, Bombay.*

Thanks very much for your letter. I am happy to note that you will be inaugurating the South India Co-operative Spinning Mills shortly. The good work done by the Handloom Weavers' Co-operative Societies in the Madras State and the untiring efforts of the leaders of the Handloom Co-operative Movement have borne fruit in a fine Spinning Mill. I wish the Mills and the Weavers' Co-operative movement in the Madras State success.

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

I am glad the South India Co-operative Spinning Mills will be inaugurated by the Chief Minister of Madras. This mill has become an accomplished fact after crossing, of course, several hurdles. It has been able to collect a share capital of Rs. 42.15 lakhs. The significant feature about the mill is that its membership is composed exclusively of the

primary weavers' co-operative societies in the State, the Madras State Handloom Weavers' Co-operative Society and the Government. That the Government have contributed Rs. 10 lakhs towards the share capital of the mill is an indication of the Government's interest in the welfare of the handloom industry in general and the weavers' co-operative societies in particular, for whose benefit the mill has been established. The Mill is located in the cotton growing area in Tinnevely and will work with 16,000 spindles. It is equipped with the latest machinery and can, therefore, be expected to produce good quality yarn. It will produce about 700 bales of yarn per month and supply a part of the yarn requirements of the primary weavers' societies at reasonable prices.

The South India Co-operative Spinning Mill is the first co-operative spinning mill to go into production in the present Madras State. I am sure the Mill has a bright future to serve as a model for the other co-operative spinning mills to come into being in the State. I wish the function every success and the Mill a bright future.

SRI T. S. SANKARAN I.A.S., *Director Handlooms, Madras*

The establishment of the South India Co-operative Spinning Mills is a landmark in the history of the industrial Co-operatives in the Madras State. Though the Mill was registered in 1952, it had to face some difficulties in the purchase of the site, etc. Thanks to the vigorous steps taken by the Directors, it has at last overcome the difficulties and has gone into production. The primary weavers' co-operative societies, the Madras State Handloom

Weavers' Co-operative Society and the State Government have contributed the entire Share Capital of Rs. 42.15 lakhs of the Mills. Equipped with the latest type of machinery and organised on a Co-operative basis, the Mill will be able to supply good quality yarn at reasonable prices to the Madras State Handloom Weavers' Co-operative Society for distribution to the primary weavers societies in the State.

This Co-operative Mill is the first of its kind to go into production and will be followed by similar ventures. It is hoped that the South India Co-operative Spinning Mills and the other Co-operative Mills when they come into being will be able to supply a substantial part, if not the entire requirements of yarn of the Weavers' Co-operative societies in the State. They will also act as a check on the prices and quality of yarn available in the market for the handloom industry.

I am confident that the South India Co-operative Spinning Mills has a bright future. I convey my good wishes to the Mill on the happy occasion of its inauguration.

SRI G. K. DEVARAJULU, *Chairman, The Southern India Mill Owners' Association, Coimbatore.*

I am happy to learn from your letter of the 10th October 1958

that a spinning unit in the Co-operative sector is to be inaugurated in the Madras State by our Chief Minister in November 1958 to produce and supply yarn to the Weavers' Co-operative Societies with a view to reduce the cost of handloom fabrics. It is a laudable object and I wish you all success in this great venture, when the cry is for quality goods at low cost of production.

SRI K. SREENIVASAN, *Director, The South India Textile Research Association, Coimbatore.*

I am very pleased to learn that the South India Co-operative Spinning Mills Limited., Tirunelveli, is being inaugurated by Sri K. Kamaraj, Chief Minister of Madras in November 1958.

As the first Co-operative Spinning Mill to be started in the State, I have no doubt that this unit has got a bright future. With the co-operation of the Central as well as State Governments and the Weavers Co-operative Societies, I am sure that this unit would be of immense benefit to the Handloom Industry in our State. On this happy occasion I wish to convey my best wishes for the success of the function and the future of the Spinning Mill.

A Report on the History of the Mills

History of the Mills :

A steady supply of yarn of standard quality in required quantity and counts at reasonable prices to the Weavers has always been an acute problem in the handloom industry of our country. It is needless to elaborate the gravity of this problem, knowing as every one does, that yarn accounts for nearly 60 per cent of the cost of handloom cloth. Though at present there is no scarcity of supply of yarn, every one is aware that there were years in which yarn had to be rationed to the Weavers under a system of control by the State. The weavers could not get their entire requirements of yarn to keep them employed all through the month. It was only with a view to solve this problem to some extent at least that the proposal to start Co-operative Spinning Mills was sponsored by the Madras State Handloom Weavers' Co-operative Society Ltd. To the composite Madras State before the separation of the Andhra area goes the credit of having registered the first Co-operative Spinning Mills in the country at GUNTAKAL in the year 1951. Closely following it, the South India Co-operative Spinning Mills come into existence in May 1952. Soon a drive was launched to collect the required share capital from Weavers' Co-operative Societies. The Madras State Handloom Weavers' Co-operative Society came forward with handsome contribution of Rs. 15 lakhs towards the share capital of the Mills. The response from Primary Weavers' Co-operative Societies, too, was equally encouraging. Negotiations were also started for the purchase of the lands and partly constructed buildings owned by the Murugan

Textiles Ltd., at PETTAI, TIRUNELVELI. A doubt arose over the title of the Murugan Textile to the lands, and further negotiations had to be suspended. The Management of the Mills was forced to look for an alternative site for establishing the Mills. Sometime elapsed when further negotiations with the Murugan Textiles were resumed, and it was finally decided in October 1955 to purchase their lands, buildings and materials for Rs. 3,60,000 and to apply at the same time for the acquisition of the lands and buildings under the Land Acquisition Act, which would confer indefeasible title to them. The Murugan Textiles also agreed to permit the Mills to enter on the lands and complete the construction of the buildings, pending the award under the Land Acquisition Act. The lands and buildings were taken possession of in 1956, and orders were placed for the required machinery after obtaining necessary import licences. By the end of 1957, the main buildings of the Mills were completed and the bulk of the machinery were received and erected. The award of the Collector, Tirunelveli under the Land Acquisition Act was also received. The Management expected to start production of yarn with 4,000 spindles in January 1958 out of the 16,000 spindles planned for but the acute shortage of electricity and consequent cut on connecting new industrial loads stood in the way of the early starting of the Mills. It was not until July 1958 when the supply position of electricity improved that the Mill could go into production with 8,000 spindles. It has completed the erection of the remaining 8,000 spindles and

they are ready to go into production as soon as the additional loads of electric supply applied for is sanctioned.

Area of Operations, Membership and Share Capital :

The Area of operations of the Mills is confined to the State of Madras. The membership in the Mills is open only to the Madras

State Handloom Weavers' Co-operative Society Ltd., the primary Weavers' Co-operative Societies situated within its area of operation, and the Government of Madras. The authorised Share Capital is Rs. 60 lakhs made up of 60,000 shares of Rs. 100 each. The paid up share capital of the Mills is Rs. 41,86,700 and it has been contributed by the following institutions :—

1. The Madras State Handloom Weavers Co-operative Society Ltd.	... Rs. 15,15,000
2. Primary Weavers' Co-operative Societies	.. 16,71,700
3. The Government of Madras	 10,00,000
Total	... Rs. 41,86,700

This includes the Share capital of Rs. 1,05,600 contributed by the Weavers' Co-operative Societies in the Malabar and South Kanara Districts which have merged with the Kerala and Mysore States. This sum has to be transferred to the Co-operative Spinning Mills, which might be started in these States. A sum of Rs. 98,000 has already been transferred to the Cannanore Co-operative Spinning Mills. The State Government have taken the share under the scheme of State participation in the share capital structure of Co-operative Spinning Mills as formulated by the All India Handloom Board.

Management :

The Management vests in a Board of Directors consisting of 9 members as shown below :

The President of the Madras State Handloom Weavers' Co-operative Society Ltd., (Chairman).

Four Directors elected by the Board of Management of the 'Madras State Handloom Weavers' Co-operative Society Ltd., from among the Directors representing the primaries.

The Registrar of Co-operative Societies (Ex-Officio).

The Director of Handlooms (Ex-Officio).

One Director nominated by the Madras Government from among persons connected with the Spinning industry.

AND

One co-opted by the Board of Directors with reference to the needs of the Mills and Handloom Industry.

The day to day administration of the Mills is being carried on by a General Manager of the rank of a Deputy Registrar of Co-operative Societies, whose services have been lent by Government for a period of three years from May 1956 on foreign service terms.

Estimated Capital Expenditure :

The total estimated capital expenditure of the Mills is Rs. 47.94 lakhs as shown below :

1. Lands and Buildings including electric installation and humidification	... Rs. 13.36 lakhs
2. Machinery including motors, freight, import duty, clearing charges, erection etc.	... Rs. 34.58 lakhs.
Total	Rs. 47.94 lakhs.

Lands & Buildings :

The Mill has acquired the lands covering an area of 85.54 acres and partly constructed buildings of the Murugan Textiles Ltd., under the Land Acquisition Act and has completed the constructions at a total cost of Rs. 8,17,127. The plans and estimates were prepared by Sri C. R. Narayana Rao, B.E., A. M. I. E., Consulting Engineer and the building contract was entrusted to Sri P. Dhanuskodi Doss of Tirunelveli. The contract for iron and steel work was given to Messrs. Harrisons & Crosfield Ltd., Quilon and that for north light Glazing was given to the Indian Galvanizing Co., Madras.

Electric Installation :

The contract for the substation was entrusted to the General Electric Company and that for electric installation of the buildings and machinery to Messrs. Sethuram Thiagarajan & Co. The total investment made so far under this head is Rs. 2,36,746.

Machinery :

It has been planned to run 16,000 spindles for producing 20s & 40s yarn required for the handloom weavers in the Co-operative fold. The machinery purchased are of the latest type as detailed below :

1. Blowroom with a two way distributor and auto mixer (Rieters, Switzerland)

2. 28 Carding Engines (Toyoda, Japan)
- 28 Carding Engines (N. M. C., Calcutta)
3. 24 Drawing Frames with 2 heads ordinary and final heads bicoil (Rieters, Switzerland)
4. 9 M. S. 2 High Draft canfed Casablanca two Zone Speedframes (Platt Bros., England)
5. 20 Ring Frames of 400 spindles each (Toyoda, Japan)
- 18 Ring Frames of 400 spindles each (Textool Co., Coimbatore)
- 2 Ring Frames of 400 spindles each (Ramakrishna Industrials, Coimbatore)

Besides the above machinery the Mills have purchased reeling frames, bundling press and a baling press from the P. S. G. Charity Industrial Institute, Coimbatore and several auxiliary machinery from various suppliers of Textile machinery. The total amount invested so far under this head is Rs. 34,23,150.

Humidification :

The Mill is to be humidified and an order for the supply of equipment has been placed with the Asea Electric India Private Limited.

Production and Sale of Yarn :

The Mill has started production of yarn with effect from 14-7-1958. It is running 8,000 spindles now and the remaining 8,000 spindles will go into production immediately on receipt of the sanction for the increased load of electric supply applied for. The cotton required is purchased mainly through the Co-operative Marketing Societies in Tirunelveli District and the yarn produced is delivered to the Madras State Handloom Weavers' Co-operative Society Limited. The Mill has produced so far (up to 15-11-1958) 1069 bales of 20s yarn and despatched them to the several units of the State Society under its instructions. The overall capacity of the Mills with its 16,000 spindles running 2 shifts is 750 bales of yarn of 20s per month.

Financial Resources :

Besides the Share Capital of

Rs. 41,86,700/- collected from Weavers' Co-operative Societies and contributed by the State Government as already referred to, the Mill has built up a Reserve Fund of Rs. 1,45,742/- and a Replacement Fund of Rs. 70,266/- which have been utilised for meeting capital expenditure. It has also applied to the State Government for additional financial aid to the extent of Rs. 5 lakhs either by way of shares or long term loan. The Madras State Co-operative Bank Limited, has sanctioned a Cash Credit accommodation of Rupees Ten Lakhs towards working capital.

Acknowledgement :

The Mill owes a debt of gratitude to the State and Union Governments and the following gentlemen and institutions for their valuable advice, guidance and co-operation at every stage in the establishment of the Mills.

- Sri T. T. Krishnamachari, former Minister for Industries and Commerce, Government of India.
- „ M. Somappa, former Chairman of the Mills.
- „ J. C. Rayan, M.A., former Registrar of Co-operative Societies, Madras.
- „ A. Palaniappa Mudaliar, M.A., I.A.S. Registrar of Co-operative Societies, Madras.
- „ G. Ramachandran, I.A.S. former Director of Handlooms, Madras.
- „ T. S. Sankaran, I.A.S. Director of Handlooms, Madras.
- „ W. Gnanasambandam, Business Manager, M.S.H.W.C.S Ltd., Madras.
- „ V. Nanjappa, I.C.S., former Textile Commissioner, Bombay.
- „ D. S. Joshi, I.C.S., Textile Commissioner, Bombay.
- „ M. Majumdar, Industrial Adviser to the Government of India, Bombay.
- „ P. Sabhanayagam, I.A.S. Deputy Textile Commissioner (Handlooms), Madras.
- „ A. N. Das, Deputy Director, Textile Commissioner's Office, Bombay.
- „ A. C. Choudry, Director, Textile Commissioner's Office, Bombay.
- „ R. Venkataswamy Naidu

- Sri R. K. Kandasami
- „ G. V. Doraiswami
- „ K. Sreenivasan
- „ K. Venkatesan
- „ K. Sunderraj
- „ R. Ramakrishna Naidu, former Director of the Mills.
- „ V. Gopal
- „ C. R. Narayana Rao, B.A., A.M.I.E., Consulting Engineer, Madras.
- „ C. R. Srinivasan, Secretary, Indian Textiles Association, Bombay.
- The General Manager and Staff of the Mills.
- The Madras State Co-operative Bank.
- The Tinnevely District Co-operative Central Bank.
- The State Bank of India, Mount Road, Madras.
- The Chief Inspector of Factories, Madras.
- The Electricity Department
- All Machinery suppliers,
- All Contractors for Buildings, Iron & Steel, Electric Installation etc.

The Madras State Handloom Weavers' Co-operative Society Ltd., and all Primary Weavers' Co-operative Societies, which have generously contributed to the share capital of the Mills.

Special mention has also to be made of the services of the late Sri A. D. Balasundaram Mudaliar, who as Business Manager of the Madras State Handloom Weavers' Co-operative Society Ltd., took the initiative in having the Mill registered and started in 1952.

Conclusion :

The long cherished hope of the Handloom Weavers in the Co-operative fold has been realised in the starting of this Mill, and it is hoped that with their Co-operation and support, and the continued assistance of Government and the All India Handloom Board, the Mill will grow from strength to strength and spread its usefulness to the Handloom Weavers in an ever increasing measure.

Inaugural Function of The South India Co-operative Spinning Mills, Ltd., at Tirunelveli

The First Co-operative Spinning Mills for the Madras State—'The South India Co-operative Spinning Mills, Ltd.' was inaugurated by Sri K. Kamaraj, Chief Minister of Madras, on the 30th November 1958 at Pettai, Tirunelveli.

Sri C. Subramaniam, Finance Minister, presided over the function which was largely attended.

SRI K. KAMARAJ'S ADDRESS

Sri K. Kamaraj, Chief Minister of Madras, switched on a siren and inaugurated the Mills. Sri K. Kamaraj said that the Co-operative movement would not succeed without united action, patience, sacrifice, tolerance and mutual trust among the people. Characterising the inauguration of the Co-operative Spinning Mills, he said that it was a Red Letter Day in the history of the industry in the State. He exhorted the people to imbibe co-operative qualities in their every day lives. He said that the large gathering assembled was a good augury. He wanted the management to run the mill on sound lines and pave the way for the mills to be started to meet the needs of the Handloom Industry, the second largest in the country. He felt the co-operative movement could be extended even to the running of major industries. He suggested that this mill could also endeavour to purchase land and start ginning factories or separate co-operatives organised to raise cotton farms and ginning factories so that they

could supply raw material to the mill. He explained the policy behind the starting of co-operative spinning mills. He pointed out that an important problem in improving the condition of Handloom Weavers was a continuous and adequate supply of yarn. The first step that was taken to help handloom weaving was to bring weavers into the co-operative fold through which alone the State could help them. When co-operative weavers' societies had difficulty in the supply of yarn, it was suggested to them that co-operative spinning mills could be started to feed handlooms with yarn. It was as a result of this policy that this Mill was started. He appealed to those incharge of running the Mills to work it out successfully.

Sri K. Kamaraj accompanied by Sri C. Subramaniam, Finance Minister, Sri N. Krishnaswami, District Collector and Sri K. Ramamurthy, District Superintendent of Police and the Board of Directors of the mill went round the various sections of the mill.

SRI C. SUBRAMANIAM'S ADDRESS

Sri C. Subramaniam, Finance Minister, said that it was the first co-op. spinning mills in the State and as such the organisers had a great responsibility for conducting it in such a way that it would be a success. He said that there was a crisis in the textile industry for various reasons, one of which was

said to be overproduction of yarn. He said that while the products of this mill could be supplied to the weavers societies in Ramanathapuram and Tirunelveli districts, there were weavers in other districts requiring other counts of yarn also, besides lower counts. The Minister disclosed that

stagnation of yarn and cloth with spinning and weaving mills was being reported and a bottleneck in the cloth and yarn markets was also being felt. If more and more co-operative mills were started, he felt that a problem might arise as regards the consumption of their entire production. He asked why handloom weavers should not be tagged on to other existing spinning mills and a certain percentage of production of yarn by spinning mills should not be earmarked for supply to handloom weavers at rea-

sonable rates, so that weavers in all parts of the State could get all qualities of yarn. A scheme on these lines might be planned. Pleading for capital-labour amity, he pointed out that in the present set up, no profiteering by management could be possible in view of the various enactments passed for the protection of labour's interest. What was needed to-day was hard, honest, efficient and just work on the part of all concerned in any enterprise.

SRI M. P. NACHIMUTHU'S ADDRESS

Earlier, welcoming the gathering Sri M. P. Nachimuthu Mudaliar, Chairman, said that a co-operative spinning Mills exclusively for the benefit of the weavers in the co-operative fold was first thought of to overcome the dearth of yarn for handloom weavers and the Mill at Guntakal was started before the separation of Andhra State. After the formation of Andhra State, the need for a similar mill for Tamil Nad was keenly felt and the present mill was the outcome of the efforts of the Madras State Handloom Weavers' Co-operative Society and the Government.

Then Sri K. Kamaraj, Chief Minister presented medals and trophies to the engineers, contractor and other organisations engaged in the construction of the Mill.

Sri V. S. Sankarasubramania Mudaliar read messages received from Dr. S. Radhakrishnan and Messrs Lal Bahadur Shastri, Nityananda Kanungo, Manubhai Shah, T.T. Krishnamachari, Bishnuram Medhi, C. Rajagopalachariar, M. Bhakthavatsalam, R. Venkataraman, V. Ramiah, J.C. Ryan, D.S. Joshi, M. Somappa and others.

Sri A.J. Arunachalam proposed a vote of thanks.

Viable Co-operatives*

PUTTING LIFE INTO MOVEMENT

By

VAIKUNTH L. MEHTA

Commenting on the limited progress that had been made by the co-operative movement, the Co-operative Planning Committee, in its Report published in 1946, attributed the lack of success to "the small size of the primary unit and undue reliance on honorary services for even day-to-day work". These features, according to that Committee, led to "inefficiency in Management". This conclusion was borne out by the facts disclosed in the inquiries conducted as part of the All India Rural Credit Survey. Basing its judgment on these facts, the Committee of Direction recommended "the replacement at the primary base of honorary services by competent paid staff and of small un-economic turnover by larger units of business". Hence the need for bigger societies covering larger areas than a single village.

Preference

The Rural Credit Survey Committee made it clear, however that the existing societies may be left alone where they are well conducted. But in organising new societies preference was to be given to units, if not initially, in the course of a few years would be viable and be in a position, even from the outset, to perform the services which such units are called upon to render in a programme of planned development.

What are these services? The promotion of thrift by providing facilities for the collection of savings and the receipt of deposits; and the provision of prompt and adequate credit. Judging by the findings of the Rural Credit Sur-

vey, the small-sized single village society has not, in the bulk, been successful in either of these two services. Besides, for quite large groups of agriculturists such as tenants and so-called uneconomic holders, the doors of the societies are closed or the benefit of credit denied. In any planned programme of development which accepts the need for institutionalised credit for all producers, the under privileged low-income groups cannot be kept out, because of the operation of the principle of joint liability. It is for this reason that the Rural Credit Survey Committee recommended, as did several Co-operative Inquiry Committees much earlier, that the principle of unlimited or joint and several liability would have to be discarded. A small area of operations becomes necessary for a credit agency with unlimited liability, but not for a society where the liability of members is limited.

It is now two decades since the Reserve Bank of India in its Agricultural Credit Department advocated the organisation of multipurpose rural co-operative societies. In Bombay State, this view found acceptance as early as in 1938. The liability of such an institution, which concerns itself with functions such as the domestic and agricultural requisites and the marketing of agricultural produce, cannot, suitably, be of the unlimited type. Nor can the area covered be just one single village, for it is not possible to organise the various activities effectively on a single-village basis. Hence, as early as twenty years ago, the view was accepted that, to be

serviceable, the multipurpose society should cover an area comprised within a radius of three to five miles.

The link with supply and marketing is essential for two main reasons. When the benefit of credit is extended to individuals who have no tangible security to offer, it is essential to ensure that it is used for productive purposes and that recoveries are made out of the crops financed. The provision of credit in kind and the establishment of a link with marketing are among the methods recommended by the Rural Credit Survey Committee for raising the standard of the efficiency of the primary units. For stimulating an increase in production, it is necessary, under any planned programme of agricultural development, to extend various aids to the producers in the form of seeds, manures, insecticides, etc. The multipurpose society is the best agency through which to channel these aids.

Agreement

In the controversy that has arisen over the suitability of co-operative farming for Indian conditions, there has been general agreement on one point—short of the carrying on of agricultural operations jointly, all services needed by agriculturists should be organised co-operatively. This becomes possible only when we have everywhere a fair-sized unit of operation.

The question is often asked what constitutes a fair-sized or viable unit. The answer was presumably clear in the minds of the members of the Planning Commission when (in paragraphs 12 and 17 of Chapter X of the Report on the Second Five-Year Plan) they sanctioned the programme for organising 10,400 "large-sized societies". It is hoped that there

will be no going back on the provision in this behalf.

In any event, the existing pattern cannot be persisted in. The 1,61,510 agricultural credit societies we had at the end of 1956-57 had an average membership of 58 and an average working capital of Rs. 6,100. They had an average profit of Rs. 118 and their average annual cost of management was about Rs. 100. From primary societies of these dimensions it is difficult to expect any useful services in a programme of planned production. Since four-fifths of our villages have a population of less than 1,000 each, it stands to reason that contiguous units should be grouped together and services in respect of credit supply and marketing so organised as to serve efficiently all the villages comprising the group.

The move to form institutions covering more villages than one is objected to on the ground that it impairs the sense of village responsibility. Whether this sense prevails in our rural society is not a matter on which it is easy to express any definite opinion.

Experience of the working of village-wise co-operative credit societies during the last fifty years does not, however, lend support to the thesis that a group sense is actively in operation. In any event, it is not so powerful as to throw up, on a large scale, leadership to take charge of either village panchayats or co-operative societies. That the feeling of solidarity should develop, everyone would wish for; but that it exists and would be impaired by the enlargement of the size of a unit of economic activity is a proposition that does not sound obvious.

As matters stand at present, most of the existing units, being

*Source: The Bombay Co-operative Quarterly, October, 1958.

small and weak, work under the guidance and control of outside authorities—the Co-operative Departments or central financing agencies or unions (taluka, district or State-wise) dominated by either or both these agencies. There is precious little day-to-day work carried on, as the figures amply show. In a majority of the States, again, the account-keeping and maintenance of records are looked after not so much by honorary workers as by stipendiary clerks appointed, usually, by outside agencies. The fact has to be recognised that over large parts of the country, the units remain autonomous merely in name. Besides, the limited field over which such autonomy extends provides little or no scope for worthwhile effort and the institutions fail to

attract or build up local leadership.

Scope

In a fair-sized multi-functional unit, there is greater scope for work and there is a larger field from which to draw local workers, both honorary and stipendiary. There will be need to engage full-time workers, but no one suggests that these should be officers thrust on local institutions. In fact, one basic advantage that the fair-sized multipurpose society has over the single-village single purpose society is that it covers a wide range and commands resources that can make it a live self-governing unit, functioning in a responsible manner in a decentralised economy.

—“*The Times of India*”, 8th October 1958.

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

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

ESTD. 1930

TELEPHONE No. 2384.

President:

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

Authorised Capital ... Rs. 15 lakhs

Working Capital ... Rs. 70 lakhs

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

All kinds of deposits accepted.

Rates of Interest.

Current Deposits	...	...	1½%
Savings Deposits	...	...	2%

Fixed Deposits for

Three Months	...	...	3%
Six Months	...	...	4%
One Year	...	...	4½%
Two Years & above	...	...	5%

Further particulars can be had from the undersigned:

N. M. SIVAPERUMAL,
Secretary.

G.O.'s AND CIRCULARS

G.O.'s and Circulars

DRAFT OF NEW RULE XXXII—POWER TO EXEMPT FROM RULES

ABSTRACT

Acts and Rules—Madras Co-operative Societies Act, 1932—Rules
—Introduction of new rule XXXII—Draft amendment—Published.

Department of Industries, Labour and Co-operation.

G. O. Ms. No. 4932

Dated 26—12—1958.

Read the following:—

From the Registrar of Co-operative Societies No. 85821/58B dated 14-9-1958.

From the Registrar of Co-operative Societies No. 85,821/58 B dated 23-10-58.

ORDER:

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

NOTIFICATION.

The following draft of an amendment to the rules published with the late Development Department Notification No. 264, dated 1st August, 1933, at pages 1178 to 1185 of Part I of the *Fort St. George Gazette*, dated the 1st August, 1933, as subsequently amended, which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (2) of section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), is hereby published for the information of all persons likely to be affected thereby, as required by sub-section (3) of the said section.

Notice is hereby given that the draft will be taken into consideration on or after the 1st February, 1959 and that any objections and suggestions which may

be received with respect thereto from any person before that date will be considered by Government of Madras. Objections and suggestions should be addressed to the Secretary to the Government of Madras, Industries, Labour and Co-operation Department, Fort St. George, Madras.

DRAFT AMENDMENT.

In the said rules, after rule XXXI, the following rule shall be added, namely:—

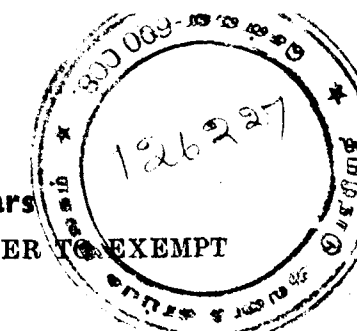
XXXII POWER TO EXEMPT FROM RULES:

The Government may, by general or special order, and subject such conditions as they deem fit, exempt any society from any of the provisions of these rules or direct that any such provision shall apply to any society with such modifications as may be specified in the order.

Explanation. For the purposes of this rule, “society” shall include an unregistered society.”

(By Order of the Governor)

T. SRINIVASAN,
Deputy Secretary to Government.



DRAFT NEW RULE XXXIII—RECOVERY OF THE DUES TO CO-OPERATIVES

ABSTRACT

Acts and Rules—The Madras Co-operative Societies Act, 1932—New Rule XXXIII—Recovery of the dues to Co-operative Societies—Published.

Department of Industries, Labour and Co-operation.

G.O. Ms. 4933

Dated 26—12—1958

Read the following :

From the Registrar of Co-operative Societies

Re. No. 203057/57-B dated 11-6-56 and 18-11-58.

ORDER :

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

NOTIFICATION.

The following draft of certain amendments to the rules published with the late Development Department Notification No. 264, dated the 1st August 1933, at pages 1178 to 1185 of Part I of the *Fort St. George Gazette*, dated the 1st August, 1933, as subsequently amended, which it is proposed to make in exercise of the powers conferred by section 65 of the Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932), is hereby published for the information of all persons likely to be affected thereby as required by, sub-section (3) of the said section.

2. Notice is hereby given that the draft will be taken into consideration on or after the 1st February, 1959 and that any objection or suggestion which may be received with respect thereto from any person before that date will be considered by the Government of Madras. Objections or suggestions should be addressed to the Secretary to the Government of Madras, Department of Industries, Labour and Co-operation, Fort St. George, Madras.

DRAFT AMENDMENTS.

In the said rules :

(i) in rule I, for the words "the form prescribed", the words letters and figure "Form No. 1 set out" shall be substituted;

(ii) after rule XXXII the following rule shall be added, namely :

"XXXIII DEDUCTION FROM THE SALARY OR WAGES.

(1) On the execution of an agreement under section 28(1) of the Act, the society shall send intimation by registered post of the execution of the agreement to the employer or the officer disbursing the salary or wages of the member, who has executed the agreement and furnish the said employer or officer with a copy of such agreement certified in the manner specified in rule VI. The employer or the Officer disbursing the salary or wages shall, on receipt of such intimation from the society, make a note of the agreement in the register maintained by him for the disbursement of salaries or wages.

(2) In respect of every member, who has executed the said agreement and in respect of whom intimation has been sent under sub-rule (1), the society shall

send to the employer of the officer disbursing the salary or wages of the member a requisition every month for the recovery from the salary or wages of such member of the amount payable by the member to the society for the month and for the remittance of such amount to the society. Such requisition shall be in Form No. 2 set out in the Schedule appended to these rules, shall specify the total amount to be recovered from the salary or wages of the member for the month and shall be sent at least seven clear days prior to the last working day of the month.

(3) A member who has executed such an agreement shall, on every occasion he becomes subject to a new pay disbursing authority whether by reason of change of office or place of employment or otherwise, within a week of his becoming so subject, give intimation of the same to the society. The society shall within a fortnight of the receipt of such intimation, send intimation by registered post of the execution of the agreement to such pay disbursing authority and furnish the said authority with a copy of such agreement certified in the manner specified in rule VI. The employer or the officer concerned shall, on receipt of such intimation from the society, make a note of the agreement in the register maintained by him for the disbursement of salaries or wages.

(4) The cost of remittance to the society of the deductions made under section 28(2) (a) of the Act

(ii) in the Schedule—

(a) at the commencement, the following shall be inserted, namely :—

"FORM No. 1".

(b) the following Forms shall be added at the end namely :—

"FORM No. 2".

shall be borne by the Society. The employer or the officer disbursing the salary or wages shall furnish to the society along with the remittance a statement of recoveries effected from the members and the cost of remittance of the money to the society, in Form No. 3 set out in the Schedule appended to these rules.

(5) Where an amount deducted by the employer or the officer disbursing the salary or wages of the member of a society under section 28 (2) (a) of the Act is remitted by such employer or officer to the society, the society shall promptly issue to such employer or officer a receipt for the amount so remitted; and the receipt given by the society for such amount shall constitute a good and sufficient discharge of the liability of such employer or officer in respect of any claim by such Member against such employer or officer.

(6) Any amount realised by a society from member by deduction under section 28 of the Act shall be credited by the society to the account of such member on the date on which the amount was deducted by the employer or the officer disbursing the salary or wages, irrespective of the date on which the amount was actually received by such society. On the appropriation of the amount in the accounts of the society, the particulars of credit for the amount realised shall forthwith be furnished to the member by the Society."

Form of Requisition.

(See Rule XXXIII (2).)

To

The.....

.....(the employer or the officer
disbursing the salary wages).

Sir,

With reference to the agreement executed by the following members of our society authorising you to deduct from their salaries/wages the amounts due from them to the society, we request you to be good enough to recover from their salaries/wages for the month of.....19.....the following amounts due from them to the society. We request that the amount recovered may be remitted to our society.....(mode of remittance).

2. Particulars of the amounts to be recovered from them are given below:—

Serial No.	Name of member.	Share capital payable.	Loan due.			Deposits payable		Other items (Details.)	Total.	Remarks.
			Principal.	Interest.	Penal Interest.	Amount.	Penalty if any.			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.

for the..... Co-operative Society,
President/Secretary.

FORM No. 3.

Form of Remittance of Recoveries effected from the members on account of Dues to a Co-operative Society.

(See Rule XXXIII (4).)

To

THE PRESIDENT/SECRETARY,

.....CO-OPERATIVE SOCIETY,

Sir,

With reference to your requisition, dated the.....for the recovery of amounts due to your society from the salary/wages of the members of the society for the month of.....19.....I remit herewith Rs.....(Rupees in words).....

Details of the amounts recovered are furnished below:—

Name of the member.	Amount recovered.	Date of recovery.
	Rs. nP.	

Total ...

Less cost of remittance, if any.....

Net amount remitted.....

Please acknowledge receipt.

Yours faithfully,

Employer or Officer Disbursing
Salary or Wages.

(By order of the Governor)

T. SRINIVASAN,
Deputy Secretary to Government.

AUDIT AND ADMINISTRATION—SEPARATION
Proceedings of the Registrar of Co-operative Societies, Madras.
SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S.,
Registrar.

Ro. 174810/58 Ll,

Dated, 22-12-1958.

SUB: Audit—Separation of audit from administration—
Issue of audit certificate—Orders Passed.

READ: G.O. Ms. No. 3171 Industries, Labour and Co-operation
dated 14-8-58.

ORDER:

Under the scheme of separation of audit from administration, the Registrar directs that the audit certificates of all village credit societies (unlimited liability societies) shall be issued by the Co-operative Sub-Registrar (Auditor) working under the control of the respective district Co-operative Audit officers and that those of all other societies except apex institutions, Central Banks and other big societies marked by the Registrar for issue by the Chief Audit Officer, shall be issued by the District Co-operative Audit Officers of the District concerned.

(By Order)

A. PALANIAPPAN,
Registrar.

Special.

MEMBERSHIP WEEK

Circular of the Registrar of Co-operative Societies, Madras

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

Registrar

Re. 231644/58. A-2

Dated, 9—12—58.

SUB: Scheme of integrated credit—celebration of "Membership week"—instructions issued.

As the Central Banks are aware, one of the important objectives of the scheme of integrated credit is to bring a larger section of the agricultural community within the ambit of the co-operative movement. This scheme aims at serving at least 50 per cent of the rural families by co-operatives by the end of the IIInd Five Year Plan Period. On 30—9—58, the co-operatives in this State covered only about 33 per cent of the rural population in terms of families. The programme for the year 58-59 contemplates the serving of 40 per cent of the rural population.

2. As part of the programme for the increase of membership in co-operatives a "Membership Week" was celebrated by the agricultural credit societies etc., under the auspices of the respective central banks during the month of January 1958 from 20—1—58 to 26—1—58. On account of the intensive efforts made by the supervisory staff of the Central Banks etc. nearly 1.24 lakhs of new members were enlisted into the societies during the Membership Week and the Central Banks awarded suitable prizes to those supervisors who arranged for the admission of maximum members during the week.

3. The achievement of the target of 40 per cent fixed for the current year, for bringing rural population with the co-operative fold, depends on an all out effort

to be made by the supervisory staff of the Central Banks and the office bearers of the societies for drawing into the co-operative fold as many families as possible. In spite of the celebration of the membership week, the target for 1957—58, for bringing rural population into the co-operative fold could not be fully reached. It is therefore necessary to intensify the drive for expansion of membership in the societies during this year on a larger scale and with greater enthusiasm. Positive steps have to be initiated for accelerating the programme for enrolling more members into the agricultural credit societies and for ensuring the realisation, in time, of the target fixed for the purpose, for the year 1958—59.

4. In this connection, it is suggested that a Membership Week may be conducted in all the villages in the districts under the auspices of the respective central banks during the month of January 59 from 20—1—59 to 26—1—59. The Central Banks are requested to make necessary arrangements for the celebration of this week on the following lines.

(i) The Executive Committee or the Board of Management of the Bank may in consultation with the local Deputy Registrars on general duty, the special Deputy Registrar for (Credit and Marketing), the Block Development Officers and the Extension Officers for Co-operation, chalk

out a suitable programme for the celebration of the Membership Week. The officials indicated above may be asked to attend the meetings and programme finalised. The presence of the District Collector may also be secured by the Central Banks at this meeting if necessary so that they can have the benefit of his suggestions also for the celebration of the week in a fitting manner.

(ii) An intensive propaganda should be carried on in the villages in the districts for admitting more members into the societies. Public meetings should be held in each village or a group of villages under the auspices of the local supervising union, when prominent co-operators, M. L. As., M. L. Cs., M. Ps and officials may be invited to participate and address the meetings on the advantages of co-operation with particular reference to the Schemes of Integrated Credit and Marketing which are being implemented as part of the 2nd five year plan. The celebration of the week may be so arranged that meetings are held at different centres on different dates during the week and that all the villages are covered in the course of the week. Processions in villages with the accompaniment of instrumental music and carrying playcards by exhibiting the motto of co-operation and appealing to the villagers to join the nearby co-operative society in large numbers should be arranged. Arrangements may also be made for the distribution in villages of printed pamphlets containing in block letters an appeal to the villagers to join the co-operatives. Wherever possible dance performances or dramatic

performances may be held. In time, all possible steps attracting and appealing to the villagers should be taken to ensure that members in large numbers are brought into the co-operative fold.

(iii) As regards the expenditure required for the above items, it may be incurred by the central banks out of their General Funds subject to a maximum of Rs. 500. In addition, the central bank may also set apart another sum of Rs. 500 for the following purposes.

(a) Awarding 3 prizes, 1st, 2nd and 3rd to three supervisors who arrange for the admission of the maximum number of members during Membership Week in the order of their merit.

(b) Awarding one silver medal to an office bearer of any co-operative credit society in the central banks area, who admits the maximum number of members into the society during the week. If more than one person becomes entitled to this award, the value of the medal may be distributed equally between all the claimants.

5. The State Co-operative Bank is requested to grant out of its "Common Good Fund" a sum of at least Rs. 150 to each of the Central Co-operative Banks (except the Madras District Co-operative Central Bank) towards meeting part of this expenditure.

6. The Registrar trusts that the Central Banks will arrange to celebrate the week in their respective areas on a grand scale and on the lines suggested above and make the celebration of the 'Week' a splendid success.

(Sd.) A. PALANIAPPAN,
Registrar.

CONFERENCE OF AGRICULTURAL BANKS—REGISTRAR'S INSTRUCTIONS

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

SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S., (Retd.)

Registrar.

Re. 79913/58, A-2.

Dated, 21—12—1958.

SUB: Agricultural Banks—Working of.—Discussion with the Registrar Instructions issued.

A conference of the Agricultural Banks was held on 16-11-58 at Madras which passed a number of resolutions on the working of the Agricultural Banks. The important resolutions passed at the conference were discussed at a meeting of the Registrar, the Joint Registrar (Housing and Farming) the Joint Registrar (Dairy and Statutory) the Special Deputy Registrar (Credit and Marketing) and the Deputy Registrar, Nagercoil on 17-11-58 in the Registrar's office. In the light of the discussions held on 17-11-58, the following instructions are issued.

1. *Scale of establishment of Agricultural Banks*:—There were 245 Agricultural Banks on 30-6-58. Of these, 55 were working on loss in spite of the fact that these banks were given financial assistance to meet the cost of the Secretary employed by them. One of the main reasons for the loss sustained by these banks seems to be the heavy establishment charges incurred by them without reference to their income or the actual needs. The scale of establishment should be maintained with reference to the transactions of the Agricultural Banks, their income and their need. Careful assessment of the needs of each case should be made. The scale of establishment of each agricultural bank should be got approved by the District Co-operative Central Banks. A suitable provision should also be

made in the by-laws of the Agricultural Banks to this effect.

The District Co-operative Central Banks are requested to examine the present scale of establishment and other charges incurred by the Agricultural banks and to issue suitable instructions to the Agricultural Banks in their areas. The aim should be to ensure that the Agricultural banks function as business organisations and they should be in a position to declare decent dividend on the share capital by curtailing unnecessary expenditure wherever possible and increasing the transactions.

2. *Tour by the Paid Secretary and arrangements to be made in his absence*:—All the Agricultural Banks have employed paid Secretaries. The services of the paid secretaries should be utilised not only for the proper maintenance of books and registers but also for developing activities of the bank by admitting more members collecting more share capital, canvassing loan applications, contacting defaulting members, tapping local deposits from members and non-members and generally keeping in touch with all the people within the area of operation of the bank. This can be achieved only by deputing the Secretary to visit all the villages within the area of operation of the bank atleast for a specified number of days every month. It has

been stated that if the Secretary goes away on tour there will be nobody to attend to the transactions of the bank. Under by-law 23 (d) of the By-laws of the Agricultural Banks, the President is competent to make arrangements for the relief of the Secretary, by deputing one or more Directors; The President can therefore make suitable arrangements to enable the Secretary to go on tour. It is however suggested that suitable regulations may be framed with the approval of the Deputy Registrar regulating the tours of the Secretary and the alternative arrangements to be made in his absence.

3. *Working Hours*:—It is understood that the working hours have not been defined in many of the agricultural banks. It is necessary that the working hours should be defined so that the members and other customers of the banks may know the working hours and come to the bank to transact business within the specified hours. The working hours may be 4 hours a day consecutively either in the Forenoon or in the Afternoon according to the local conditions. By doing so, the Secretary will be able to go on tour during the off hours to the neighbouring villages for the purposes mentioned above (Item 2).

4. *Review of the work done by the Paid Secretaries*:—The Secretaries of the agricultural banks should be asked to send a statement of work done by them during the month to the central bank through the Presidents of the Agricultural Banks concerned with a copy to the Special Deputy Registrar (Credit and Marketing). The statement should also be placed before the Board of

Directors of the banks every month for their consideration.

5. *Meetings of the Board of Directors*:—The meetings of the Board of Directors of the Agricultural Banks should be held atleast twice a month for consideration of loan applications and for disposal of other business.

6. *Charging of interest on undrawn portion of the cash credit accommodation sanctioned to Agricultural Banks*:—It has been represented that some of the Central Banks are charging interest of course at a reduced rate) even on the undrawn portion of the Co-operative Credit accommodation sanctioned to the Agricultural Banks. This is an unnecessary burden on the Agricultural Banks. The Central Banks are requested not to charge interest on the undrawn portion of the Co-operative Credit Accommodation.

7. *Population to be served by an Agricultural Bank*:—The area of operations of an Agricultural Bank should normally be confined to 3 or 4 villages in a contiguous area with a population of 5,000 or roughly 1,000 families.

8. *Co-operative Farming to be tried by Agricultural Banks*:—The activities of the Agricultural Banks should not be confined to the provision of credit facilities alone. Other activities such as supply of manure, seeds, agricultural implements, domestic requirements should be undertaken. Joint Farming should be tried at least in one village in the area of each Agricultural Bank with a separate committee formed for the purpose. For all practical purposes, co-operative farming enterprise will function as a subsidiary economic unit. The agricultural banks with their paid Secretaries

all other staff can undertake this activity and work it successfully. Suitable special by-laws will be framed for adoption by the agricultural banks, for this purpose.

9. *Marketing of the produce of members*:—While the agricultural banks have done appreciable work in the field of supply of credit, their performance in arranging for the marketing of the produce of their members is not encouraging. It should be the endeavour of all agricultural banks to assist their members in finding a better market for their produce by providing them storage facilities, giving them temporary credit accommodation on the pledge of their produce and arranging for their sale.

10. *Value of shares in agricultural banks*:—There are at present two classes of shares in Agricultural Banks 'A' class share of the value of Rs. 5 and 'B' class share of the value of Re. 1. B class members are at present eligible for jewel loans only. It has been suggested that there is no need for the classification of members into 'A' and 'B' merely for the purpose of taking of jewel loans. This distinction may be abolished, so far as members within the area of operations who take jewel loans are concerned. The Registrar agrees with this view and the following suggestion is made.

(i) Every person within the area of operations of the society, who desires to take any kind of loan (including jewel loan) will be admitted only as an 'A' class member.

(ii) One value of a share will be reduced from Rs. 5 to Re. 1 for all members within the area of operations. The borrowings of members other than jewel loans and produce loans should however be linked to the share capital of the member, on the same basis as

hitherto (i.e.) 10 times the share capital. The relevant by-laws should be suitably amended for this purpose.

(iii) The need for 'B' class membership is, however, recognised in the following cases:—

(a) admission of minors to membership.

(b) admission of co-executants of mortgage deeds etc. to membership.

(c) admission of persons from outside the area of operations of the society for the purpose of giving jewel loans only.

The value of a 'B' class share for the above purposes may be fixed at 0.50 np.

For the purpose of admitting persons from outside the area of operations for the purpose mentioned against (c) above it is suggested that a few neighbouring villages (according to local conditions) may be included in the area of operations for the issue of jewel loans only. The number of villages so included should not ordinarily exceed the number of villages already lying within the area of operations of the bank.

(1) *Current account, collection of the cheques and transmitting agency*: Provision may be made in the by-laws of the agricultural banks for opening current accounts but a restriction should be imposed that the maximum amount of current deposits that may be accepted in each case should not exceed Rs. 2,000.

The agricultural banks may also be permitted to undertake collection of cheques and transmitting agency business wherever there is need. This should however be done after obtaining the consent of the Central Banks and

on the recommendation of the Special Deputy Registrar (Credit and Marketing) in charge.

(2) *Individual Maximum Borrowing power*:—

(i) *Surety Loans*:—The maximum should continue to be Rs. 500. In the case of loans issued under the controlled credit scheme the maximum limit may be raised to Rs. 1,000 normally and to Rs. 2,000 in special cases with the consent of the Central Bank.

(ii) *Medium term loans*:—Medium term loans may be issued on personal surety upto Rs. 250 out of the central banks own resources. All medium term loans exceeding Rs. 250 should be on the mortgage of immovable property. The individual maximum limit may be raised from Rs. 2,000 to Rs. 3,000.

(iii) *Jewel Loans*:—The maximum limit fixed under by-law 44 (6) for 'a' class members may be raised from Rs. 1,000 to Rs. 2,000.

(iv) *Produce loans*:—The maximum loan issued on the pledge of produce under by-law 44(5) may be raised from Rs. 3,000 to Rs. 5,000.

(3) *Obtaining security from Appraisers*:—The security to be obtained from appraisers to be appointed by Agricultural Banks may be reduced as indicated below:—

(i) Cash security of Rs. 200 from Rs. 500.

(ii) immovable property worth Rs. 2,000 from Rs. 3,000.

(4) *Interest rate on Fixed Deposit accounts*:—The agricultural banks may raise fixed deposits for 3 years and more at $5\frac{1}{2}$ per cent interest. For deposits of less than 3 years the existing rate should continue.

(5) *Revision of property statements*:—According to the existing orders, the property statements should be revised every year. As the number of members in Agricultural banks is more than the rural credit societies and as it is increasing it will be enough if the property statements maintained by agricultural banks are revised once in 2 years. Any change in the intervening period in individual cases should be noted then and there promptly.

(6) *Documents to be executed in favour of the Bank*:—According to model by-law 23 (1) (c) of the by-laws of Agricultural Banks, all documents should be in the name of the President. It was represented that the documents might be in the name of the secretary. It was agreed, that where necessary the by-laws may be amended substituting Secretary for the President. Such amendment should be made with the consent of the Central Bank.

Special by-laws relating to service conditions:—According to the model special by-laws relating to service conditions of the employees of agricultural banks one of the qualifications prescribed for the post of the Secretary or Manager is B.A., (Hons.) or B.A., or B.COM., or B.Sc., in the case of banks having a working capital of Rs. 2 lakhs or more and S.S.L.C., eligible for college course in the case of others. It is considered that this qualification for the post of the Secretary or Manager may be amended as S.S.L.C. in all cases. The Special by-laws may be amended accordingly.

The Special Deputy Registrars are requested to issue instructions to the Agricultural Banks and take action on the lines indicated above.

A. PALANIAPPAN,
Registrar,

EMPLOYEES SOCIETIES—MAXIMUM OF PAY SECURITY LOANS

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

SRI A. PALANIAPPA MUDALIAR, M.A., I.A.S., (Retd.)
Registrar

Rc. 141688/58-SII.

Dated, 26--12--1958.

SUB: Employees' Co-operative Societies—Narayanaswami
Pillai Committee on Co-operation—Recommendation
No. 54—Instructions issued.

REF: This office memo. No. Rc. 26461/58-B, dated 8-3-1958.

In the Registrar's memo cited, a copy of G.O. 426 Industries Labour and Co-operation dated 6-2-1958 containing the orders of Government on the recommendations of the Committee on Co-operation relating to "Non-Agricultural Societies" has been communicated to all Deputy Registrars. In respect recommendation No. 54 under the above classification relating to the maximum of pay security loans in co-operative societies, Government while agreeing with the views of the Registrar in the matter have observed that over all limit of 50 per cent of the basic pay and Dearness Allowance might be fixed as the maximum limit beyond which a member of an Employees' society should not have commitments to the society towards the recoveries from his monthly pay under the instalment due on ordinary loans, pay security loans (excluding interest) and the monthly thrift subscriptions. The fixation of such ceiling limit has become necessary as instances have been brought to the notice of the Registrar of

late by the Pay Disbursing Officers wherein the dues to be recovered from salaries of member employees amounted to a large slice of their income with the result that the member is left with very very little to carry him through for the rest of the month. Obviously such a state of financial despondency at the beginning of the month tends to create a depression and demoralising effect on the members. In view of this, it is quite necessary that the Employees' societies should so regulate their loan policy as to ensure that the recoveries to be effected from them every month do not exceed 50 per cent of the basic pay and Dearness Allowance of the members. The Deputy Registrars are requested to instruct the Employees' societies in their circle to see that the instructions of the Government are adhered to by them strictly. A draft amendment to the model by-laws providing for this restriction will be communicated to the Deputy Registrar separately for adoption by the societies.

(Md.) ABDUL HAFEEZ,
For Registrar.

AGRICULTURAL BANKS— CURRENT DEPOSITS—OPENING OF

Circular of The Registrar of Co-operative Societies, Madras-5.
SRI A. PALANIAPPA MUDALIAR, M. A., I. A. S. (Retd.)
Registrar.

No. Rc. 185679, 58 A-2.

Dated, 25--12--58.

SUB: Agricultural Banks—Provision of current deposits in
the by-laws of the Agricultural Banks—Instructions
issued.

The model by-laws of Co-operative Agricultural Banks, at present do not contain provision for acceptance of current deposits. The Registrar has been receiving representations from many Agricultural Banks that they may be permitted to accept current deposits and to make provision therefor in their by-laws. The Registrar has no objection to the Agricultural banks accepting current deposits where there is scope for it.

The following amendment to Model by-laws of Agricultural Banks is suggested for adoption by such of the Agricultural banks as desire to have provision for current deposits.

(i) *Recast the existing by-law No. 16 as below:*—There shall be six classes of deposits (A) Fixed (B) Recurring (C) Savings (D) Homes safe (E) Chit funds and (F) Current.

(ii) *Add the following as (F) under by-law 16 as below:*—The Board of directors may

permit any person to open current account with the Bank. The maximum amount to the credit of a person in the account shall not exceed Rs. 2,000 at any time exclusive of interest. Interest shall be calculated on current deposit at — per cent per annum on the lowest credit balance on any day of each month.

(iii) Every depositor shall be supplied with a pass book for which he shall be charged annas. If the pass book is lost, he shall be charged annas for the supply of a fresh pass book.

The Special Deputy Registrars are requested to communicate the above amendments to the Agricultural Banks in their respective areas. The Deputy Registrars on general duty may register the amendments without making further reference to the Registrar provided the amendments are recommended by the Special Deputy Registrar and the Central Banks concerned.

A. PALANIAPPAN,
Registrar.

News and Notes

Apex Co-operative Marketing Society Formed

At a meeting held on 16-12-1958 in the premises of the Madras State Co-operative Bank of the representatives of the District Supply and Marketing Societies, the Tanjore Co-operative Marketing Federation, the Triplicane Urban Co-operative Society and select primary societies and stores under the presidentship of Sri P. S. Rajagopal Naidu, M.P., it was resolved to form a State Co-operative Marketing Society, and to request the Registrar to take early steps for the formation of the Society. Sri P. S. Rajagopal Naidu, M.P., welcoming the representatives stated that several states had set up Marketing Societies at State level and that there was need in Madras, too, for the formation of a similar Society. He explained how the existence of the Apex Marketing Society would facilitate the export of agricultural produce, when such export is permitted and also the import of goods either from other States or from foreign countries.

Sri A. Palaniappa Mudaliar, Registrar of Co-operative Societies stated that the decision to form a State Marketing Society had been taken after the matter was fully examined by a Sub-Committee specially constituted for the purpose. The draft by-laws had been framed and approved by Government. The District Supply and Marketing Societies together with other primary societies were expected to subscribe shares to the extent of about Rs. 7 lakhs and the Government would take shares to the extent of Rs. 3 lakhs. There is also provision for the putting up of a godown-cum-office

at a cost of Rs. 1.5 lakhs with the help of loan and subsidy from Government. The State Warehousing Corporation will also be a member of the Apex Marketing Society. He also pointed out that the society would facilitate trade contacts with other countries and help in the distribution of commodities imported from other States and countries. The by-laws of the proposed society were discussed and adopted. Sri K. S. Subramania Gounder, a member of the Sub Committee constituted to examine the proposal for the formation of an Apex Marketing Society, proposed a vote of thanks.

Warehouse opened at Vellore

The second warehouse started by the Madras State Warehousing Corporation in hired accommodation was inaugurated by the Hon'ble Sri M. A. Manickavelu, Minister for Revenue and Public Health on 7-1-59 at Vellore in the presence of a large gathering.

Sri S. R. Kaiwar, I.C.S., Secretary to Government, Department of Industries, Labour and Co-operation presided on the occasion. Sri P. S. Rajagopal Naidu, M.P., the local Director of the Corporation welcomed the Minister and the other distinguished guests. Sri. B. Bakthavatsalu Naidu, M.L.A., Deputy Speaker of the Madras Legislative Assembly and a Director of the Central Warehousing Corporation also spoke on the occasion.

Sri A. P. Balasubramaniam, Managing Director of the Corporation proposed a vote of thanks and also announced that the third warehouse of the Corporation would be opened at Madurai.

Co-operative Training for Non-officials**Madurai District:**

The necessity for the strengthening of the popular agencies in order to create the required dynamism to make the Co-operative Movement grow in number, membership and range of activities was stressed by Dr. P. Natesan, General Secretary of the Tamil Nadu Co-operative Union at the valedictory function held in connection with the office-bearers training course at Melur. Dr. P. Natesan distributed the certificates and stipend amount to 23 office-bearers, who underwent a six weeks' training course at Melur. Messrs. V. Alagappan, Dr. M. N. Venkatarama Iyer, A. Balaguruswamy, T. K. Navalar, Fernando and A. Veluswamy participated in the function. Sri M. Md. Abbas, Co-operative Educational Instructor, Madurai read the progress report. Sri K. Ramalingam proposed a vote of thanks.

Chingleput District:

Dr. P. Natesan, General Secretary, Tamil Nadu Co-operative Union President over the valedictory function held at Tiruvellore on 25-12-1958, in connection with the office-bearers training course at Tiruvallur Centre. In the course of his address, he said, "if every co-operator is loyal to his Society, the country can overcome the economic ills and increase agricultural production." Dr. P. Natesan distributed the certificates to 18 trainees. Messrs. C. R. Radhakrishnan, V. S. Arunachalam, M.L.A., V. T. Chandrasekaran, S. Natarajan, P. M. Veeraraghavan and other spoke. Sri M. Sivaprakasam, Co-operative Educational Instructor, Chingleput proposed a vote of thanks.

All-India Co-operative Week at Nagercoil

The All-India Co-operative Week was celebrated from 1-11-'58 to 7-11-'58 in Kanyakumari District at different centres by the co-operative institutions in the area. Sri S. Sivaramakrishna Iyer, hoisted the Co-operative Flag on 1-11-1958 and initiated the celebrations. Sri K. M. Bhoothalingam Pillai, addressed a public meeting. 'Consumers' Day' was celebrated under the auspices of the District Co-operative Supply and Marketing Society Ltd. 'Weavers' Day' was celebrated on 3-11-1958 under the auspices of Vadasery Weavers Co-operative Society Ltd., Sri Thanulinga Nadar, M. P., presiding. 'Milk Day' was celebrated on 4-11-1958 under the auspices of Nanjil Nadu Co-operative Milk Supply Union, Sri K. Sivarama Pillai presiding. 'Students Day' was celebrated at the S.L.B. High School, Nagercoil, Sri A. Nesamani, M.L.A., presiding. There were essay competitions for the High School and College Students. Sri R. Tirumalai, I. A. S., District Collector distributed the prizes. 'Membership Day' was celebrated on 6-11-1958, Sri C. Gopalakrishnan presiding. 'Planning Day' was celebrated on 7-11-1958 under the auspices of the District Co-operative Central Bank, Sri R. Thirumalai, I.A.S., District Collector presiding. The local daily "Dina Malar" published a supplement in connection with the All-India Co-operative Week.

Co-operative Officer Named for the General Manager's Post

Sri G. Madalaimuthu Udayar, Deputy Registrar-Secretary of the Nilgiris Co-operative Central Bank was given a warm send-off by the President, Directors and staff of the Nilgiris Co-operative Central

Bank on the eve of his transfer to Tirunelveli as General Manager of the South India Co-operative Spinning Mills. Warm tributes were paid by Dr. N. Basuviah and others about the services rendered by Sri G. Madalaimuthu Udayar to the development of Co-operation in the district. Sri G. Madalaimuthu Udayar has been posted as the General Manager of the South India Co-operative Spinning Mills Ltd., Tirunelveli.

Kurumbalur Agricultural Bank Inaugurated

The Kurumbalur Agricultural Bank was inaugurated by Sri V. K. Appandarajan, Joint Registrar of Co-operative Societies, Madras on 29-12-1958. The Full Finance Scheme was also inaugurated in the Perambalur block. Sri T. S. Muthukumaraswami Pillai, President of the Tiruchirapalli District Co-operative Central Bank presided over the function. Sri P. B. K. Raja Chidambaram hoisted the Co-operative Flag. Sri M. Krishnaswami Reddiar read the welcome address. The Bank started on its work with 572 members and a paid-up share capital of Rs. 16,914. The Bank serves a population of 9,900 in the area of two villages.

The Tirunelveli District Co-operative Central Bank's Conference

A Conference of the Union Representatives, Supervisors and other officials of the Tinnelvely District Co-operative Central Bank was held on 10-1-1959 at the premises of the bank, Sri M. D. K. Ramalinga Mudaliar presiding. The Conference resolved to select 29 centres, for the celebration of 'Membership Week' and decided to reach a target of 100 per cent

coverage of villages. Sri L. S. Subbiah Pillai proposed a vote of thanks.

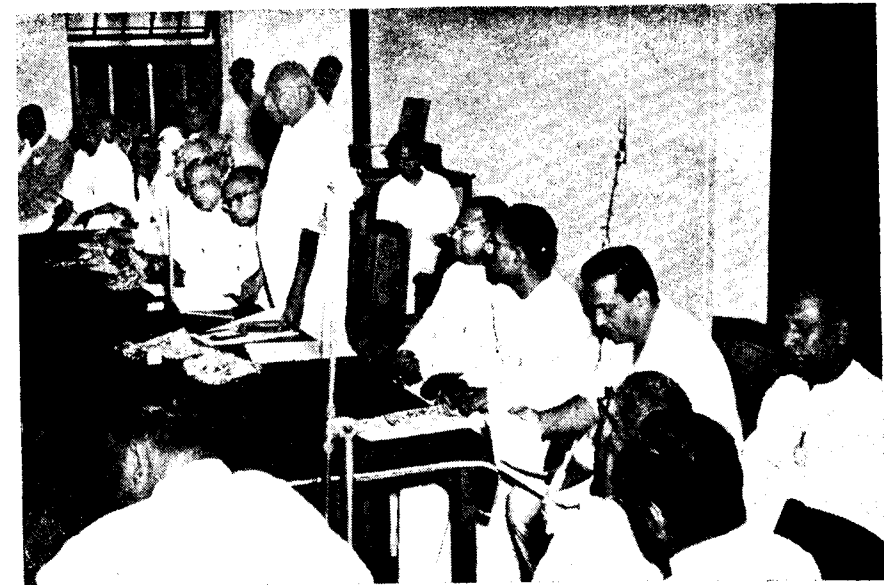
The Madras Government Servants Co-operative House Mortgage Bank, Ltd.

At the General Body Meeting of the members of the Bank held on 28-12-1958, the following persons were elected as Directors for a period of two years from 1-1-1959. Messrs. L. Venkatakrishna Iyer, V. Venkatachalam, C. S. Krishnaswamy Iyengar, V. H. Sundaram Ayyar, P. Kuppuswamy Mudaliar, P. Radhakrishna Naidu, P. K. Bhujanga Rao, Sri A. Srinivasa Iyer K. Somasundaram Pillai, A. R. Srinivasan and V. Seshagiri Sastry. Sri L. Venkatakrishna Iyer and Sri V. Venkatachalam were elected as President and Vice-President respectively at the Board Meeting held on 1-1-1959.

Refresher Course for Trichy Supervisors

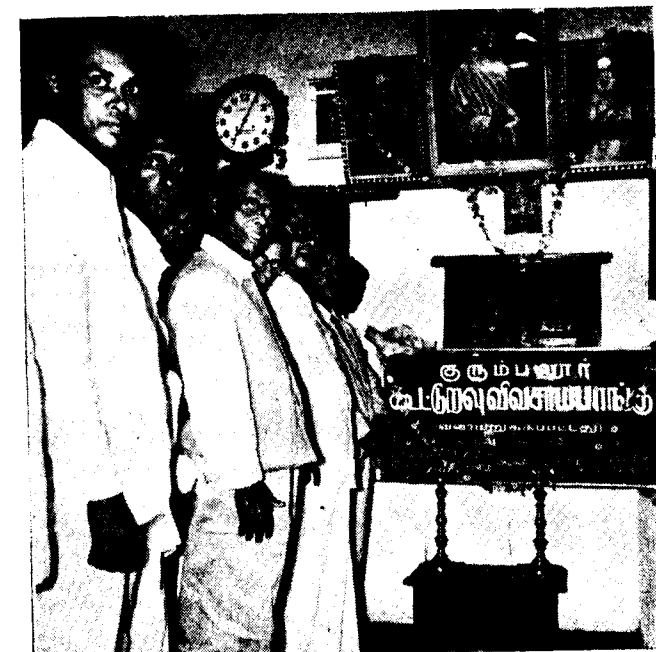
The annual refresher course for the Supervisory staff of the Tiruchirapalli District Co-operative Central Bank Ltd., was held on 15th and 16th December 1958. Sri T. S. Muthukumaraswami Pillai inaugurated the course. In a report presented to the course Sri G. Varatharajan, Secretary of the Bank stated that during 1957-58, the Co-operatives admitted 39,873 new members, the percentage of population covered by co-operatives rose from 18.6 per cent to 28.7 per cent, the additional share-capital rose to Rs. 3.06 lakhs, 863 out of 1,018 villages in the district had been covered and the amount of loans issued was of the order of Rs. 89.45 lakhs. Sri T. S. Muthukumaraswami Pillai exhorted the staff to execute the several development

First Agricultural Banks' Conference.



Sri K. Kamaraj, Chief Minister of Madras inaugurated the First Agricultural Banks' Conference on the 16th November 1958.

Kurumbalur Agricultural Bank.



Messrs V. K. Appandarajan, Joint Registrar of Co-op. Societies, T. Muthukumaraswami Pillai, Raja Chidambaram Reddiar and others are seen in the picture taken on the occasion of the inauguration of the Kurumbalur Agricultural Bank.

Tirunelveli Dt. Primary Stores Conference.



Sri M. Bhakthavatsalam, Home Minister addressed the Conference held on 15-11-58. Sri A. P. C. Veerabahu M.L.A., presided.



Sri M. Bhakthavatsalam, Home Minister is seen laying the Foundation Stone of the Godown.

schemes with interest and enthusiasm. Messrs P. B. K. Rajachidambaram Reddiar, A. Hirudayaswamy Reddiar and the Special Deputy Registrar for Credit and Marketing participated in the course.

Arakonam Co-operative Union

At the General Body Meeting of the Arakonam Taluk Co-operative Union Ltd., held on 14-12-1958 Sri B. Bhakthavatsalu Naidu, M.L.A., appealed to the members to take vigorous steps in the matter of collection of overdues, admission of new members and the issuance of loans to all agriculturists.

Procurement of Food Grains by Co-operatives

"A first step in the direction of implementing the decision on State trading in food grains", and "an opportunity for co-operatives to play an important role in the promotion of co-operation in a spirit of sacrifice" that was how two Ministers commended the scheme of procurement and distribution of rice to co-operators today.

Sri M. Bhakthavatsalam, Food Minister, and Mr. R. Venkataraman, Minister for Co-operation explained the objective and salient features of the Government's proposal for procurement of rice and distribution through fair price shops, to a conference of representatives of District Co-operative Supply and Marketing Societies and the Central Banks convened by the Registrar of Co-operative Societies, Sri A. Palaniappa Mudaliar.

The President of the State Co-operative Bank, Sri Kanagasabai welcomed the Ministers and the delegates and gave expression to some doubts on certain points

in the note circulated by the Registrar.

Sri Bhakthavatsalam underlined the need to arrest the upward trend in the price of food grains, and said that following the decision of the National Development Council on State trading in food grains, the Government had to initiate steps for its implementation, the first of which was to procure rice through agents appointed by the Government mostly co-operatives and release through fair price shops during the lean period.

He explained how "informal control" over baby foods had brought down their prices to a reasonable level. In the same way, he felt that procurement and distribution of food grains under the proposed scheme would depress the price of rice to a reasonable level. He wanted the co-operative agencies to respond to the call in a spirit of sacrifice and play its role in the vital food grain trading sector.

Loans for Co-operatives

Sri Venkataraman said that the co-operative movement should take it as a compliment paid to it that it should be enabled to play its role in a scheme of procurement and distribution of food grains.

Madras, which had been pioneer in the field of co-operation he hoped would set an example to other States in India in this sphere also, and win laurels for its achievements. No doubt, they might have many problems to face, notably finance and storage.

Regarding finance, a loan of Rs. 10 crores would be available from the State Bank of India, details of which including interest, which he hoped would be at

concessional rate could be finalised soon.

As for storage, they could utilise the godowns of the Warehousing Corporation in Tanjore, Salem, Vellore and other places besides the agricultural bank godowns.

Mr. S. R. Kaiwar, Secretary, Department of Co-operation and Mr. S. Venkateswaran, Civil Supplies Commissioner, also briefly touched on the features of the scheme after which discussions began "in camera".

30th Co-operative Central Banks Conference

The need to pool local resources for financing various schemes under the co-operative movement including that of extending loan facilities to agriculturists was stressed by Mr. C. Subramaniam Finance Minister, when he inaugurated the 30th Annual Conference of representatives of the Central Co-operative Banks in Madras State.

The Conference was held at the premises of the Madras State Co-operative Bank in George Town.

Sri Subramaniam at the outset referred to the decision of the Indian National Congress at its Nagpur session recently that there should be a greater participation of the co-operative movement in the development of our villages and said that while there were people to decry the co-operative movement as not having achieved any results or of there being many deficiencies in it, the movement by itself was not to be blamed or condemned. It was up to those engaged in the movement to seek and rectify defects wherever found. The

co-operative movement like others intended for social welfare, could only expand and succeed if those engaged in it were imbued with a sense of confidence, honesty and integrity—qualities which were found in ample measure in those, who were responsible for the movement in this State at present. They would do well to take a pledge to continue in that spirit.

Co-operative Farming

To-day, the co-operative movement was being thought of in connection with land reforms. Some people opposed land reforms altogether. They also opposed the co-operative movement. But on that account it was not right or proper to oppose all land reforms or land reforms which visualised co-operative effort. Such opposition would only bring harm to the country. They were now carrying on a peaceful administration under a democratic government, following a middle path between the extremes of Capitalism and Communism, and this stability could only be preserved under a system of co-operation. Co-operative farming, as a method of increasing agricultural production, was now in the air. It was true that at one time individual big landlords helped to preserve sound agricultural economy in our country. But present trends showed that this was no longer possible and co-operation had to enter the field. The lands might belong to individual holders but the requisites to carry out agricultural operations could be secured from co-operatives. In what manner co-operative farming or methods of co-operation in stepping up agriculture could be utilised would all be matters for co-operators to decide.

Another matter on which they had to take a decision was whether the co-operative movement should stop short with issue of loans to agriculturists or extend its activities to work like procurement of foodgrains and their sale and establish organisations to render help and guidance to agriculturists on various matters. Madras State had set a good example in the progress it had shown in the co-operative movement particularly in the amount of loan facilities it had afforded to agriculturists. It was necessary to secure enough funds for this growing demand. If they would let the State Government know the extent of help they required from the Reserve Bank, the State Government would inform the Centre of it. But it was also for them to consider whether it would be useful to depend entirely on the Reserve Bank for the purpose or to pool local resources. To the extent to which local resources were pooled and used, to that extent it would benefit the people at large. The question of establishing co-operative societies, one for each village or for groups of small villages had also to be considered. Till now they had established 300 village banks in the State. There were in some States large-sized societies serving groups of 20 or 30 villages, but these did not work satisfactorily. He for one felt that societies could be established one for each village, but in regard to loan transactions there could be one for four or five small villages.

Mr. P. S. Rajagopal Naidu in his presidential address, referred to the recent resolution of the National Development Council announcing their policy of "one village-one society", in pursuit of which the Government were to

review their programme of co-operative development. The functions now assigned to the society would be something of a multipurpose society and the decision was a complete and sudden turn back from the policy formulated by the All-India Rural Survey Committee. He said it was surprising that neither the non-official co-operators nor the co-operative organisations, not even the State Registrars of Co-operative Societies were consulted by the National Development Council before announcing this new policy. The principle of one society for one village, he said, had outlived its usefulness.

Trading in Food Grains

Welcoming the decision of the Government to entrust trading of food grains to co-operatives, he said that this spoke well of the confidence reposed by Government in the movement and hoped the co-operatives would acquit themselves well when asked to shoulder this additional responsibility. It was estimated that nearly Rs. Ten Crores would be the requirement of the District Marketing Societies to undertake this new activity and Central Banks should play a dominant role in making this finance available to the marketing societies at competitive rates of interest. This State had been the fore-runner in introducing the "Full Finance" scheme which paved the way for all rural families to join the co-operative fold. He hoped the conference would consider measures to intensify the working of this scheme.

Earlier, Mr. R. Kanakasabai, President of the Madras State Co-operative Bank, in his welcome address stressed the view that Central Co-operative Banks

should endeavour to attract as much deposits as possible locally by offering such rates as are consistent with local conditions.

**Sri M. I. Nayar of Malaya
visits Madras Housing
Co-operatives**

Sri M. I. Nayar, President of the Federation of Co-operative Housing Societies, Malaya, who is on a Study Tour of United States of America and Europe on a Leadership grant and British Council grant on his way back to Malaya visited Bombay on the 20th and 21st January 1959 and Madras on the 22nd and 23rd January respectively. During his stay in India, he visited the

Bombay Co-operative Housing Federation, Navajivan House Building Society and other Co-operative Housing Organisations. In Madras he visited the Madras Co-operative House Construction Society Ltd., and the Tamil Nadu Co-operative Union. He had discussions with Dr. P. Natesan, General Secretary Tamil Nadu Co-operative Union and the Secretary of the Madras Co-operative House Construction society, regarding the development of housing co-operatives in the State. It might be recalled that Sri M. I. Nayar was the Secretary of the International Co-operative Alliance South East Asia Conference held at Kuala Lumpur in January 1957.

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