

JL
XMM211, N10M
W59.5.7
125614

1235

MADRAS JOURNAL OF CO-OPERATION

JANUARY

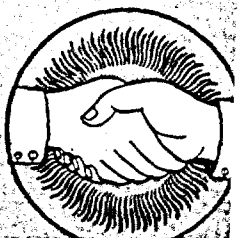
1959

New Buses for S. Arcot Transport Society.



H. E. Sri Bishnuram Medhi, Governor of Madras inaugurated two new Buses of the South Arcot Motor Transport Co-op. Society on 5-12-58 and blessed the endeavour.

Official Journal of Tamil Nadu Co-operative Union



The George Town Co-operative Bank, Ltd., No. 8512.

"DR. P. NATESAN BUILDINGS"

No. 29, Krishnappa Naicken Agraharam Street, Madras-1.
(Registered in 1923).

PRESIDENT:

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

VICE-PRESIDENT:

SRI R. S. SUBRAHMANYA AIYER, B.A., L.T.

DIRECTORS:

SRI P. SESHADRI IYENGAR
" P. RANGANATHA IYER, M.A.
" P. R. DESIKAN, J.P.
" DR. T. SELVASEKARAN, L.M.P.
" P. A. KRISHNASWAMY
" M. A. BADSHA J.P.
" B. MANICKAVASAGAM
" S. SESHACHALA IYER
" C. N. MEENAKSHISUNDARAM, B.A., L.T.

Authorised Capital Rs. 5,00,000.
Working Capital Rs. 84,00,000.

FIXED AND OTHER DEPOSITS ARE ACCEPTED AT RATES
MENTIONED BELOW.

(i) FIXED DEPOSITS :

6 Months	4½ % P. A.
1 Year	5 " "
2 Years and above	5½ % "

(ii) OTHER DEPOSITS :

(i) Current.	½ "
(ii) Recurring. (84 months)	6½ "
(iii) Savings (Members.)	2 "
(iv) do (Non-members)	1½ "

(iii) LENDING RATES :

Loans on Houses, Jewels, Fixed Deposits
and other Government Securities. 7-1/32 % P.A.

There are more than 7,000 members who subscribe towards
Recurring Deposits in the Monthly Savings and Loan Fund which
runs to 84 months.

Further particulars can be had from the undersigned:

T. ARUNACHALAM, B.A., B.Com. (Hons.)

Secretary.

THE

Madras Journal of Co-operation

EACH FOR ALL AND ALL FOR EACH

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

HONY. EDITOR :

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

ASSOCIATE EDITOR :

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

JANUARY 1959.

No. 7, VOL. L

PRICE As. 12 NET

THOUGHT FOR THE MONTH

Moral Value of Co-operative Banks

"The best guarantee of a Co-operative bank," so urges M. Luzzate, who originated the People's Banks movement in Italy, "is the moral worth of its members". Co-operative Banking cannot exist, where there is improvidence. The first step which a bank is bound to take, from regard for its own safety is to make the improvident thrifty, the reckless careful-in some applications even the drunkard sober, the evil-liver well-conducted, the unlettered capable of using the pen. In this way it has become a moralising and educating agent of the greatest value to the nations among whom it acts.

H. W. WOLFF.

IN THIS ISSUE

Thought for the Month	... 345
Editorial Notes	... 346
"Co-operative Rural Credit"	... 353
The Pros and Cons of Land Ceiling	356
An Appeal to Co-operative Institutions to adopt the Special by-laws relating to the service conditions of employees	... 363
The Central Banks' Conference 30th Session held on 18-1-59—	
Welcome Address by Sri R. Kanakasabai, M.P....	371
Inaugural Address by Sri C. Subramaniam	... 374
Presidential Address by Sri P. S. Rajagopal Naidu, M.P.	... 376
Resolutions passed at the Conference	... 379
Action taken on the resolutions passed at the 29th Session	... 384
G. Os. and Circulars	... 392
News and Notes	... 401
Book Review	... 405

Editorial Notes

THE 30th CENTRAL BANKS' CONFERENCE

Sri C. Subramaniam, Finance Minister, Government of Madras, addressing the 30th session of the Central Banks conference held at Madras on the 18th January 1959, made a pointed reference to the decision of the Indian National Congress at the Nagpur session, that there should be a greater participation of co-operative movement in the development of our villages. He said, that co-operative movement should take up greater responsibility in the context of the new land reforms and should extend its activities in an increasing measure to co-operative farming. He emphasized that in the future, co-operative farming would occupy a key role in our agricultural economy and co-operative institutions should equip themselves to discharge this pivotal responsibility in organising the agricultural production of our country on co-operative basis successfully and efficiently. The Finance Minister again referred to a decision taken at the Nagpur session regarding the multi functional responsibility of the co-operative organisation. Our leaders look forward to the co-operative form of organisation not only in the matter of dispensation of agricultural credit but also in the matter of supply of agricultural requirements marketing and processing of agricultural produce and development of small scale cottage industry and for promotional activities like animal husbandry schemes, soil conservation measures etc. There again is an expanding field for the co-operative organisation to play an increasingly important role. The

Finance Minister also referred to the need for the co-operative organisations to interest themselves in the matter of mobilisation of rural savings. Last but not the least, he referred to the new emphasis on making the small village credit societies more efficient and more viable as against larger sized societies.

Sri 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 to be the new policy in pursuit of which the Government were to review their programme of co-operative development. He pointed out that the decision was surprising because neither the non-official co-operators nor the co-operative organisations or even the state Registrars of Co-operative Societies were consulted by the National Development Council before announcing their new policy which was a complete and sudden turn back from the policy formulated by the All India Rural Credit Survey Committee. He made a strong case for continuing the present policy of developing the large sized societies as the experiment in Madras had clearly shewn to be a great advantage to the rural population in the matter of increasing the transactions of the societies, in the matter of attracting larger and larger deposits and in the matter of providing marketing and supply of agricultural requirements, jewel loan and other facilities, to the rural population. Further, he added, that 50 years of slow growth of the

movement had proved that the principle of one village, one society had outlived its usefulness and almost all the committees that had probed into the working of the movement had come to the unanimous conclusion that small sized societies were uneconomic units, and therefore were not in a position to discharge their role as provider of rural finance efficiently and successfully. He also pointed out that the formation of large sized societies did not mean that all the existing small sized societies would be converted into large societies. The main idea behind the proposal was to create a broad based co-operative movement with efficient and economically strong and viable units operating at the primary level. So he appealed to the National Development Council to appreciate the view point of the co-operative public and to make necessary modification in the resolution so as to facilitate the simultaneous development of both the large sized and small sized societies.

Sri P. S. Rajagopal Naidu welcomed the decision of the Government to entrust the trading of food-grains to co-operative institutions and was sure that the co-operative movement would work up to the expectations of the Government in this regard.

Sri R. Kanagasabai M. P. President of the State Co-operative Bank welcoming the delegates referred to the *modus operandi* adopted by the Reserve Bank of India to reckon the borrowing power of the Co-operative financing banks. It might be recalled that in the 28th session of the Central Banks conference held in July 1956, it was resolved that the borrowing power of the State Co-operative Bank

and Central Co-operative Bank should be fixed at 20 and 15 times respectively. The State Government, however, re-fixed the borrowing power of the State Co-operative Bank only and that too at 15 times; and the Registrar has been empowered to permit the temporary relaxation to meet the emergencies. The State Co-operative Bank and the Central Co-operative Bank have been straining every nerve to keep up their borrowing power to meet the increasing demand under the Integrated credit scheme. It would appear that the Reserve Bank of India have suddenly come out with a new procedure of reckoning the borrowing power of the financing banks, viz. all credit limits whether drawn or not and even these under consideration are to be accounted as borrowings; Similarly in the Co-operative Central Banks additional limits of cash credits granted by the State Co-operative Bank from the State Bank of India will have to be reckoned as borrowing whether drawn or not. The share capital invested by the State Government for the purpose of re-investment in the large sized societies will not count for reckoning the borrowing power by the State Co-operative Bank and the Central Banks level; and to crown all these the Reserve Bank of India have refused to recognise even temporary relaxation by the Registrar under proper authority and have decided to adhere to notional limit of 15 times, for all State Co-operative Banks. With the vast demand that is being made on the co-operative credit institutions, particularly in the context of financing the proposed State Trading scheme for paddy, it is now imperative that the Reserve Bank of India should take a more realistic and liberal view of the maximum borrowing

power of the financing institutions and relax the notional limit of 15 times to at least 20 times or more according to the conditions obtaining in each State.

Sri R. Kanakasabai referred also the necessity for mobilisation of deposits by co-operative financing banks. He said that the tendency to rely more and more upon State Co-operative Bank for their loanable resources should be revised and a persistent endeavour should be made by all Central Banks to attract as much deposits as possible and reduce their reliance on the State Co-operative Bank for funds. This arrangement would be mutually helpful and would also increase the deposit mobilising potential of the Central Co-operative Banks. He appealed to the Government to expedite the finalisation of the guarantee scheme in respect of the financing of the handloom industry by the Co-operative Banks.

The conference discussed several important problems confronting co-operative credit organisations, both Central and Primary. One other resolution related to the guarantee to be given by the Government in the matter of loans issued by the Co-operative institutions under the Integrated credit scheme and stated that the Government should give guarantee up to 90 per cent in individual cases, subject to a maximum of 5 per cent of the total loan of all kinds issued by the State Co-operative Bank, Central Banks and societies under the integrated credit scheme and also to create a cumulative agricultural guarantee and relief fund for the purpose. Another important resolution requested the Reserve Bank of India to grant short term and medium term loans to societies for agricultural purposes and if need be to amend section 17 of the

Reserve Bank of India Act. The conference discussed the question of maximum borrowing power and requested the Reserve Bank of India not to include the undrawn portion of the accommodation granted by the Madras State Co-operative Bank and State Bank of India for arriving at their reserve borrowing power of the bank, but only to take into consideration the actual liability subject to the condition that the individual institutions do not draw in excess of the maximum credit limit. The conference requested the Reserve Bank of India to raise the period of short term loans to the agricultural credit societies from 12 months to 15 months for seasonal agricultural operations. The conference was of the opinion that the Reserve Bank of India should make available to the Agricultural Credit societies through the Madras State Co-operative Bank medium term loans for a period over 3 years and up to 5 years for all non-agricultural purposes. The conference requested the Government to amend rule VIII.A (1) so as to provide for higher percentage of the total loans for medium and long term purposes at 65 per cent instead of the existing 50 per cent which is inadequate to meet the growing demands of the borrowing agriculturists. By another resolution the conference requested the Government to pass the necessary legislation to empower the co-operative societies to have first charge over the lands of the agriculturists after that of the Government for safeguarding the financial assistance extended to the agriculturists. The conference referred to the revised programme of integrated rural credit for the remaining two years of the Second Plan to the Central Banks and thereafter a separate conference of Central Banks and other

interests convened to discuss this scheme and adopt suitable programme for the rest of the second five year plan period. These resolutions are born out of a thorough appreciation of the needs of the growing co-operative credit movement of the Madras State and therefore deserve the utmost consideration by all the related authorities, the Reserve Bank of India, the Government

and the Registrar of Co-operative Societies. We, therefore, heartily endorse the resolutions passed by the conference and hope that the deliberations would be of great advantage and mutual benefit to all the Central banking institutions in the Madras State and would help Co-operative Credit movement to march forward with a new spirit and enthusiasm.

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

No. 5184.

6, West Masi Street, Madurai.

TEL: { Grams: "RAMCENBANK".
 { Phone: 444.

POST BOX No. 96.

Branch at: Karaikudi.

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

Working Capital Exceeds Rs. One Crore

Deposits are accepted at the following rates:

Fixed Deposits:	6 months	3 per cent	3 years	3½ per cent
	1 year	3½ per cent	4 years	4 per cent
	2 years	3½ per cent	5 years	4½ per cent

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

Savings Bank Deposit	2 per cent
Current Deposit upto Rs. 5,000	½ per cent
Provident Fund Deposits	3½ per cent

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

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

R. Nagulswami Naidu,
President.

DEPARTMENT OF AGRICULTURE

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

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

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

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

Advertisement Tariff:

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

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

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

For further particulars apply to:

The Director of Agriculture

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

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

"Co operative Central Bank Buildings," Ootacamund.

DR. N. BASUVIAH,

President.

PHONE: 420

SRI B. HALA GOWDER,

Vice-President.

Authorised Capital Rs. 10,00,000

Paid up Share Capital Rs. 10,00,000

Statutory & Other Reserves Rs. 3,45,392

Working Capital Rs. 83,30,396

Loans and Overdrafts business exceed rupees one crore.

Deposits are accepted at the following rates:—

Fixed Deposits:

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

All Kinds of Banking Business Transacted

Ootacamund,
15-8-1957.

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

THE NILGIRIS CO-OPERATIVE MARKETING SOCIETY LTD.

K. 708, OOTACAMUND.

ESTD. 1935.

TELE- { Head Office, 412 Mark: N.C.M.S. TELEGRAMS: "COOPERATE"
PHONE: { MTP. Branch 37
SRI H. B. ARI GOWDER, B.A., SRI H. B. CHEVANA GOWDER,
President. Vice-President.

Wholesale dealers in Nilgiris Potatoes.

Number of Members:

Individuals	3,333
Village Co-operative Societies	128
Co-operative Agricultural Banks	14
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

Undertakes daily or weekly supplies of potatoes to

Consumers' Co-operative Societies and others.

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

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

Tele: { Grams "CENCOBANK"
Phone: "134"

POST BOX NO. 14.

Branches:

THENI	&	DINDIGUL
Authorised Capital	Rs.	20,00,000
Paid up Share Capital	Rs.	16,61,925
Reserve Fund	Rs.	7,92,071
Other Reserves	Rs.	7,70,162
Working Capital	Rs.	2,25,92,162

Bankers for all Co-operative Institutions in the District
Drafts issued at concessional rates to all places of importance of the Presidency.

All Types of Deposits Accepted

Rates of interest on Fixed Deposit range from 2½% to 4½%

Season Deposits:—For Amounts of Rs. 10,000 and above from 4 to 6 months 4%.

Enquiries Solicited

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

The Madras Co-operative Milk Supply Union, Ltd., AYANAVARAM : : MADRAS-23

SRI K NACHINARKINIASIVAM.
President.

DRINK MORE MILK

(Nature's own perfect food)

SOLE SUPPLIERS TO

State Hospitals, Hotels, Institutions, & Civilian population
served through depots & through cycle delivery boys.

Paid up Capital	... Rs 1,82,024
Reserve Fund	... Rs 1,06,575
Plant. Machinery and other assets owned	... Rs 4,96,700
Daily Handling	... 33,000 lbs. of Milk
Annual turnover	... Rs. 30.31 lakhs.

Pasteurised milk is whole milk subjected to heating to 180°F and suddenly cooled to 45°F and thereby rendered free from pathogenic bacteria without any change of its natural, original, nutrients and untouched by hand. It is always safer and cleaner than fresh milk drawn and distributed under ordinary circumstances.

RATES from 1-2-1959

All Depots and House Delivery Milk—Rs. 1.36 per M.M.
(Service charge Extra Rs. 2 per month) Rs. 0.17 per Ollock.

Hotel, Institution etc., Milk	Rs. 1.36 per M.M.
Special order Milk	Rs. 1.50 "
Ghee 1 viss	Rs. 8.00 "
Palkova (with sugar) 1 viss	Rs. 6.00 "
Palkova (without sugar) 1 viss	Rs. 6.50 "

For home-delivery Rs. 2 is charged per month as service charges, irrespective of quantity.

BRANCH OFFICES

TRIPLICANE	... Near Parthasarathy Koil Post Office, Big Street
T'NAGAR	... No. 13, G. N. Chetty Road (entrance Lakshmana Chetty Street.)
MYLAPORE	... No. 5, Madala Narayanan Street,
GEORGE TOWN	... No. 221, Mint Street, Sowcarpet (Vellala Bank Buildings)
PURASAWALKAM.	31, Swami Pillai Street, Choolai.
EGMORE	... 11, Mukkathal Street, Purasawalkam.

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

SPECIAL ARTICLES

Co-operative Rural Credit*

By

SRI A. HIRUDAYASWAMY, B. A.
Joint Registrar of Co-operative Societies, Madras.

There are several agencies from whom credit is obtained by the agriculturists of the country viz. money lenders, merchants, commission agents, Government and Co-operatives. The role of the private agencies in the sphere of rural credit has for ages, been dominant. It is only recently that institutional credit through Government and co-operative agencies, has made marked progress.

Thanks to the various co-operative schemes introduced during the period of the Second Five Year Plan, such as expansion of rural credit, integration of rural credit with agricultural marketing, formation of co-operative agricultural banks and strengthening of the existing small societies, the co-operative machinery for the dispensation of rural credit has been considerably strengthened and enlarged; the volume of credit supplied by them has increased more rapidly during the short period of 2 to 3 years after the commencement of the second Plan, than during the preceding 50 years of the Credit Co-operative Movement.

In Madras, on the eve of the introduction of the schemes relating to co-operative rural credit, the percentage of villages covered by the credit co-operatives was 49, the percentage of population served was 21 and the percentage of credit supplied with reference to the credit needs was 7. The Rural Credit Survey Committee

appointed by the Reserve Bank of India, which stressed the need for expanding institutional credit recommended the reorganisation and revitalisation of the co-operative rural credit structure based on the 3 fundamental principles of (1) State participation at all levels (2) Full co-ordination between credit and other economic activities especially marketing and processing and (3) administration through adequately trained personnel responsive to the needs of the rural population. The Committee recommended the formation of what are called large sized societies for a group of villages for the reason that such societies could handle sizable business, maintain adequate staff and function successfully as viable units.

The Planning Commission declared that the building up of a co-operative sector as part of the scheme of planned development was one of the central aims of National Policy. A bold programme for the reorganisation and the expansion of rural co-operative credit was accordingly undertaken under the Second Five Year Plan.

The Scheme of expanding Co-operative credit envisaged the formation of 300 agricultural banks, organisation of new rural credit societies and the development of the existing societies so as to cover nearly 80 per cent of the villages in the State and to bring within the co-operatives not

*Source: The article is the text of a A.I.R. Talk on 20-12-58. Reproduced with the kind permission of A.I.R., Madras.

less than 50 per cent of the rural population. The quantum of credit annually provided by the Co-operatives which was round about Rs. 6 crores previous to the plan period, was sought to be trebled by the last year of the plan, the target fixed being Rs. 18 crores representing roughly 30 per cent of the annual credit needs. In accordance with the recommendations of the Rural Credit Survey Committee, the State has participated in the shares of the Central Co-operative Banks and through these banks in such of the agricultural banks which required state share capital. The total amount provided by Government to the State Co-operative Bank for this purpose is Rs. 25 lakhs. On account of the State's participation in the share capital of the credit institutions, provision has been made for representation to the State on the management of the Co-operatives also.

At the primary level, there are three types of co-operative societies dispensing credit to the agriculturists in the State. They are the rural credit societies, the Agricultural Banks and the rural banks. The Agricultural Banks and the rural banks are based on guarantee liability, unlike the rural credit societies which function on unlimited liability. The liability of the members of the agricultural banks is limited to 10 times the subscribed share capital and that of the members of the rural bank is limited to 5 times the subscribed share capital.

The formation of Agricultural Bank is a new line of development. About 280 agricultural banks have so far been formed, against the target of 300. An Agricultural bank is generally formed for 3 or 4 villages having

a total population of generally 5,000 or thereabouts i.e., approximately 1,000 rural families.

On 30-9-1958, there were 1,73,920 members on the rolls of these banks with a paid up share capital of Rs. 52 lakhs. They held deposits to the extent of Rs. 19 lakhs. During the period from 1-4-53 to 30-9-58, they issued loans to the extent of Rs. 148 lakhs. The loans outstanding against members on that date amounted to Rs. 286 lakhs. Not only had these banks increased the quantum of credit but they were also able to provide credit promptly to the agriculturists. These banks are very popular among the rural population and there is a very great demand for the organisation of more such banks.

Village societies are also being formed in villages not served by co-operatives. During the last 2 years, 446 societies were registered. There were 7,915 rural credit societies on 30-6-58 with about 10 lakhs members and share capital amounting to 140 lakhs. They hold deposits to the extent of Rs. 27 lakhs. Their total working capital amounted to Rs. 928 lakhs. During the year 1957-58, they issued loans to the extent of Rs. 572 lakhs. The loans outstanding against their members on 30-6-58 was nearly Rs. 7½ crores.

The Rural banks of which there are 23 in the State are institutions formed for the specific purpose of giving medium term loans, jewel loans and produce loans to agriculturists and providing ordinary banking facilities to the rural population. They have been able to tap local deposits and serve their clientele in the fields of activity in which they operate. They had 23,299 members on their

rolls with a paid up share capital of Rs. 11 lakhs. The deposits held by them amounted to Rs. 19 lakhs. They issued loans to the extent of about Rs. 72 lakhs during the year 1957-58. The loans outstanding against members on 30-6-58 amounted to Rs. 60 lakhs.

While the rural credit societies, Agricultural Banks and Rural Banks provide the short term and medium term credit needs of the agriculturists, their long term needs are met by a net work of primary land mortgage banks throughout the State. There are, at present 80 land mortgage banks and one land mortgage bank will be registered before the close of this year.

The Land Mortgage Banks issue loans repayable in 15 to 20 years. They issued loans to the extent of about Rs. 50 lakhs in 1956-57 and Rs. 71 lakhs during 1957-58. The Land Mortgage Banks are expected to issue loans to the extent of Rs. 75 lakhs during the present year. During the last year of the plan period, it is expected that they will issue loans to the extent of about Rs. 1 crore. The Land Mortgage Banks are now giving more loans for land development.

Under the scheme of Integrated Credit and Marketing a systematic development of co-operative credit is now taking place and vigorous steps are underway for the expansion of the co-operative

credit in the rural areas. The Co-operatives are not only giving loans to people owning lands but have made a beginning in issuing production credit to landless people. The Co-operatives also arrange to distribute seeds, manures and other agricultural requisites to the villagers. In the blocks, entire distribution of chemical fertilisers has been entrusted to the co-operatives.

As a result of the efforts taken so far, 83 per cent of the villages in the State have been covered by the co-operatives and 33 per cent of the rural population have been brought with in the co-operative fold. The quantum of credit supplied which was about Rs. 6 crores before the introduction of the plan representing 10 per cent of the credit needs of the agriculturists has nearly been doubled. The aim is that before the end of the plan period, 50 per cent of the rural population should be brought with in the co-operative fold and that atleast 2/3rds of the credit needs should be met by the co-operatives. The progress so far achieved is not a little due to the untiring and selfless service of non-official co-operators. With out their help and co-operation, it would not have been possible to attain this proud position. It is for the agriculturists to become members of the co-operatives and avail themselves of the credit and other facilities afforded by them.

CO-OPERATIVE BANKS—A POWER FOR GOOD

Co-operative Banks have become a power in the world, a force to be reckoned with, a potent factor for good, for the democratisation of credit, for the relief of distress, for the turning into account of industrial opportunity.....The Banks have come, and they have found wants waiting and uses abundant. Business have gravitated to them, thousands of needs for them have been discovered. Their merits have been known, recognised and prized. And they have proved most useful helps to social advancement and agricultural and industrial development.

H.W. WOLFF.

The Pros and Cons of Land Ceiling*

By

SAILEN GHOSH

Recent arguments in the press over the question of land ceiling have shown an inadequate appraisal of the pros and cons of this measure. Scant regard has been shown to the practical and human considerations both by the opponents of ceiling and over enthusiasts for co-operative farming. And it is interesting that those spokesmen for whom land ceiling is totally unrelated to economic realities are themselves not so much concerned with the economic merit of the case as with their own fear that ceiling, once accepted, would be extended to urban income.

The opposition to land ceiling rests on several grounds.

First, ceiling on land holdings will create fragmentation and render large holdings, at present amenable to scientific cultivation, unfit for the purpose. Re-distribution of land among peasants of poorer means will bring about a fall in the standard of efficiency in cultivation and consequently in the total volume of output, thus worsening the country's food and agricultural situation. The fifth report of the Programme Evaluation Organisation of the Planning Commission is cited in support of the contention. The report says that quite a proportion of the cultivating households seem to have no knowledge even of improved seeds and that among the cultivators who have taken to the use of better seeds, those with larger holdings predominate.

Secondly, the number of big landlords is small and that the

area of land held by them is not so large as to make any significant impression on the broad pattern of land distribution. Not only will it not reduce the magnitude of the problem of landless labourers to any appreciable extent, but it may simultaneously aggravate the land hunger of uneconomic holders, cultivating tenants and agricultural labourers and in the resulting "revolution of rising expectations" to sow the seeds of agrarian disruption and disorder. The statistical basis of this contention is the finding of the National Sample Survey, conducted by the Indian Statistical Institute. "If every household should have some land and the minimum is fixed at two acres, a simple calculation will show that the total area of land required for those who do not own land or own less than two acres, would be about 100 million acres. If the ceiling is fixed at 20 acres and all households owning more than 20 acres are required to hand over the area owned by them in excess of 20 acres, then the amount of land available for distribution would be about 63 million acres. In other words, the surplus land that can be acquired for re-distribution on the basis of the comparatively low ceiling of twenty acres would be just sufficient for building up a ridiculously tiny holding of the size of two acres which itself is palpably uneconomic."

Thirdly, whatever the Prime Minister Nehru's objection to limiting income, land ceiling can hardly be enforced without relating

it to the upper limit of agricultural, if not rural, income. Since fertility of soil varies from State to State and from area to area, a uniform ceiling in terms of acreage may not be opportune. Refusal to limit income and a willingness to impose land ceiling are thus contradictions in terms.¹ Moreover, since the Government does not know how to hold the price line, a fixed upper limit of land-income in monetary terms may prove oppressive. In a situation of general price rise, a ceiling of land-income would fetch the farmer fewer industrial goods. Then considering that the hazards involved in agriculture are far greater than in any other occupation—snake-bite, work in the scorching heat or freezing cold without a roof overhead, work during the day as well as at night and the risk of a gamble in the monsoons, etc.—the ceiling on income from lands without a corresponding ceiling on income from other occupations is a discrimination against the agriculturist and a queer "reward" for his industry.

Fourthly, the compensation for excess land taken over bids fair to be very low; that is to say, the reform will not be very different from expropriation. Even if fair compensation is to be paid, there are better ways of utilizing the money, which, ultimately will come from the tax-payers' pockets or people's savings.

¹In fact, they are not contradictory. The idea is, though the first fixing may be by reference to certain level income, the actual fixation will be—once for all—in terms of acreage. By hard work and improvement, the farmer will be free to obtain as much income as he can from his holding.

²It may not be correct to argue that the problem of land-hunger, even if impossible to resolve within the existing cultivated acreage, may be solved by making cultivable a substantial portion of the 121 million acres of land "not available for cultivation" and the 93 millions of acres of "other land excluding fallow land." For, the lands from among these two categories that can be reclaimed are mostly in Assam and Dandakaranya regions, where reclamation is already in progress. The major portion of the rest should be reserved for forests and grasslands. To ignore the need for such reservation would mean not only the involvement in costly project of resettlement of population but also a refusal to check soil erosion.

As against this, the supporters of land ceiling emphasise mainly—sometimes only—the aspect of social justice. Obviously, this emphasis follows from the democracy this country has in view—from the ideal of co-operative village management. In the absence of land re-distribution, the Panchayats that have been formed suffer generally from the domination of rich peasants, which is not conducive to democracy in the villages. Moreover, the emphasis on social justice is a natural reaction to schemes like the one recently circulated by four leading industrialists in which a plea for large-scale farming and tractorisation has been made, in utter disregard of the social cost. A perusal of the industrialists' plan will make it appear that there is no huge unemployment problem already existing in India.

However, an examination of the problems shows there are economic justifications for a ceiling on lands. True, the hope that land-hunger can be satiated by imposition of ceiling, may prove unrealistic.² But there is no reason why re-distribution, to whatever extent possible, should not be attempted. If the achievements of the *first phase* of Chinese land reforms are any indication, redistribution will call forth an increase in agricultural production. The new proprietors' ingenuity and flair for innovation and experimentation, if aided by

* Source: With kind acknowledgment to A.I.C.C. Economic Review, Vol. X, No. 15, December, 1958.

the State, can lead to a reckonable increase in national income.

Therefore, the fear that greater dissatisfaction will be rending the countryside, if the large number of claimants to the limited lands are disappointed, should not prove a deterrent. Against this fear could be balanced the hope and inspired confidence of as large a sector of the population if only an honest and impartial leadership could be thrown up in the villages to handle the situation.

In exceptional cases—where there is not the least measure of agreement among the claimants or where a fall in the efficiency is expected from a break-up of holdings—the State, instead of distributing the lands to individual landless labourers and sharecroppers, can certainly entrust the excess lands to co-operative farms, which may be formed for the purpose.

Secondly, in the discussion of a problem of this nature, the whole emphasis has so far been on production alone. Distribution aspect has been totally neglected. The country's motto is not merely an increase in agricultural production but removal of scarcity and a rise in the general standard of living. Is it not a fact that in a spite of a rise in food production, the market surplus has contracted many a year in the recent past? Surely all this contraction cannot be attributed to the increased consumption of the owner cultivators. The hoarding propensity of the big landowners, encouraged by their near-monopoly of marketable produce, has played no small part in it. Stark economic reality and not ideology, therefore, demands a break-up of the monopoly. When a mere 5 per cent of the population accounts for 33

per cent of land holdings and 45 per cent of the landholding account for only 8 per cent of the total cultivated acreage, the possibility of hoarding is immense.

As against this, it can indeed be pointed out that small holdings pattern also will reduce marketable surplus. But in so far as this shrinkage will be the result of satisfied consumption needs, there should be no cause for complaint.

That the reduction in size of the present large holdings will cause a decline in agricultural production is an unproved allegation. In fact, a major cause of insufficient food production today is absenteeism alternating with resourceless cultivation. Both very large and tiny holdings have, therefore, proved wasteful. That a break-up of the large farms which have so far made absenteeism from the field (though not from the locality) inevitable is conducive to increased production has been proved in U.P. If the average peasant is of very poor means, it does not suggest by passing the most important part of land reform; rather it underscores the importance of making available to him seeds and credit and stimulating co-operation. To evade this task is too difficult and to find a shortcut in tractorisation is running away from reality.

Then the case for large holdings is easily overdone. It is not always true that the big landowners have their lands at a stretch, all consolidated. Even assuming that the majority of large holdings are such, the disadvantages of their break-up should not be magnified, completely ignoring the advantages of small farms. It is well-known economic fact that large holdings are preferable where capital is

available and small holdings are suitable where intensity of labour is essential. That yield *per acre* in a small holding can be raised is hardly in doubt. But the objection raised is that the yield *per unit of labour* spent in a small farm and consequently the income per farmer is low. Such an objection has hardly any validity in a country like India where so much of overcrowding exists in agriculture. Even a foreigner like Chester Bowles understood this point and pointed out that "the argument that small holdings of land in the lands of individual owners will mean less production is simply not valid. It confuses the cost of production per ton in America with the amount of production per acre. We have believed that myth because in the United States where land is plentiful and labour is scarce and costly, we have found large-scale farming with giant machines highly profitable. But a Long Island farmer with two acres of good land, with plenty of fertiliser and intensive cultivation, could produce more wheat per acre than a North Dakota farmer with a tractor combine working a large farm". That we in India have a very large number of people on land (and consequently an adverse man-land ratio) is not by choice but by force of circumstances; therefore we must perforce stress the intensity of labour. And it will not do us any harm if in stepping up agricultural production, we fix our target on a per acre instead of per labour-unit basis. There is a vast scope for improvement in per acre yield. Even if we leave aside Japan's superb agriculture which is based on small size farms, China's per acre yield is far ahead of ours. The yield of paddy per acre for all China increased from 1,566 lb. in 1949 to 2,355 lbs. in 1954-55 (through

intensive labour) as against India's production of 1,100 lbs. per acre in 1954-55. It is needless to say that an increase per acre would lead to an increase in income per head.

People who find no remedy for our ills except in large-scale farming, ignore the experiences not only of Japan and China but of Canada, France, and New Zealand as well. The last three countries have long been nations of family farms. Years ago, the Neatherlands, Denmark and Sweden divided small estates into family farms by "positive action" propaganda. In Czechoslovakia and England also, steps in this direction were taken up the in post-Second World War period.

With each passing day, the emphasis on protective food is bound to increase. Even for population control, this is necessary because experiences have confirmed that people with a low standard of living—specially people living almost exclusively on rice—are very fertile. For bringing larger areas under vegetables and garden crops, the need will be that of small farms. Garden farms of Denmark and Germany are fine examples of the type.

Thirdly, it is not correct that private investment in land has been lacking because the proposed ceiling has been hanging like the sword of Democles over the substantial owners. Except for the owners who will be on the borderline if the ceiling is enforced, the big landowners, even before the advent of such uncertainty, have hardly ever invested in the improvement of land. Most of them, before the land reform, did not associate themselves with agricultural operations. To make a scapegoat of land reform is,

therefore, illogical. It may, of course, be argued that after the elimination of completely functionless intermediaries, these substantial owners could be inclined towards such investments, had not such a threat been there. But the fact is, food-hoarding having been a thriving business, the rich agriculturists' money finds an outlet in it. Whether or not there is this threat of ceiling, genuine investment in the improvement of land will not come forth, until the way of making easy profits by hoarding is stopped.

The question of investments has often been overstretched not only to prevent the ceiling but also to undo the existing debt laws³. The thread of such arguments can lead to a negation of all wholesome measures that the Government of India has adopted over decade.

In the industrial sector too, a variant of the same argument is advanced. It is said that heavy taxation on the higher slabs has retarded capital accumulation. Not that these statements are all false. But the solution has to be found in giving top priority to institutional credit for agriculture. In setting up agencies for mobilising the small bits of saving in order to offset the drop in accumulation, if any, at the higher level.

Fourthly, the hazards of agriculture, namely snake bites and work in the scorching heat freezing cold etc. are not reasons against land ceiling. Rather they

speak for redistribution of land for it is the hired labourers that bear the brunt of such hazards. Surprisingly, even the industrial and business interests, in their opposition to land ceiling, have expressed profound sympathy for the hazards involved in agriculture. One wonders why their sympathy does not by any means prompt them to acquiesce in effective measures for establishing a parity price between industrial goods and agricultural goods. That apart, the point to be considered is: does the imposition of ceiling mean any unjustified discrimination against the agriculturists? The Government has enacted certain laws so that the growth of monopoly is curbed in the industrial sector. Agriculture being the biggest and the most important industry in India, the concentration in the sector also needs to be curbed. True, in industry, the size of enterprise has not been limited and their proliferation has not been checked; but such steps may be necessary if any giant units make impossible the growth of others.

Fifthly, the ceiling on lands and the resulting compensation money might be an inducement to the starting of small industries in the rural areas.

The argument that the objective of reducing disparity in rural income can be achieved through the introduction of a carefully thought-out system of agricultural income-tax is often misleading. That this particular tax is highly

³An influential economic weekly while discussing land ceiling has remarked recently: "The loss pertaining to agricultural debts have also made investors shy in the lending to farmers, with the result that the agriculture is suffering from both short-term and long-term capital shortage. Institutional credit has not made any significant headway.... All this happened at a time when agriculture needs more capital for intensive cultivation, for converting dry land into wet, land and for bringing fallow and cultivable waste lands under the plough. There is thus urgent need for an impartial investigation of the effects of land reforms implemented on agricultural production".

desirable will hardly be disputed by anybody, but its claim to be a substitute for land ceiling cannot be entertained. Firstly, no taxation law can be foolproof; secondly the experience of U.P. where this tax has been introduced is none too happy. It is reported that a very large number of assessments on agricultural incomes have been unrealised and are pending before the courts.

Since the case for ceiling is almost irresistible in Indian conditions, some people have talked only of ceiling on future acquisitions. But it is hardly proper to put a ceiling on future acquisitions without touching the existing large farms, some of which have remained quite big because the *Khudkasht* lands have not been touched while trying to eliminate the intermediaries. Then there are big holdings even in Ryotwari areas e.g. in Tanjore.

This is not to say that there should be land exempted from ceiling. The Planning Commission has recommended the exemption of composite enterprises such as plantations, compact orchards, specialised farms engaged in cattle breeding, dairying and wool-raising since their break-up is likely to lead to fall in production.

All said and done, there are serious hurdles to the imposition of ceilings.

Firstly, the problem of price level has been stubborn. Since the delineation of family holding and the determination of ceiling on land has to be related in most cases to money income, the problem would be very difficult unless prices are stable.

Secondly, necessary land and income statistics are inadequate. The Planning Commission in its First Five-Year Plan, admitted

that calculations of the amount of land of given quality in any area are subject to so much gusswork that without much more statistical information there are real difficulties in applying the criterion of average income. Things have not improved much since then.

Thirdly, the ceiling has been circumvented wherever it has been imposed, by the device of fake partitioning of properties. Since a proper leadership has not been thrown up in the villages, it is quite possible that by now the landowners in all States have started dividing up their holdings among the members of the family in such a way that each person has got just the economic holding and nothing more.

It is really the refusal or timidity to face up to such colossal tasks that leads to an advocacy against land ceiling.

On the other hand, the over-enthusiasts for co-operative farming as a solution of fragmentation (consequent upon enforcement of ceiling) underestimate the enormity of the problem and oversimplify matters. Co-operative farming presupposes a high cultural standard of the farmers without which there will be constant bickerings among the participants. Idlers might also gain at the expense of industrious peasants. Unlike in industry, norms for determining the value of work done by individual peasants are difficult to operate under the heterogeneity of agricultural conditions. A paradoxical situation presents itself when the proponents of individual liberties oppose co-operative farming but don't see how much violence and denial of freedom is concealed in the domination of large propertied interests in the village life and when, on

the other hand, the over-enthusiasts for co-operative farming underestimate the rigours and the pains and sometimes even inhumanism in forcing its pace. Co-operative farming, at forced pace, is bound to be co-operative in form only. The spirit of co-operation cannot grow very quickly. It requires a sustained educative process and the peasants' own conviction born of experience. Over-emphasis on the form is bound to kill the spirit and create a situation in which people, given free will, would like to renounce it.

The only solution for the present, therefore, is the imposition of ceiling and drive towards co-operation, with stress not so much on the form as on the spirit. To begin with, co-operation can perform functions which are beyond the capacity of a small holder and which at the same time do not meet his resistance such as planning for field arrangements and crops, the financing of investments and wholesale supply for marketing.

The Co-operative Central Bank Limited, Vellore, N. A. District.

Telegrams: "COBANK "

Telephone No. 52.

Share Capital:

	Rs.
Authorised ...	10,00,000
Paid up ...	8,79,962
Statutory Reserve...	4,08,235
Other Reserves ...	1,84,006
Working Capital ...	1,03,36,900

All types of Banking business done and every kind of deposits accepted at favourable rates.

B. Bakthavatsulu Naidu M.L.A.,

President.

GLEANINGS

An Appeal to Co-operative Institutions to adopt the Special by-laws relating to the Service Conditions of Employees.

[The Tamil Nadu Co-operative Union reiterates its appeal issued in November 1958 to all the Co-operative Institutions in the Madras State to which the Madras Shops and Establishments Act, 1947, is applicable to adopt the special by-laws relating to the service conditions of employees so as to embody the provisions of Chapter II, III, V and VII of the Madras Shops and Establishments Act, 1947, within the target date specified in G.O. P. No. 4037, I.L.C. dated 18-10-58, i.e. before 30-6-59. It might be re-called that by the Government Order cited above all the Co-operative Societies were granted exemption from the operations of the Madras Shops and Establishments Act, 1947, subject to the condition that immediate steps should be taken by all the Co-operative Societies to adopt the said by-laws relating to the service conditions of employees. Further, the G.O. has categorically stated that if all the Co-operative Societies do not adopt the special by-laws accordingly within 30-6-1959, the exemption granted to co-operative societies from the operations of the Madras Shops and Establishments Act, 1947, would be withdrawn.

For the convenience of the societies, which have not already adopted the special by-laws relating to the service conditions of employees incorporating the provisions of Chapter II, III, V and VII of the Madras Shops and Establishments Act, 1947, we have great pleasure in publishing the model special by-laws relating to the service conditions of employees. We request the co-operative societies to study the by-laws carefully and adopt the said special by-laws before 30th June 1959 without fail. Further, the attention of all the co-operative societies are also invited to the regulations framed under the special by-law No. 20. The regulations may be adopted by the Board of Management of Societies. Besides, the model special by-laws herein published embody all the latest amendments to the special by-laws.

We hope that immediate steps would be taken by all the co-operative societies to which the Madras Shops and Establishments Act, 1947, is applicable, to adopt the special by-laws relating to the service conditions of the employees so as to satisfy the conditions stated in the G.O. P. No. 4,037 I.L.C., dated 18-10-1958 and thereby take advantage of the exemption granted to co-operative institutions.—*Edr.*]

Special by-laws relating to the Service Conditions of persons employed by Societies registered under Sec. 4 of the Madras Co-op. Societies Act, other than Central Banks.

1. Subject to the budget allotted the Board of Directors to present sanctioned by the General Body, it shall be competent for the strength of the establishment of

the bank/society and the scale of pay admissible to each member thereof. Except the Secretary, who, if a wholetime paid officer, shall be appointed by the Board of Directors, all the other members of the establishment shall be appointed by the President, or the Board of Management as the case may be, in accordance with the subsidiary rules framed for the purpose.

2. No person shall be eligible for the posts mentioned below, unless he possesses the qualifications noted against them:—

(Registrar's Circular No. R. Dis. 83909/50-A dated 22-6-52).

I. Secretary or Manager:—

(a) the degree of B. Com. (Hons.) or B.A., or B. Com. or B. Sc. of any recognised university or the National Diploma in Commerce awarded by the All India Council for technical education in the case of societies having a working capital of Rs. 1,00,000 or more and S. S. L. C. (eligible for college course) in others; and

(b) a course of training successfully undergone in the Government Institute of Commerce, Madras or in the Central Co-operative Institute, Madras or in any of the mofussil institutes; or a full course of training successfully undergone in the Central Co-operative Institute, Madras or in any one of the Regional Co-operative Training Centres for Intermediate or Senior personnel conducted by the Central Committee for Co-operative Training and Education set up by the Reserve Bank of India; or

(c) A pass in the Government technical examinations in Book-keeping, Banking, Co-operation and Auditing or the examinations in these subjects held by the Cen-

tral Co-operative Institute, Madras or the Madras State Co-operative Union.

Note:—(i) A person who has taken B.Com. (Hons.) degree of the Madras University with Co-operation as special subject shall be exempted from undergoing the training in sub-clause (b) and from passing the examinations mentioned in sub-clause (c) of clause I above. But a person, who has taken the B.Com. (Hons.) Degree of the Madras University with a subject "other than co-operation" as his special subject should undergo the training in sub-clause (b) of clause I above and should pass the examination mentioned in sub-clause (c) in subjects which he has not studied for his Hons. course (Vide Registrar's Circular R. Dis. 41518/51-A. dated 19-4-54).

(ii) A person, who has taken the B.Com. Degree of any recognised University shall be exempted from undergoing the training referred to in sub-clause (b) of clause I above, provided that he has undergone a special training of six months arranged by the Madras State Co-operative Union or has put in a service of not less than three years in a Co-operative Urban Bank or Co-operative Central Bank or the Madras State Co-operative Bank.

(iii) B.Com. Degree holders shall be exempted from passing the examinations referred to in sub-clause (c) of class I in subjects which they studied for the B.Com. degree course.

(iv) A person, who has taken a diploma of any of the mofussil training institutes, shall be exempted from undergoing training referred to in sub-clause (b) of clause I above, but such person should pass the examination mentioned in sub-clause (c) of clause I.

(v) A person who has successfully undergone the course of training in the co-operative training centres conducted by the Central Committee for Co-operative Training referred to in sub-clause (b) of clause I above shall be exempted from passing the examinations mentioned in sub-clause (c) of clause I.

II. Accountants and Clerks:—

(a) S. S. L. C. Examination, (eligible for college course or completed.)

A candidate, who has sat for the S.S.L.C. Examination is eligible for appointment as supervisor, irrespective of marks obtained by him in S. S. L. C. Examination, because he will come under the category of "S.S.L.C. completed" (Registrar's letter to Madura District Co-operative Central Bank, Ltd., No. R. C. 181020/52-A dated 7-1-1953).

(b) A pass in the examination in Book-keeping, Banking, Co-operation and Auditing held by Government Institute of Commerce, Madras or the Central Co-operative Institute, Madras, or the State Co-operative Union, Madras or of the mofussil institutes.

III. Shroffs:—

S.S.L.C. examination (eligible for college course or completed).

3. No person, who has been appointed to any of the posts mentioned in clause (2) above shall be required to acquire the qualifications pertaining to the respective post, if he has been permanently employed on or before 1-7-1941.

4. No appointment by direct recruitment to the posts of Secretary or Manager shall be made except by inviting applications by advertisement in some leading dailies provided that this restric-

tion shall not apply to the appointment of an officer, whose services have been lent by Government.

5. (a) No person shall be appointed to the service of the bank/society if he has on the date on which he assumes charge of post, attained the age of 30 years provided that in the case of a person, who is already employed in another co-operative institution and had joined its service before he attained his thirtieth year, the restriction as regards the age at entry into service shall not apply. No employee shall be continued in service of the bank, if he has attained the age of 55 years.

(b) No person shall be appointed to the service of the society/bank, if he has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency such sentences not having been reversed or the offence pardoned. A member of the staff of the society/bank shall cease to be an employee in the society/bank, if he is sentenced for any such offence.

6. (i) A person appointed to any post in the Bank's or Society's services shall ordinarily be on probation for a total period of one year on the completion of which period he shall be confirmed in the post, if his work and conduct have been satisfactory.

(a) It shall be competent for the appointing authority to terminate the services of the employee before the expiry of six months of his service, if his work or conduct have not been satisfactory. No appeal shall lie against an order terminating the probation of an employee during this period.

(b) It shall be competent for the appointing authority to terminate the services of the employee

during the subsequent six months of his probation and also during his regular service provided that the authority shall not dispense with the services of a person, except for reasonable cause and without giving such person at least one month's notice or wages in lieu of such notice, provided also, however that such notice shall not be necessary, when the services of such a person are dispensed with on a charge of misconduct and supported by satisfactory evidence recorded in an enquiry held for the purpose.

(ii) The person so discharged shall have the right of appeal to such authority and within such time as may be prescribed either on the ground that there was no reasonable cause for dispensing with his service or on the ground that he had not been guilty of misconduct as held by the employer or the appointing authority. The period in this case shall be 30 days from the date of receipt of the order of the employer.

(iii) The decision of the appellate authority shall be final and binding on both the employer and the person employed.

7. No person who is near relation of a member of the committee of the bank/society shall be appointed to any post in the service of the bank/society. If a doubt arises as to whether a person is or is not near relation of a member of the committee the Board shall refer it to the Registrar, whose decision shall be final.

8. (i) Every employee of the bank/society shall be entitled to casual leave not exceeding 12 days in a year.

(ii) Every employee of the bank/society shall be entitled to privilege or ordinary or earned leave of 12 days for every 12

months of service provided that such leave may be accumulated upto the maximum period of 2 months.

(iii) Every employee of the bank/society shall also be entitled to sick leave on any reasonable ground upto 18 days for every 12 months of service.

(iv) The Secretary shall be the authority competent to sanction casual leave to the other employees of the bank/society and the President shall be the authority competent to sanction casual leave to the Secretary and privilege leave to all the employees, including the Secretary. No employee shall claim leave as a matter of right, but shall be entitled to leave before the lapse of the leave accumulated upto the limit.

(v) If a person entitled to leave is discharged from the service before he has been allowed the leave, or if having applied for and been refused the leave, he quits his employment before he has been allowed the leave, the employer or the appointing authority shall grant him leave which is to his credit or pay him the amount of salary equal to the leave to his credit contemplated in clause 8 (ii).

9. No employee shall, except when generally or specially empowered or permitted in this behalf by the Committee, communicate directly or indirectly document or information which has come into his possession in the course of his official duties, or has been prepared or collected by him in the course of such duties, whether from official sources or otherwise to any other person, institutions or to the Press.

10. No employee shall have pecuniary transactions with individuals or institutions coming in

contact with him in the course of his official duties or accept directly or indirectly on his own behalf or on behalf of any other person, or permit any member of his family to accept any gift, gratuity or reward from any other person with whom he is concerned in the performance of his work provided this rule shall not apply to any borrowings by an employee on the security of his own deposits, savings, insurance policy etc. from other institutions.

11. No employee of the bank/society shall, by canvassing or otherwise use his influence in any way in an election to a Legislative body constituted under the Government of India Act or to any institution constituted under an Act of the Madras Government provided that he may record a vote, if he is qualified to do so. In the latter case he shall as far as possible avoid giving any indication before hand of the manner in which he intends to vote.

12. Any employee who contravenes the provisions of rules 9, 10, or 11 shall be liable for such punishment as the authority competent to award it may decide.

13. (a) For purpose of taking disciplinary action against members of the establishment, the Board of Directors shall elect from among themselves a sub-committee consisting of the President and two other members. The sub-committee shall hold office for the same term as the Board of Directors. Interim vacancies in the sub-committee shall be filled up by the Board. The sub-committee shall exercise the powers specified against it in the succeeding sub-clauses.

(b) Any member of the establishment may, for good and sufficient cause, be punished in one or other of the following ways in the discretion of the authority competent to award the punishment as shown in the table below :

Rank of the employee punished.	Authority competent to			
	Censure or fine.	Withhold increment.	Suspend or reduce.	Dismiss.
Secretary or Manager.	President.	President.	Sub-Committee.	Sub-Committee.
All other employees.	Secretary.	President.	Do.	Do.

(c) Notwithstanding anything contained in these special by-laws the President shall be competent to place any member of the establishment under suspension from service, pending enquiry into grave charges where such suspension is necessary in the interests of the society. He may,

at his discretion, sanction to the employee suspended, a subsistence allowance at a rate not exceeding $\frac{1}{4}$ of his substantive pay during the period of his suspension. No employee shall in any case be kept under suspension for a period exceeding 3 months' at a time.

(d) Suspension may be awarded as a substantive punishment to a person who has already been suspended under clause (c) above, to the extent considered necessary, by the authority competent to reduce an employee under clause (b) above. The subsistence allowance payable to the employees during the period of suspension under this special by-law shall be in accordance with clause (c) of the special by-law No. 13.

(e) No fine shall be imposed on any person employed until he has been given an opportunity of showing cause against the fine, or otherwise than in accordance with such procedure as may be prescribed for the imposition of fine. Every order awarding the punishment shall be communicated to the employee concerned in writing stating the reason on which the punishment has been awarded.

(f) The total amount of fine which may be imposed in any

month on any person employed shall not exceed an amount equal to HALF AN ANNA in the rupee of his pay and allowance in respect of that month.

(g) No fine imposed on any person employed shall be recovered from him after the expiry of 60 days from the day on which it was imposed.

(h) All fines and all the realisations thereof shall be recorded in a register to be kept by the Institution separately for the purpose, and all such realisations shall be applied only to such purposes beneficial to the persons employed in the establishment of that institution.

(i) Except in the case of a censure, or fine, an appeal shall lie against every order awarding a punishment to the competent appellate authority shown in the table below:

Rank of the Appellant.	Authority competent to dispose of appeals against		
	Stoppage of increment.	Suspension or reduction.	Dismissal.
Secretary or Manager.	Board of Directors.	Board of Directors.	Board of Directors.
All other employees.	Sub-Committee.	Do.	Do.

No appeal shall be entertained if it is not preferred within a period of three months from the date of the order awarding the punishment.

14. Every employee of the Bank who has been confirmed in his post shall be required to contribute to the employee's provident fund of the bank/

society, in accordance with the rules framed by the Board of Directors for the purpose.

15. When an employee who has put in at least ten years' satisfactory service in the bank/society retires from service or if he dies while in service it shall be competent for the Board of Directors to sanction him or to

his heirs, as the case may be a gratuity determined according to the following scale.

(i) For a person who has Rs. 1,000 or more in his Provident Fund Account inclusive of the bank's contribution and exclusive of any loan taken by him—Nil.

(ii) For a person who has less than Rs. 1,000 exclusive of any loan taken by him the difference between Rs. 1,000 and the amount to his credit in the provident fund account including the Bank's contribution subject to a maximum of three times his substantive pay on the date of his retirement or death while in service, as the case may be.

16. The bank/society shall maintain a record of the service of every employee in its service, as also an account of the leave earned and availed of by the employee concerned. All changes affecting the rank and emolument transfers and other allied matters shall be noted in this record then and there and attested by the President in the case of the Secretary and by the Secretary in the case of all other employees.

17. A copy of these by-laws shall be given to each employee and an undertaking shall be taken from him that he would abide by the special by-laws.

18. Notwithstanding anything contained in the special by-laws those who have rendered war service and have undergone a course of training (short or long) in one of the Co-operative training institutes and who are holders of Secondary School Leaving Certificate eligible for public service and have secured a pass in the

examinations in Co-operation, Auditing, Banking and Book-keeping held by the Central Co-operative Institute, Madras or the Madras State Co-operative Union, Madras or the Mofussil Institutes may be appointed as Secretary or manager of the Society.

19. No paid employee shall be a member, representative or officer of any association representing or purporting to represent non-official co-operative employees unless such association satisfies the following conditions.

(a) the association should be recognised by the Registrar of Co-operative Societies.

(b) membership of the association shall be confined to the employees of co-operative institutions.

(c) the activities of association shall be confined to the betterment of the prospects of employment, service conditions, emoluments and the welfare of the members generally and

(d) the association shall not be in any way connected with or affiliated to (i) any association which does not or (ii) any federation of associations which do not satisfy condition (a)

20. The board of management shall have power from time to time to make subsidiary regulations not inconsistent with these regulations or Act VI of 1932 and the rules framed thereunder for the conduct of the business of the institution. A copy of such regulations shall be furnished to the Registrar of Co-operative Societies for information.

Regulations framed under the special by-law No. 20 relating to the Service Conditions of employees:

1. No employee of the society shall be required or allowed to work for more than 8 hours in a day and 48 hours in a week provided he may be allowed to work in excess of the above limits subject to the payment of over-time wages, if the period of work including over-time work does not exceed 10 hours in any day and in the aggregate 54 hours in any week.
2. No employee shall be required to work for more than 4 hours in any day unless he has had an interval of rest of at least one hour.
3. Every employee shall be allowed in each week a holiday of whole day with pay, provided that nothing in this clause shall apply to any person whose total period of employment in the week including any days spent on authorized leave is less than six days.
4. It shall be the duty of the secretary to see that the office premises where the employees work are properly ventilated and sufficiently lighted and are kept in a state of cleanliness and to ensure that adequate precautions are taken against fire.
5. Employees shall be paid wages or salaries on the last working day of the month. No wage period shall exceed one month. Where the services of an employee are terminated wages earned by him shall be paid before the expiry of the second working day from the date of termination of his services.
6. Wages for overtime work shall be twice the ordinary rate of wages.
7. Deductions which may be made from wages shall be in accordance with relevant provisions of Chapter VII of the Madras Shops and Establishments Act 1947 as amended from time to time.

CO-OPERATIVE CONFERENCES AND MEETINGS

**The Central Banks' Conference—30th Session
Held on 18th January, 1959.**

WELCOME ADDRESS

By

SRI R. KANAKASABAI, M. P.,

President, Madras State Co-operative Bank, Ltd.

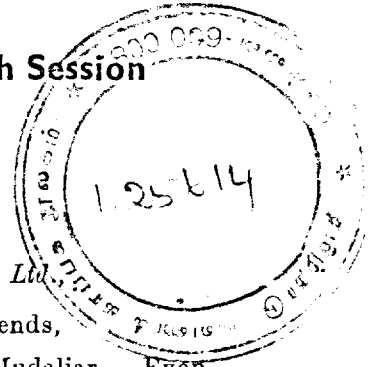
The Hon'ble Sri Subramaniam, the Registrar and Friends,

As the President of the Madras State Co-operative Bank, it is indeed a very great pleasure for me to welcome you to this, the XXX Session of the Central Banks' Conference. I am particularly happy that our Minister for Finance, Sri C. Subramaniam has so kindly consented to inaugurate the Conference. We are deeply indebted to him for it, for, in spite of the very, very short notice given to him and the multifarious calls on him, he has readily consented to be in our midst to-day and give us the benefit of his advice and guidance. His acceptance of our invitation also shows his abiding faith in the potentialities of the Co-operative Movement as an instrument in the amelioration of the rural masses and its usefulness as a vehicle for the implementation of the various development schemes under the Second and future Plans. His intimate knowledge of men, matters and the agrarian problems of the country is very well known and with that knowledge and his experience as a Minister of the State, his advice and guidance should be of immense help to us. On my own behalf and on your behalf, I thank him once again for his kind acceptance of our invitation.

Since we last met in July 1957, I regret to state that we have lost one of the leaders of the Co-operative Movement in this State in the demise of Sri Medai Dalavoi

Kumaraswami Mudaliar. Even at the time of the last Session of the Conference, he was badly ill and could not deliver his welcome address personally. His health grew worse and he passed away in December 1957. He was one of our very staunch Co-operators and a very able administrator, and in his death, the Co-operative Movement has suffered an irreparable loss. On behalf of this house and on my own, I wish to record on this occasion our sense of deep sorrow at his demise.

I wish to take this opportunity of referring to a few aspects concerning the State Co-operative Bank and the Central Co-operative Banks. Firstly, I wish to refer to the *modus operandi* adopted by the Reserve Bank of India to reckon the borrowing power of the Co-operative financing banks. At the XXVIII Session of the Conference held in July 1956, it was resolved that the borrowing power of the State Co-operative Bank and the Central Co-operative Banks be fixed at 20 and 15 times respectively. The State Government however refixed the Borrowing power of the State Co-operative Bank only and that too at 15 times; and the Registrar has been empowered to permit temporary relaxations to meet emergencies. The State Co-operative Bank and the Central Co-operative Banks have been straining to keep up their borrowing power to meet the increasing



52
M.M. 211, 412-413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

demands under the Integrated Rural Credit Scheme. The Reserve Bank of India have suddenly come out with a new procedure of reckoning the borrowing power of the financing banks; all credit limits whether drawn or not and even those under consideration are counted as borrowings; similarly in the case of Co-operative Central Banks, full limits of cash credits granted by the State Co-operative Bank or the State Bank of India will have to be reckoned as a borrowing whether drawn or not; Share Capital invested by State Government for purposes of reinvestment in the large-sized societies will not count for reckoning the borrowing power at the State Co-operative Bank and Central Co-operative Banks levels; and to crown all these, they have refused to recognise even temporary relaxations by the Registrar under proper authority and adhere to a national limit of 15 times for all State Co-operative Banks. I am unable to see the reasons for such a decision on the part of the Reserve Bank of India, because the State Co-operative Banks of recent origin in the North and well-established institutions elsewhere cannot be put on the same footing, as not to recognise even temporary relaxations in the case of the latter. We must enter our emphatic protest against this rigid attitude taken by the Reserve Bank of India against relaxations of any kind and putting all banks irrespective of their standing and comparatively strong position in the same category, and request our State Government to take up the matter with them. The State Co-operative Bank has already addressed the Registrar of Co-operative Societies in this connection and a unanimous resolution of this House will strengthen our case and help the Registrar to move the Government to take

necessary action. It is very imperative because, in my opinion, the State Co-operative Bank particularly is already over capitalised, and with the part with which it is to play in financing the proposed State Trading Scheme for Paddy, the old national limit of 15 times needs orientation.

Another aspect I wish to refer on this occasion is mobilisation of deposits by the Co-operative financing banks. It is found that Central Banks are tending to depend more and more on the State Co-operative Bank for their loanable resources. While this may not be illogical, because the State Co-operative Bank is the financing agency and balancing centre of the Central Co-operative Banks, yet there is a limit upto which that bank also can lend. The tightness of the money market and the consequential increase in the deposit rates have obliged that Bank to pay as much as 4½ per cent to even retain the existing volume of deposits, not to speak of attracting fresh deposits. With the limited resources, the State Co-operative Bank has to cater the needs of the Central Co-operative Banks over and above the funds obtained from the Reserve Bank of India. When this money is lent at the concessional rate according to commitments, the State Co-operative Bank actually loses in the transaction. It is here that the Central Banks can extend a helping hand to the State Co-operative Bank. It must be the endeavour of the Central Co-operative Banks to attract as much deposits as possible locally by offering such rates as are consistent with local conditions. Even a rate of 5 per cent may not be too high for them for their average lending rate is above that figure as against hardly 3 per cent of the State Co-operative

Bank. I earnestly appeal to you to give your best consideration to this aspect and try to work as far as possible on local resources.

Closely allied to this is the request contained in one or two items of the Agenda, viz., that the State Co-operative Bank should grant cash credits on co-operative paper to Central Co-operative Banks to the extent of similar credits extended by them to the Agricultural banks, rural banks and other societies. Cash credits granted by Central Banks to the affiliated societies and those by the State Co-operative Bank to the Central Co-operative Banks stand on different footing. The State Co-operative Bank has committed itself to lend at the concessional rate for agricultural operations and/or marketing of crops. Cash credits granted to Central Banks irrespective of their purpose cannot be recouped from the Reserve Bank of India since such advances cannot be backed by documents which are acceptable to the Reserve Bank of India. Therefore if Cash Credits are to be granted, drawals there against have to be met only from the resources of the State Co-operative Bank. As at present, excluding the borrowings, the deposits and other owned funds of the State Co-operative Bank amount to about Rs. 5 crores only of which Rs. 1.5 crores will be required for the maintenance of fluid resources and meeting other statutory commitments. Of the balance again, the bank has set apart Rs. 1 crore to be lent at the concessional rate over and above the limits granted by the Reserve Bank of India, so that there is hardly a balance of Rs. 2.5 crores with which it has to meet all its other commitments, namely loans for non-agricultural purposes, cash credit drawals, loans

to depositors and the like. However, as according to the statute, overdrafts granted on co-operative paper will count for purposes of fluid resources for the Central Banks in respect of cash credits granted by them to their affiliated societies for repayment of deposits and as co-operative paper are not negotiated elsewhere, this Bank has given cash credits to Central Banks on co-operative paper to the extent absolutely necessary for the Central Banks to meet their statutory commitments. The Central Banks will only be driving the State Co-operative Bank to a corner if they make further demands on it. I therefore request that the grant of cash credits by the State Co-operative Bank to the Central Banks for their loaning operations with societies need not be pressed.

In regard to the financing of the Handloom industry, Co-operators have decided that the Government guarantee for losses, if any, which may be sustained by the Co-operative financing banks, should be extended to loans advanced out of the resources of the Co-operative Movement as well. A Sub-Committee set up by the last Session of the Conference went into the question and the Board of Management of the State Co-operative Bank has also resolved to request the Registrar and the All India Handloom Board to extend the guarantee in respect of meeting losses even to the lendings to Weavers' Societies from out of the resources of the State Co-operative Bank and the Central Co-operative Banks. The Registrar was addressed in the matter and he had also addressed the Government. So far we have not heard further on the subject. It is for this Conference to decide

on ways and means of securing the Government guarantee sought for. Co-operatives have always stood by the Government in implementing their various ameliorative schemes and I trust it should be possible for the Government to grant our modest request. After all the commitment of the Government may not be real and will remain only on paper, while its effect on the Movement will be tremendous. It will infuse confidence in the co-operators to undertake the business with greater enthusiasm. Any help done in this regard will only go to strengthen the co-operative credit structure which the State desires to use for the furtherance of their several objectives.

Gentlemen, I do not wish to take any more of your valuable time. We have met here for mutual consultations and for co-ordinating the activities of various agencies. I find from the Agenda that nearly all problems facing the Central

Banks to-day are coming up for discussion and I am sure with the help and guidance of the Registrar, we will come to very sound conclusions in our deliberations.

I am grateful to my friend Sri P. S. Rajagopal Naidu, M.P., for having kindly consented to preside over this Conference and I am sure he will bring to bear his rich experience in our discussions to-day and help us to come to conclusions of lasting benefit to the Co-operative Movement. Mr. Naidu is a busy legislator and is connected with so many All-India Bodies—Co-operative and otherwise—and I am particularly thankful to him for acceding to my request to preside over this Conference at a very short notice. With your leave, I request him to take the Chair and conduct the Conference after the Hon'ble Minister for Finance inaugurates the Session, which I now request him to do.

INAUGURAL ADDRESS

By

SRI C. SUBRAMANIAM,

Finance Minister to the Government of Madras.

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 works 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.

PRESIDENTIAL ADDRESS

By

SRI P. S. RAJAGOPAL NAIDU, M.P.

Brother Co-operators,

1. I am indeed very grateful to the President and my other Colleagues in the State Co-operative Bank for giving me this opportunity of presiding over this Conference. Such periodical meetings of the Central Banks bring us together for free exchange of ideas and frank discussions. Such meetings are all the more essential now when the Co-operatives play such an important part in the economy of the Nation. I hope with your assistance, we can arrive at useful decisions in this Conference and plan for the future.

2. On the eve of the last Central Banks' Conference a sensation was created by the Ministry of finance, Government of India by announcing to transfer the financing of certain co-operatives from the Reserve Bank to the State Bank of India. And in response to the protests from all the co-operators in the Country this proposal was modified. This time too we have received a similar shock. I am only referring to the recent resolution of the National development Council announcing their policy of, one village one society, to be the new policy, 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 multi-purpose society and this decision is a complete and a sudden turn back from the policy formulated by the All India Rural Credit Survey Committee. It is surprising that neither the non-official Co-operators, nor the Co-operative

Organisations nor even the State Registrars of Co-operative Societies were consulted by the National Development Council before announcing their new policy.

3. The recommendations of the Rural Credit Survey Committee made after three years of thorough survey had been accepted *in toto* by the Government after deliberations for one year and the planning commission had, in pursuance of this acceptance, formulated plans and fixed targets under the Second Five Year Plan. Though we are not aware of the mystery that brought about this shift in policy we are very much shocked at this decision.

4. The principle of one Society for one village based on the conception of mutual knowledge is not a new invention. This is the principle on which the first society was started on Reiffeisen model. The fifty years of slow growth of the movement has proved that this principle has out-lived its usefulness and almost all the committees that probed into the working of the movement condemned the idea of small sized societies as uneconomic units. The Vijayaraghavachari Committee advocated the organisation of societies on a wider basis by grouping 2 or 3 societies together with a radius of 3 to 5 miles for its area of operation according to convenience. The Rural Banking Enquiry Committee, the Co-operative Planning Committee (1945) and the Narayanaswamy Pillai Committee favoured strong primary credit societies with

limited liability for a compact group of villages. The All India Rural Credit Survey Committee which discussed this problem threadbare after an extensive survey, had concluded that one Society to one village and one village to one society has failed in India since the underlying assumption of mutual knowledge and honorary service would help to determine and operate credit within the confines of one village have proved incorrect. During the 3 years of their existence the movement under the large sized societies has made rapid progress in all directions. In our own State the membership in large-sized societies has increased by 50 per cent and the share capital has doubled, the deposits increased from 7.33 lakhs to 17.95 lakhs. The advances rose from 117.67 to 266.19 lakhs. The progress in other States is equally good. Therefore there does not seem to be any justification for the Government to make this change.

5. Even Sir Malcolm Darling who was brought here to review the working of the large-sized societies did not advocate the formation of one society for one village as announced by the National Development Council but limited the area of operation to a radius of 2 miles. No one opposes his recommendation to have the small-sized societies revitalised along with the formation of large-sized societies.

6. The proposal of the National Development Council to have co-operative Unions to comprise of some societies does not seem to have any purpose. Such Unions which existed before only proved pitiful failures. They will only be the fifth wheels. The National Development Council is placing too much faith

on the members of the Small-sized societies to perform miracles. They are to be entrusted with too many activities including, minor irrigation works and animal husbandry. They are made to bite more than what they can chew. The work of the multi-purpose Co-operative Societies even in our State was a sad story. Without efficient paid staff and enough share capital and resources, the Societies cannot perform their functions successfully.

7. When we plead for the formation of large-sized societies, we are not for transferring all the existing small societies into large-sized societies. Our plea is that Society whether it is large or small should be viable and capable of dispensing a minimum of credit and other economic services. We have also programmed to revitalise the small societies and 1,000 societies have been selected for this Second Five Year Plan. Along with the programme, large-sized societies should be allowed to function as was originally scheduled by the Planning Commission. We hope the National Development Council would feel the pulse of the Co-operative public and make necessary modification in the resolution so as to facilitate the simultaneous development of both the large-sized and small-sized societies.

8. We welcome the decision of our Government to entrust the trading of foodgrains to co-operatives and I am sure the Co-operatives will work up to the expectation of the Government in this regard. The entrustment of monopoly procurement, storage and distribution, inclusive of retail distribution to co-operatives speaks well of the confidence imposed by our Government in the movement. The Co-operatives

had done well in the past in this field of activity and with the experience gained during the Control period, I am sure, Co-operatives will acquit themselves well now also, when we are asked to shoulder this additional responsibility. This poses another problem for us to solve. It is estimated that 10 crores of rupees will be the requirements of the District Marketing societies to undertake this new activity. The Central Banks should play a dominant and useful role in the matter of availability of this huge finance to the District Marketing Societies at competitive rates of interest, as the margin of profit proposed to be allowed to the District Marketing Societies, by the Government, is very meagre. For this purpose, finance should be made available to the Central Banks at concessional rates. How the State Bank of India is going to finance the Central Banks at concessional rates of interest is a matter of conjecture. Whether the same amount of confidence which the Central Banks and the State Co-operative Bank have been enjoying with the Reserve Bank would also be enjoyed with the State Bank of India is another problem. What part the State Co-operative Bank is going to play in this regard between the State Bank of India and the Central Co-operative Banks is a matter, which we have to consider. Whether it is not desirable for us to ask the Reserve Bank and not the State Bank of India to advance monies at concessional rates for this purpose is another matter, we have to seriously consider at this Conference.

9. There is a growing demand for Medium-term and Long-term loans and it is our duty to find the ways and means for this purpose.

10. The supervision of Weavers Societies in view of the large advances made has been hanging fire and I trust our Registrar would soon complete the scheme to subsidise the Central Banks for this purpose.

11. Our State is the fore-runner in the introduction of 'full finance' scheme which paves the way for all the rural families to join the Co-operative fold. The successful working of this scheme in a few select areas in our State had encouraged our Registrar to further introduce this scheme in a few more areas in our State. Recently, the Government have ordered that in areas where the full finance scheme is being worked, no government loan should be given. I hope this Conference will consider the measures to be taken to intensify the working of this scheme.

12. On behalf of Co-operators, I take this opportunity to thank our Registrar Mr. Palaniappa Mudaliar under whose guidance this State has been a spearhead of the movement in the country. I hope the Government will take into account of the valuable services rendered by him for the advancement of the movement and make him available to serve the movement as its Registrar for some more time.

13. I have only referred to a few of the problems facing us to-day and I am sure, this Conference will give a workable and business-like lead to the Madras State Co-operative Bank and the Central Banks in all matters touching their business. I thank once again the President and the other members of the Board of Management of the State Co-operative Bank for asking me to preside over this Conference.

Resolutions Passed at the Conference

1. Resolved to request the Government to give guarantee up to 90 per cent in individual cases subject to a maximum of 5 per cent of the total loans of all kinds issued by the State Co-operative Bank, Central Co-operative Banks and Societies under the Integrated Credit Scheme and also to create a cumulative agricultural guarantee and Relief Fund for the purpose.

2. Resolved that a special cadre of supervisors be created and trained at the Central Co-operative Banks for appointment as Secretaries of the Village Credit Societies.

3. This Conference is of the opinion that:

(a) It may be left to the option of the Agricultural Banks whether State participation is necessary in their share capital.

(b) It may be also left to the option of the Agricultural Banks whether the State Capital already invested may be retired or not.

(c) If it is decided by the Societies that State Participation is not necessary, the amount already invested may be refunded to Government.

4. Resolved that Central Banks be requested to examine the financial position of each of the Agricultural Banks and waive, if necessary, contributions towards leave salary, Provident Fund etc., of employees on Foreign Service.

5. While thanking the Government for permitting the issue of Takkavi loans through the Societies, in full Finance Area this Conference requests the Government to issue every other kind of Government loan through Co-operative Societies only.

6. Resolved to request the Registrar of Co-operative Socie-

ties, Madras, to permit agricultural credit societies, including agricultural banks and rural banks, to revise the property statements of members once in three years and in the meanwhile to send to the Central Co-operative Banks only the changes if any of the members' properties.

7. Resolved to request the Board of Revenue through the Registrar of Co-operative Societies, to enforce the G. O. No. Mis. 1203 dated 6th June, 1928 rigidly regarding the furnishing of property certificates of members of credit societies by village Karnams and take suitable action against those who refuse to furnish such particulars.

8. Resolved to request the Registrar of Co-operative Societies Madras, to convert all Harijan Societies and other Societies started for the benefit of special communities in the State or to merge them with multipurpose co-operative societies wherever they exist or to form separate co-operative societies for both Caste-Hindus and Harijans including either communities.

9. Resolved to request the Reserve Bank of India through the Registrar of Co-operative Societies, Madras, to enhance the period of loans issued on the pledge of foodgrains to one year instead of 6 months by the co-operatives and also revise the limit of advances on foodgrains per member upto Rs. 5,000 in the case of agricultural banks Rural Banks, and Village Credit Societies and upto Rs. 10,000 in the case of Marketing Societies.

10. Resolved that proposals No. 16 and 65: viz.,

(16) The District Marketing Societies dealing in Chemical

manures should distribute the stock in villages either as retailer or wholesaler, and

(65) To request, Government to see that merchants who do not deal in chemical manure do not stock manure be referred to the next Conference of District Supply and Marketing Societies.

11. (A) This Conference recommends to the Central Banks the adoption of a uniform procedure in the matter of grant of cash credits to affiliated societies as indicated below:

(i) *Maximum limit of cash credit to be sanctioned:* Societies having transaction of Rs. 10,000 and below may be allowed a cash credit accommodation of Rs. 1,000. Societies having transaction upto Rs. 25,000 may be allowed Rs. 2,000 and societies having transactions in excess of Rs. 25,000 may be allowed Rs. 3,000. This limit may be relaxed by the Executive Committees in deserving cases. Separate cash credit limits on the above basis should be sanctioned for each purpose.

(ii) Each drawal from the cash credit limit should be supported by a resolution of the directors and also a statement showing the names of members to whom loans are proposed to be disbursed, amount to be disbursed to each, purpose, period of the loan and nature of security. It is not necessary to insist on a loan application every time drawal is made.

(iii) *Recoupment:* The amount drawn from the cash credit limits should be recouped by applying for short term loans at frequent intervals so that sufficient amount might always be available in the cash credit accommodation for drawal and disbursement of loans. When the amounts drawn from the limits are approximately 75

per cent, the Central Banks may call upon the societies to apply for short term loans for recoupment of the cash credit limits.

(iv) The amount drawn from the cash credit limit should be utilised for issuing short term loans. The amount should on no account be utilised for issuing medium term loans.

11. (B) Resolved to request the Madras State Co-operative Bank to sanction overdraft facility to the Central Co-operative Banks to the extent of the limits the latter sanction to the agricultural credit and marketing societies.

12. This Conference requests the Central Co-operative Banks to avail themselves to the fullest extent the credit limits sanctioned by the Reserve Bank of India.

13. Resolved to request the Reserve Bank of India through the Registrar of Co-operative Societies, Madras, to raise the revolving credit limit of the Central Banks from 4 times the paid up share capital and reserve fund to 6 times the paid up share capital and reserve fund in view of the need to implement the Scheme of Integrated Credit and Marketing under the Second Five Year Plan.

14. Resolved to request the Reserve Bank of India through the Registrar of Co-operative Societies to grant short-term and medium-term loans to societies for non-agricultural purposes, and if need be, to amend Section 17 of the Reserve Bank of India Act.

15. Resolved that the question of reduction in the margin of interest by the Central Banks and giving more margin to the Societies is not possible at this stage.

16. Resolved to request the Government through the Registrar of Co-operative Societies to grant a subsidy of Rs. 500 per annum to each of the Societies in the area of the Full Finance Scheme.

17. Resolved to request the Reserve Bank of India not to include the undrawn portion of the accommodation granted by the Madras State Co-operative Bank and the State Bank of India for arriving at the Reserve Borrowing power of the Bank, but only to take into consideration the actual liabilities, subject to the condition that the individual institutions do not draw in excess of Maximum Credit limit.

18. This Conference requests the Registrar of Co-operative Societies not to insist on the societies maintaining purposewise registers of loans issued. It was further decided that Central Banks should maintain purposewise Registers as prescribed by the Registrar of Co-operative Societies.

19. Resolved that Central Banks be permitted to issue loans on the security of warehouse receipts.

20. Resolved to request the Madras State Co-operative Bank to extend the period for furnishing the disbursement reports by Co-operative Central Banks for the loans taken to two months instead of one month in respect of short-term loans and three months in respect of medium term loans.

21. Resolved to request the Registrar of Co-operative Societies Madras, to extend the time for furnishing of the half-yearly financial statements, purpose-wise statements and collateral securities after the close of the half-year from 10 days to 3 weeks.

22. Resolved to request the State Bank of India through the Registrar of Co-operative Societies, Madras, to sanction cash credit facility to the Co-operative Central Banks in the respective areas upto the limit of paid up share capital and reserve fund of the Banks for specified purposes.

23. Resolved to request the Registrar of Co-operative Societies, Madras, to take up with the Reserve Bank of India, the question of raising the period of short-term loans to agricultural credit societies from 12 (twelve) months to 15 (fifteen) months for seasonal agricultural operations so as to have sufficient time for the Central Banks to recover the loans from Societies and remit to the State Co-operative Bank.

24. Resolved that the procedure for issue of loans on the mortgage of houses be left to the discretion of Central Banks.

25. Resolved to request the Registrar to permit the Central Banks to issue medium-term loans according to the resources available instead of restricting the issue to an extent of 3 or 4 times the paid-up share capital plus reserve fund.

26. Resolved to request the Registrar of Co-operative Societies Madras, to move the Reserve Bank of India to make available to the agricultural credit societies through the Madras State Co-operative Bank medium-term loans for periods over three years and upto five years for all agricultural purposes including loans for installation of pumpsets and oil engines.

27. Resolved to request the Madras State Co-operative Bank to permit the Central Banks to modify the certificate to be furnished by the Central Banks

at the time of drawal of medium term loans from the Madras State Co-operative Banks by taking into account the medium term loans issued to landless members on the security of house properties for agricultural operations of medium term purposes.

28. This Conference resolves to request the Reserve Bank of India to permit issue of medium-term loans upto a limit of Rs. 500 repayable in three annual instalments on personal sureties for agricultural purposes and for purposes like reclamation of land, purchase of livestock, repairs construction of cattleshed, farm house, etc. and to request the Registrar of Co-operative Societies to recommend the resolution.

29. Resolved to request the Registrar of Co-operative Societies, Madras to take up the question with the Reserve Bank of India to relax the condition of obtaining encumbrance certificates for the lands offered by members of agricultural credit societies irrespective of amounts advanced and that the obtaining of encumbrance certificates may be waived upto Rs. 250.

30. Resolved to request the Reserve Bank of India through the Registrar of Co-operative Societies, Madras, to grant medium-term financial assistance to agricultural credit societies for discharge of prior debts also.

31. Resolved to request the Registrar to recommend to the State Co-operative Bank to get the monthly stock statements from the concerned Deputy Registrars since the control and supervision of the Weaver's Societies lie in the hands of the Department.

32. Resolved that ordinarily there should be no overlapping of jurisdiction by one weavers' society over the other

33. Resolved that the Madras State Co-operative Bank be requested not to insist on the certificate of Deputy Registrars regarding the utilization of borrowings under Cess Fund Scheme for sanctioning loans under Section 17 (2) (bb) of the Reserve Bank of India Act for financing Weavers' Societies

34. The Government may be requested to expedite the promised guarantee against losses arising out of loans to Weavers' Co-operative Societies by the Central Banks.

35. Resolved that the increase in the strength of the Audit Staff of the Central Banks be done according to the exigencies.

36. This Conference requests the Central Banks to rectify the defects noted during their inspection by the Reserve Bank of India expeditiously.

37. Resolved to request the Government to cause effective control and supervision over the Cottage Industries Societies and Milk Supply Societies which are abundantly organised under the development schemes in the interest of the movement.

38. Resolved to request the Government through the Registrar of Co-operative Societies, Madras, to grant subsidy to the Central Banks to appoint necessary staff for the supervision of Weavers' Societies at the rates agreed by the Central and State Governments and the financing Banks.

39. Resolved to request the Registrar of Co-operative Societies, Madras, to supply copies of

audit reports of affiliated societies to Central Banks free of cost as previously.

40. Resolved to request the Registrar of Co-operative Societies, Madras, to permit Central Banks to charge $\frac{1}{2}$ per cent in addition to usual rate of interest to meet the supervision charges instead of collecting the supervision fund separately after the receipt of audit reports.

41. Resolved to request the Madras State Co-operative Bank to prescribe model forms for the Co-operative Central Banks, Weavers, Marketing, Stores and other types of societies, to enable these societies to prepare and keep ready with necessary particulars for inspection by the inspectors of the State Co-operative Bank.

42. Resolved to request the Registrar of Co-operative Societies, Madras to move the Government for amendment of Rule VIII-A(i) of the rules framed under the Madras Co-operative Societies Act VI of 1932, so as to provide for higher percentage of the total loans for medium and long-term purposes at 65 per cent instead of the existing 50 per cent which is inadequate to meet the growing demands of Society members.

43. Resolved to request the Registrar to add a sub-clause under Rule XVII-(j) providing for adding the undischarged liability, if any, such as share capital and dividend and other amounts of ex-members of liquidated societies deposited in Central Banks (after claims become time-bared) to the Bad debt Reserve of the Central Banks concerned.

44. Resolved to request the Government through the Registrar of Co-operative Societies, Madras, to pass necessary legislation to

entitle the Co-operative Societies to have first charge over the lands of the agriculturists after that of the Government for safe-guarding the financial assistance extended to the agriculturists.

45. Resolved to request the Registrar of Co-operative Societies, Madras, to dispense with the provisions in the transitory by-law 42 that all pumpset loan applications of societies should be recommended by the Deputy Registrar, and the Central Banks to sanction such loan applications on the recommendations of the Unions to avoid the delay now caused in sanctioning such loans.

46. Resolved to request the Registrar of Co-operative Societies, Madras to issue suitable instructions to expedite the recovery and final closing of the accounts of liquidated societies.

47. This conference is of the opinion that loan applications from Marketing Societies, District Supply and Marketing Societies or District Co-operative Wholesale Stores may be considered directly by the Central Banks if the Central Banks so desire and therefore requests the Registrar of Co-operative Societies, Madras, to modify his Circular No. Rc. 65907/58 C-1, dated 17-7-1958. It was also decided that there should be a uniform procedure in a Central Bank area.

48. Resolved that the Registrar of Co-operative Societies be requested not to post supervisors of Central Banks who are appointed as Inspectors in the same area of the Central Bank, as a matter of policy.

49. Resolved to request the Registrar of Co-operative Societies, Madras to take up with the Registration Department to issue instructions to the Sub-Registrars to avoid delay in the grant of

encumbrance certificates to the Co-operative Societies and remove the restriction to accept only two applications per day per society both for registration and for encumbrance certificate.

50. This Conference is of the opinion that no provision need be made in the by-laws of Central Banks for separate representation to the Weavers' Societies on their Board of Management.

51. This Conference resolves that the financing of Fishermen Co-operative Societies may be

continued if the Government guarantee losses.

52. This Conference requests the Registrar of Co-operative Societies that the revised programme of Integrated Rural Credit for the remaining 2 years of the Second Plan Period may be circulated to Central Banks and a separate conference of representatives of Central Banks and other interests be convened to discuss the scheme and adopt a suitable programme for the rest of the Second Five Year Plan period.

**ACTION TAKEN ON THE RESOLUTIONS PASSED
AT THE XXIX SESSION OF THE CENTRAL BANKS'
CONFERENCE HELD ON 27TH AND 28TH JULY, 1957.**

Resolution

1. This Conference reaffirms its faith in the efficiency of the solution offered by the Rural Credit Survey Committee for tackling the rural credit problem of the country subject to adjustment recommended by the Indian Co-operative Congress at Patna and is of the view that there is no better agency than the Co-operative Banking system built up on a federal basis to shoulder the responsibility of providing credit to the rural producer in accordance with his needs and for the economic development of the countryside. It is also of the view that in this task State partnership is essential and has to be reinforced by resources which the Reserve Bank of India alone is in a position to provide.

This Conference notes with satisfaction the progress made by the Co-operative Banks in the field of rural credit with the assistance and guidance of the Reserve Bank and is of the view that any attempt to alter the pattern will cut at the very root of rural credit

Action taken

1. The Government of India have informed the State Government that in regard to the proposal to transfer the Agricultural Credit Department to the State Bank of India, the *status quo* would be maintained, (Registrar's Rc. 91580/57-A. 1 dated 19-11-58).

Resolution

which has been the king pin of the rural development programme launched by the State. This Conference, therefore, views with concern the reports in the Press that the rural credit operation machinery of the Reserve Bank of India will be transferred to the State Bank of India.

In this connection, this Conference is of the opinion that the State Bank of India is by tradition, outlook and administrative equipment a commercial banking institution and though it can be made to serve the needs of the country in the field of commercial banking, it falls far short of the requirements to organise rural credit and will not be in a position to assess correctly or meet adequately the problems and needs of the rural areas regarding credit and production.

This Conference feels that the issues involved in the reported proposal of the Government are of grave importance to the future of the rural economy and requests the Government of India to assure the Co-operative Movement that no unilateral decisions will be taken in this regard without consulting co-operative opinion.

2. This Conference resolves that Central Banks do take effective steps to complete the formalities prescribed for the amalgamation of societies etc., immediately in respect of large sized societies to be formed in their area and ensure that all the large sized societies programmed to be started in 1957-58 are done so by the 30th September, 1957 as far as possible.

3. Resolved that the Registrar of Co-operative Societies be requested to amend by-law No. 30

Action taken

2. No remarks.

3. The subject is being examined by the Registrar and suitable instructions will be issued

Resolution	Action taken
of the model by-laws of agricultural societies so as to provide for payment of scriptory fees at 50 nP. instead of 12 annas as at present only if (1) the societies concerned work at a profit; (2) the societies will not show a loss by payment of scriptory fees and (3) the fees shall be paid after obtaining the previous sanction of the Central Co-operative Banks.	to the Central Banks by him. (Registrar's Rc. 98580/57-A. 1 dated 19-11-58).
4. Resolved that the by-laws relating to chit funds in village societies be amended to provide also for collection of chits once in six months running for periods upto three years.	4. The subject is being examined by the Registrar and suitable instructions will be issued to the Central Banks by him. (Registrar's Rc. 98580/57-A. 1 dated 19-11-58).
5. Resolved to request the State Government through the Registrar of Co-operative Societies to guarantee at least ten per cent of the losses sustained by the financing banks on account of financing Harijan societies or on account of issue of loans to Harijans through caste societies.	5. The subject is under consideration (Registrar's letter No. Rc. 98580/57-A. 1 dated 19-11-58).
6. Resolved that the Central Banks be permitted to offer interest on deposits at a rate not exceeding $\frac{1}{2}$ per cent over the maximum lending rate of the State Co-operative Bank to Central Banks.	6. The Board of Management of the Madras State Co-operative Bank has accepted the resolution and necessary instructions have been issued to all the Central Banks by the Registrar in his Rc. 219613/57-A. 1 dated 15-12-57.
7. Resolved to request the Madras State Co-operative Bank and the Registrar of Co-operative Societies to permit central co-operative banks to have accommodation with the branches of the State Bank of India upto 50 per cent of their share capital and reserve fund rounded off to the next lakh.	7. The Board of Management of the Madras State Co-operative Bank has accepted the resolution and necessary instructions have been issued by the Registrar to all Central Banks in his Rc. 226639/56-A. 1 dated 16-9-57.
8. This Conference agrees to the limits suggested by the Registrar for regulating the issue of medium term loans by the Central Banks and the State Co-operative Bank-viz., thrice	8. Necessary instructions have been issued by the Registrar to all the Central Banks in his Rc. 72016/57-A. 1 dated 30-9-57.

Resolution	Action taken
the share capital and reserve fund of the Central Banks for advance of medium term loans to societies generally and four time with the permission of the Registrar on account of special circumstances of the Central Banks concerned; twice their share capital and reserve fund of the Central Banks for their borrowing of medium term loans from the State Co-operative Bank and twice its paid up share capital and reserve fund for borrowing by the State Co-operative Bank from the Reserve Bank of India.	
9. This Conference reiterates its request to the Registrar to permit the grant of self-liquidating loans to depositors on the security of Savings Deposits as any restriction in this behalf will drive away the Savings Depositors.	9. The Registrar has advised that the Reserve Bank of India having held that it is not desirable to encourage advances on the security of savings deposits, he is unable to accept the resolution (<i>vide</i> his Circular No. Rc. 146826/55-A. 1 dated 14-10-57).
10. This Conference commends for implementation by Central Banks the recommendations Nos. 106 to 108 of the Narayanaswami Pillai Committee on Co-operation regarding appointment of a full time Executive Officer in the Central Banks.	10. No remarks.
11. Resolved to accept the standards recommended by the Narayanaswami Pillai Committee on Co-operation (Recommendation No. 123) for classification of Central Banks into A and B Classes in audit.	11. The State Government have accepted the recommendation of the Narayanaswami Pillai Committee on Co-operation No. 123 in G.O. No. Ms. 782, ILC, dated 28-2-58.
12. Resolved to request the Reserve Bank of India through the Registrar of Co-operative Societies to furnish a copy of their inspection notes of the Central Banks to the Madras State Co-operative Bank.	12. Necessary action is being taken by the Registrar. (Registrar's Rc. 98580/57-A. 1 dated 22-12-58).
13. Resolved that items No. 16, 17, 18, and 19 on the Agenda of the Conference, viz., 16. Utilization of the loans obtained by	13. The Proceedings of the Sub-Committee and the resolutions on the subject passed by the Board of Management of the

Resolution	Action taken
Central Banks under the Cess fund schemes, 17. Review of the present policy and procedure in financing of Weavers' societies by Central Banks, 18. Evolution of a detailed procedure for determination of losses and enforcement of Government guarantee against losses on account of finance to Weavers' Societies and 19. Appointment of staff by Central Banks for supervision of Weavers' societies, be referred to a Sub-Committee consisting of the following members for examination and advice to the financing Banks :	Madras State Co-operative Bank have already been communicated to the Central Co-operative Banks.
1. Dr. P. Natesan	
2. Sri N. S. Ramalingam	
3. Sri K. S. Subramania Gounder	
4. The Registrar of Co-operative Societies and	
5. The Director of Hand-looms.	
14. Resolved that a system of "Post sanction cash credits" to agricultural societies (large sized and small sized) be introduced by all Central Banks to ensure quick dispensation of agricultural credit.	14. No remarks.
15. Central Banks are urged to amend their by-laws early on the model suggested by the Registrar to permit the State Co-operative Bank to invest in their share capital immediately thereafter.	15. The investment of State capital in the Central Co-operative Banks has been completed.
16. The Conference requests all the Central Co-operative Banks to communicate their views on the standards of fluid resources proposed by the Reserve Bank of India to the State Co-operative Bank before the 15th of August 1957.	16. The views of the Central Co-operative Banks were called for and these were considered by a Sub-Committee of the Madras State Co-operative Bank. The recommendations of the Sub-Committee were accepted by the Board of Management of the Bank and communicated to the Registrar. The Registrar has advised that the revision of the

Resolution	Action taken
	standard of fluid resources is awaiting consideration by the State Co-operative Advisory Council and a final decision will be taken after obtaining the views of the Council. (Registrar's Rc. 98580/57-A. 1 dated 22-12-58).
17. This Conference requests the Central Co-operative Banks to select at least one block development area in their jurisdiction and concentrate their efforts on the development of co-operative marketing.	17. Instructions have been issued to all Deputy Registrars and Deputy Registrars (Credit and Marketing) to select all the National Extension Service and Community Development blocks in the area of marketing societies chosen for intensive development for working the scheme intensively in co-ordination with the Central Banks and credit societies in the blocks. (Registrar's Rc. 98580/57-A. 1 dated 19-11-58).
18. This Conference requests all the Central Co-operative Banks to intensify their efforts to enlist more members into the co-operative fold in all the block development areas which have been mostly selected for the implementation of integrated credit and marketing schemes.	18. No remarks.
19. This Conference is of the opinion that Government guarantee is necessary for financing joint farming societies as they are in an experimental stage.	19. Government have since agreed to guarantee repayment of loans issued to the Joint Farming Societies by the Central Co-operative Banks—G. O. No. Ms. 1985, ILC, dated 27-5-58.
20. This Conference is of opinion that the present rules and safeguards relating to co-operative advances should be adhered to even for advances to societies in Gram Dhan villages.	20. The matter is under consideration. (Registrar's Rc. 98580/57-A. 1 dated 19-11-58).
21. This Conference is of the opinion that in order to play a useful and more effective role in the movement by the Central Stores, they should convert themselves into marketing societies expeditiously if the conversion has not already been done.	21. Necessary instructions have been issued to the Deputy Registrars concerned to reorganise the Central stores as District Supply and Marketing societies and register the amendments early when proposals are received. Out of 12 District Central Stores,

Resolution	Action taken
	nine have been reorganised into District Supply and Marketing societies. (Registrar's letter No. Rc. 98580/57-A. 1, dated 19-11-58.)
22. Resolved that proposal No. 31 (relating to Supervision of non-credit societies receiving financial assistance from the Central Banks should be left with the Central Banks and the Government should grant subsidy to Central Banks, and the supervision by the Department of these societies may be withdrawn though it might conduct inspection) be referred to the Sub-Committee referred to in resolution No. 13 above for examination.	22. The Sub-Committee to which the resolution was referred has considered that the proposal is not feasible.
23. This Conference requests the Registrar to issue suitable instructions to the Deputy Registrars to fix a reasonable period for the conduct of the audit of the societies in their area by the Departmental staff.	23. As regards the completion of audit in time, the Registrar calls for the programme of audit work from the Deputy Registrars. The Registrar approves the programmes submitted by the Deputy Registrars for the completion of final audit of societies, and reviews the progress of audit every month, thus ensuring the completion of audit before the dates programmed.
	In spite of the above arrangements, the audit of the societies could not be got completed in time for the following reasons:
	1. Inadequate audit staff.
	2. Non-posting of ledgers upto date.
	3. Non-obtaining of confirmation slips.
	4. Lack of sufficient co-operation of office-bearers or employees of the societies with the auditor.
	5. Imperfect maintenance of accounts.

Resolution	Action taken
	As regards the staff requirements, Government have already been addressed for the sanction of additional staff for audit work. As regards the other items, the defects lie with the societies and they have to take proper steps in this regard to have the audit completed within the minimum number of days. (Registrar's Rc. 98580/57-A. dated 19-11-58.)
24. This Conference is of the opinion that where supervision of non-credit societies is directly done by the Central Banks, the loan applications of such societies may be considered directly by them and in all other cases, the loan applications should pass through the Co-operative Department.	24. As recommended by the Narayanaswami Pillai Committee on Co-operation and accepted by Government, the loan application of non-credit societies are passed through the Co-operative Department. (Registrar's letter No. Rc. 98580/57-A. 1, dated 19-11-58.)
25. This Conference is of the opinion that the appointment of Sale Officers may be done from both the cadres of Junior Inspectors and Senior Inspectors.	25. The matter is under consideration. (Registrar's letter No. Rc. 98580/57-A. 1, dated 19-11-58.)
26. This Conference suggests that such of the Central Banks which have surplus funds may invest them in National Savings Certificates if they are declared as trustee securities and pledgeable. This Conference requests the Government to relax the upper limit for investment in the National Savings Certificates by the Co-operative Institutions. This Conference also suggests that such of the Central Banks and other Co-operative Institutions which are willing to take the agency for the sale of these certificates may do so.	26. Necessary instructions have been issued to all the Central Banks by the Registrar in his Rc. 115823/57-A. 1, dated 30-9-'57.

G.O.'s and Circulars

Special

SEPARATION OF AUDIT AND ADMINISTRATION

Circular of the Registrar of Co-operative Societies, Madras

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

Registrar

Ra. 167086/58. L. I.

Dated, 10-12-58.

SUB:—Audit—Separation of Audit from Administration—Arrangements—Regarding—

REF:—(i) G.O. Ms. No. 390, Industries, Labour and Co-operation—dated 3-2-1958.

(ii) G.O. Ms. No. 2367, Industries, Labour and Co-operation—dated 17-6-1958.

(iii) G.O. Ms. No. 3171, Industries, Labour and Co-operation—dated 14-8-1958.

In their order first cited, the Government ordered that the Audit Section of the Co-operative Department should be organised as a separate wing of the Department under a Chief Audit Officer to function under the overall supervision of the Registrar. In their order second cited, the Government directed that the Chief Audit Officer should function as a Joint Registrar of Co-operative Societies in respect of staff working in the audit branch of the Department and conferred on him the powers of a Registrar under Section 37 of the Madras Co-operative Societies Act VI of 1932. In their order third cited, the Government approved the proposals of the Registrar to separate the officers engaged in audit work and constitute them into an independent audit branch and sanctioned the necessary staff. A copy of the G. O. third cited, is enclosed. It is proposed to implement the scheme from 15-12-1958. The following arrangements are ordered with effect from 15-12-58.

(2) *State Level*:—The Chief Audit Officer will be in charge of audit of all co-operatives in the

State. He will control the work of the District Co-operative Audit Officers (mentioned below) as also the audit staff in the Department. The Chief Audit Officer will issue the audit certificates of apex institutions, District Co-operative Central Banks, big and special types of societies and other co-operatives in the administration of which officers of the grade of Deputy Registrar, are associated either as Secretaries or as business managers etc., as may be marked for him by the Registrar. He will review the test audit work done by the District Co-operative Audit Officers and their staff, to ensure that the test audit work is sufficient. He will make surprise visits to societies, both at headquarters and during his tours and check the accounts etc. in the course of discharging his duties cast on him under Section 37 of the Madras Co-operative Societies Act VI of 1932. Besides the work connected with the audit of societies, the Chief Audit Officers will be in charge of the audit of the accounts relating to departmental revenues in all the offices of the Department in the State. He will arrange for the test checks of the accounts

connected with the Departmental Revenues in the circle offices (regular, special and audit, circles) during his tours and satisfy himself that the accounts are in order and kept up to date.

(3) *District Level*:—At the district level, each Revenue district will be constituted into a district audit circle and placed in charge of a Deputy Registrar. He will be known as the District Co-operative Audit Officer and his office will function at the Headquarters of the District. For purposes of audit, the Kanyakumari and the Nilgiris districts will be attached to the Tirunelveli and the Coimbatore districts respectively and there will be, therefore, no separate audit offices for these two districts. Government have sanctioned till 28-2-1959 eleven Deputy Registrars to be in charge of the eleven audit circles of Madras, Chingleput, South Arcot, Thanjavoor, Tiruchirapalli, Ramanathapuram, Madurai, Tirunelveli, North Arcot, Salem and Coimbatore. The District Co-operative Audit Officers will be in charge of audit in the districts, subject to the control of the Chief Audit Officer and will be responsible to him for the efficiency and timely completion of audit and test audit of societies in their respective districts. They will issue the audit certificates of all societies, except agricultural credit societies (unlimited liability) and other District and big societies, the audit certificates of which are issued by the Chief Audit Officer. In the case of agricultural credit societies, the audit certificates will be issued by the Co-operative Sub-Registrar (Audit) working under the control of the District Co-operative Audit Officers. In addition to audit and test audit of the accounts of societies, the District Co-operative Audit Officers will also be in charge of the audit of Departmental

accounts of their own offices and in the offices of the regular Deputy Registrars and the Special Deputy Registrars (Credit and Marketing) working in the districts.

(a) *Field Staff*:—The entire audit staff (both permanent and temporary) viz., Senior Inspectors and Junior Inspectors sanctioned for concurrent and free audit of societies, special staff sanctioned for the audit of Agricultural and Rural Banks, Ex-servicemen societies and liquidated societies and the staff consisting of Co-operative Sub-Registrars, Senior Inspectors and Junior Inspectors sanctioned under fundamental Rule 127 will hereafter work under the control of the District Co-operative Audit Officers of the respective districts. A list of such posts should be prepared by the Circle Deputy Registrars. It should contain particulars under the respective category of posts like concurrent or free audit, audit of Agricultural and Rural Banks, ex-servicemen societies or liquidated societies, posts under Fundamental Rule 127, permanent or temporary; if temporary, the G.O. No. and date or Joint Registrar's proceedings number and date, date of expiry of the present sanction, the name of the incumbent holding each of the posts and the number in the Establishment list. Generally the Senior Inspectors and Junior Inspectors doing audit work should be transferred to the audit branch. Care should however, be taken to transfer as far as possible, only candidates having experience in audit work to the wing. No violent changes should be made in the interim period and the existing vacancies should be left as they are. The lists of persons for the audit wing should be prepared by the circle Deputy Registrars in consultation with the District Co-operative Audit Officers after they join duty. Two

copies of the list so prepared, should be submitted to the Registrar; one copy should be given to the District Co-operative Audit Officer and one copy should be retained in the circle office of the Deputy Registrar. The Deputy Registrars on general duty are requested to adhere to these instructions and submit the list as early as possible. On receipt of these lists, formal transfer orders posting the individuals to work under the District Co-operative Audit Officers will be issued by the Registrar.

(b) *Office Staff*: To control and regulate the work of the audit staff in the districts, the Government have sanctioned the following staff temporarily from the date of appointment till 28-2-1959 to each of the eleven District Co-operative Audit Offices mentioned above:—

- | | |
|--|---|
| (i) Co operative Sub-Registrar (Audit) ... | 1 |
| (ii) Senior Inspector-Auditor... | 1 |
| (iii) Junior Inspector-Auditor... | 1 |
| (iv) Typist ... | 1 |
| (v) Peon ... | 1 |

The Government have also ordered the disbandment of the existing posts of (i) Co-operative Sub-Registrars on general duty, now attending to audit work along with other items of work, (ii) the posts of Junior Inspectors in charge of the audit sections in all the circles except Madras and Sivaganga (iii) the post of Senior Inspector now in charge of audit sections in these two circles and (iv) the post of One Lower Division Clerk in each of the 23 circles. The post of one additional Lower Division Clerk sanctioned for audit work to Madras Office and the post of one peon sanctioned to the Co-operative Sub-Registrar (General) in the Madras Circle

should also be disbanded. The Deputy Registrars on general duty are requested to disband the above staff on the afternoon of 14-12-1958 without fail and report the fact to the Registrar before 20-12-1958. The Deputy Registrars should on no account apply for the retention of these posts on any ground. The Co-operative Sub-Registrars earmarked for the audit circles should hand-over charge to the Co-operative Sub-Registrars for Stores. The incumbents holding the posts of Senior Inspectors and Junior Inspectors in charge of audit sections in the circle offices, which are ordered to be disbanded, should as far as possible be absorbed in the new posts created in the audit circles and placed at the disposal of the District Co-operative Audit Officers. The Other office staff ordered to be retrenched should be absorbed in other vacancies in the circles suggested or transferred to other circles, in the usual manner.

The District Co-operative Audit Officers, on assuming charge, should report the dates of filling up of the posts sanctioned by Government in the G.O. under reference. The District Co-operative Audit Officer will hereafter be in charge of all items of work like preparation of pay bills, drawal and disbursement of pay, etc., grant of casual leave and earned leave without substitute transfer of staff within the district, maintenance of personal files in respect of all staff except Co-operative Sub-Registrars, and Senior Inspectors and service books of the staff, Fundamental Rule Registers, audit fees and audit fund registers, periodicals and all other records connected with audit, establishment and audit work. The Deputy Registrars on general duty should transfer all files,

records and registers to the District Co-operative Audit Officers concerned. Regarding the transfer of disposals and records, detailed instructions are being issued separately. The Co-operative Sub-Registrar working in the Audit Wing will be responsible for the day-to-day Working of the Office of the District Co-operative Audit Officer as in the case of Co-operative Sub-Registrar (General) in the Circle Deputy Registrar's Office and for checking the audit reports of societies. The Senior Inspector in office will be in charge of Establishment and Accounts and his services should also be utilised for checking the audit reports. The checking of audit reports as between the Co-operative Sub-Registrar and the Senior Inspector should be suitably arranged by the District Co-operative Audit Officer.

(4) *General*:—To start with the District Co-operative Offices will be located in the buildings in which the local circle offices are located, as such an arrangement will facilitate reference to previous records. In the case of North Arcot, and Tiruchi districts, the audit offices will be located in the buildings of the circle Deputy Registrars Vellore

(North) and Trichy (North). Where accommodation available at present in rented buildings will be inadequate to meet the new demand the Deputy Registrar concerned and the District Co-operative Audit Officer should look for a more spacious building and report to the Registrar for necessary sanction. All Deputy Registrars on general duty are requested to handover to the District Co-operative Audit Officers, all items of furniture like almirahs, chairs, tables, racks, stools, etc., released by the abolition of the posts of Co-operative Sub-Registrars (General) and other staff in their respective circles and provide them with necessary forms, stationery, service stamps etc. till the District Co-operative Audit Officers get the required quota after submitting indents, so that the new offices may function smoothly from the start. A list of articles so transferred should be kept in the Circle Deputy Registrar's offices, a list given to the District Co-operative Audit Officer and a copy of the list be furnished to the Registrar with the acknowledgment of the District Co-operative Audit Officer. The list should be sent before 31-12-1958.

(Sd.) A. PALANIAPPAN,
Registrar.

Copy of G. O. Ms. No. 3171, Department of Industries, Labour and Co-operation, dated 14-8-1958.

Co-operative Department Audit—Separation from administration constitution into a separate wing—Orders issued.

READ AGAIN:—

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

READ ALSO:—

From the Registrar of Co-operative Societies, Letter 27922/58. L.
Dated 17-5-58.

ORDER:

Government in their order Ms. No. 390, Industries, Labour and Co-operation, dated 3-2-58, have directed that the audit section of the Co-operative Department should be organised as a separate wing headed by a Chief Audit Officer. Consequent

on this, the Registrar of Co-operative Societies in his letter read above, has submitted proposals defining the duties and functions of the Chief Audit Officer. The proposals are generally approved.

2. The Registrar has also submitted proposals for the constitution of a separate audit wing to attend to the work of audit both in the Districts and at headquarters. The proposals have been examined by Government and the following orders are issued.

3. The Registrar has placed the following headquarters staff in his office which has been attending to audit, in charge of the Chief Audit Officer:—

One Co-operative Sub-Registrar.

One Senior Inspector of Co-operative Societies.

One Junior Inspector of Co-operative Societies.

One Lower Division Clerk.

The Registrar's action is approved.

4. Sanction is accorded to the employment of the following additional staff temporarily from the date of appointment till 28th February, 1959:—

Headquarters:—One Senior Inspector of Co-operative Societies on Rs. 90—120 p.m.

Circle Offices:—For purposes of audit, the Kanyakumari and Nilgiris districts will be attached to the Tirunelveli and Coimbatore districts respectively and no separate staff is necessary for these two districts. The following staff is sanctioned for the remaining 11 districts of the State (i.e., excluding Kanyakumari and Nilgiris):—

Eleven Deputy Registrars of Co-operative Societies on Rs. 230-700 p.m. each;

Eleven Co-operative Sub-Registrars on Rs. 150-5-200 p.m. each.

Eleven Senior Inspectors on Rs. 90—120 p.m. each;

Eleven Junior Inspectors on Rs. 65—90 p.m. each;

Eleven Typists on Rs. 45—90 p.m. each;

Eleven Peons on Rs. 18—25 p.m. each.

5. The following staff now attending to audit work in the circle offices will be disbanded:

Twenty three Co-operative Sub-Registrars.

Two Senior Inspectors.

Twenty one Junior Inspectors.

Twenty four Lower Division Clerks.

One Peon.

6. The expenditure on the staff sanctioned for headquarters will be debited to "42 Co-operation-a. Direction" and that on the staff sanctioned for the circle offices to "42. Co-operation-b. Superintendence-A. General"

7. The expenditure on account of the additional staff in para 4 above will constitute a "New Service" and the approval of the Legislature will be obtained in due course.

8. The Registrar of Co-operative Societies is requested to examine and report whether, consequent on the transfer of the audit staff at headquarters to the Chief Audit Officer and the resultant diminution in the work of Gazetted officers in his office who had been supervising their work, any of the gazetted posts in his office can be retrenched.

(By Order of the Governor)

S. R. KAIWAB,
Secretary to Government.

CANALISING TACCAVI LOANS THROUGH CO-OPERATIVES

Copy of G.O. No. Ms. 4622 Dated 1—12—58 Industries, Labour and Co-operation Department.

SUB: Co-operation—credit stoppage of taccavi loan and canalising all loans to agriculturists through Co-operatives Orders passed.

REF: From the Registrar of Co-operative Societies, Letter No. 125336/57. A-2. dated 2—8—57.

From the Board of Revenue B.F. Rt. 2454. dated 8-5-58.

ORDER:

At present agriculturists requiring financial assistance by way of loans may obtain it either from Government (Taccavi loans) or from co-operative institutions. Taccavi loans consist of (1) medium term and short-term loans given under the Agriculturists' loan Act 1884, for the purchase of draught animals, manure and such other purposes and (2) longterm loans given under the Land Improvement Loans Act. 1883. for the reclamation of the land, installation of pumpsets, sinking of wells, etc. The Co-operative credit societies also give short term and medium term loans, while the co-operative land mortgage banks provide long term loans to their members. About two years ago, an attempt was made to provide the entire short and medium term credit needs of agriculturists through the agency of co-operative societies in a few selected areas. This scheme which is known as the 'Full Finance Scheme' was first tried in the Srivilliputhur firka in Ramanathapuram district and the Erode firka in Coimbatore district and found to be a success. Arrangements have therefore been made to extend the scheme to seven new areas in the current year and it is proposed to extend it to the remaining areas in the State in due course.

2. In the context of these developments, Government have considered the question whether it is necessary to continue the system of taccavi loans to agriculturists when similar credit facilities are provided by co-operatives. After consulting the Board of Revenue and the Registrar of co-operative Societies Government pass the following orders:—

(i) In the areas in which the 'Full Finance Scheme' is in operation, no taccavi loans—short term, medium term or long term loans—will be granted to any one and applicants for Government loans should be referred to the co-operative societies in the areas;

(ii) In the areas where the Full Finance Scheme is not in operation short term and medium term loans under the Agriculturists Loans Act 1884 will be given to agriculturists only if the co-operatives themselves cannot provide them and long term Government loans under the Land Improvement Loans Act 1883. will however, continue to be given to agriculturists as at present.

3. The Registrar of Co-operative Societies is requested to review the position at the end of a year and submit a report in consultation with the Board of Revenue.

Office of the Registrar of Co-operative Societies, Madras.
Dated, 28—12—58.

A. HIRUDAYASWAMY,
for Registrar.

Et. No. Rc. 230858/58 A-2.

Copy communicated.

DRAFT AMENDMENT TO RULE III (a) (I)

ABSTRACT

Acts and Rules—Madras Co-operative Societies Act, 1932—Rule III (a) (I) Draft amendment—Published.

Department of Industries, Labour and Co-operation.

G.O. No. 183 (Co-operative) Dated 17th January, 1959.

Read the following:—

From the Registrar of Co-operative Societies Rc. No. 136666/57
A. I. dated, 19—11—1958,

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 the 1st August, 1933 at pp. 1178—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.

Notice is hereby given that the draft will be taken into consideration on or after the 1st March,

(By Order of the Governor)

1959 and that any objections and suggestions 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, Industries, Labour and Co-operation Department, Fort St. George, Madras-9.

DRAFT AMENDMENT.

For clause (1) of the proviso to sub-rule (a) of Rule XII of the said rules, the following clause shall be substituted namely.

“(i) The Madras State Co-operative Bank Ltd., shall not pay dividend to its shareholders at a rate exceeding 9 per cent per annum on the paid-up value of each preference share and at a rate exceeding 6 per cent per annum on the paid up value of each ordinary share”

T. SRINIVASAN,

Deputy Secretary to Government.

GOVT. REPRESENTATIVES TO DISTRICT CO-OP. BANKS.

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

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

Rc. 195885/58 A1, Dated, 13-12-1958.

SUB:—The Co-operative Central Banks—Board of Management—Nomination of Government representative—Orders passed.

REF:—G.O. Ms. No. 3197, Industries, Labour and Co-operation, dated 18-8-1958.

ORDER;

Under the powers delegated to him in the G. O. read above the Registrar of Co-operative Societies, Madras is hereby pleased to

nominate the Special Deputy Registrars (Credit and Marketing) to be the Government representative on the Board of Management of the District Co-operative Central Banks noted against each.

1.	Special Deputy Registrar (Credit & Marketing.)	Kancheepuram	The Co-op. Central Bank, Ltd., Kancheepuram.
2.	do	Tiruppur	The Coimbatore Co-op. Central Bank, Ltd., Coimbatore.
3.	do	Cuddalore	The South Arcot Co-op. Central Bank, Ltd., Cuddalore.
4.	do	Tiruvarur	The Co-op. Central Bank, Ltd., Kumbakonam.
5.	do	Madurai	The Madurai Dt. Co-op. Central Bank, Ltd., Madurai.
6.	do	Ooty	The Nilgiris Dt. Co-op. Central Bank, Ltd., Ootacamund.
7.	do	Srivilliputhur	The Ramnad Dt. Co-op. Central Bank, Ltd., Madurai.
8.	do	Salem	The Salem Dt. Co-op. Central Bank, Salem.
9.	do	Tanjore	The Co-op. Central Bank, Ltd., Tanjore.
10.	do	Tirunelveli	The Tirunelveli Dt. Co-op. Central Bank, Tirunelveli.
11.	do	Tiruchi	1. The Tiruchi Dt. Co-op. Central Bank, Tiruchi. 2. The Pudukkottai Co-op. Central Bank, Ltd., Pudukkottai.
12.	do	Vellore	The Co-op. Central Bank, Ltd., Vellore.

2. Orders regarding the Government representative on the Board of Directors of the Kanyakumari District Co-operative Central Bank will issue separately.

(By Order),

Manager,

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

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

Registrar.

Re. 195885/58, Al.

Dated, 13-12-1958.

SUB:—The Co-operative Central Banks—The Kanyakumari District Co-operative Central Bank, Ltd., Nagarcoil—Nomination of Government representative—Orders passed.

HEAD:—1. G. O. Ms. No. 3197, Industries, Labour and Co-operation, dated 18-8-1958.

2. Government Memorandum No. 148379/BI/58-1, Industries Labour and Co-operation dated 27-11-1958.

ORDER :

Under the Powers delegated to him in the references read above, the Registrar of Co-operative Societies, Madras, is hereby pleased to nominate the Deputy Registrar of Co-operative Societies, Nagarcoil to be the Government representative on the Board of Management of the Kanyakumari District Co-operative Central Bank, Ltd., Nagarcoil.

(By Order),

Manager.

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

TIRUCHIRAPALLI

(ESTABLISHED IN 1909)

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

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

Branches:—KARUR & ARIYALUR.

Authorised Share Capital	Rs.	15,00,000
Paid up Share Capital	„	12,67,350
Reserves	„	12,97,948
Working Capital	„	1,81,16,778

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

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

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

The Secretary,

The Tiruchirappalli District Co-op. Central Bank, Ltd.
Fort Station Road, Teppakulam Post, Tiruchirappalli-2.

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

CO-OPERATIVE NEWS & NOTES

News and Notes

Inauguration of New Bus in South Arcot Motor Transport Society

His Excellency Sri Bishnuram Medhi, the Governor of Madras inaugurated two new buses and put on the road after an informal ceremony on 5-12-58 at Cuddalore. With the help of a Government loan of Rs. Two lakhs the South Arcot Co-operative Motor Transport Society has purchased two new buses and put on the routes Cuddalore to Pondy and Cuddalore to Panrutty. His Excellency on arrival was given a guard of honour by the ex-service-men members of the Society. Messrs. D.N. Doraiswamy Mudaliar and, A. B. Natesan, Deputy Registrars were present at the function. The third new bus was inaugurated in the premises of the Society by Sri S. A. Soundararajan, I.A.S., Collector of South Arcot and put on the route Cuddalore to Kallakurichi via Vridhachallam on 14-1-1959. Sri S. Gnanadesikan, Director of the Society welcomed the Collector. Sri R. Ramachandran, Secretary read a short report. The Collector exhorted the members to develop the business of the society and do real service to the travelling public. Sri S. Gnanadesikan proposed a vote of thanks.

Sales Emporium of Perambur Leather Workers Co-op. Society Opened

The Second Sales Emporium of the Perambur Arunthatheyar Leather Workers Co-operative Society Ltd., was declared open by Sri P. Kakkan, Minister for Public Works on 26-1-1959 at Mc Nichols Road, Chetput. This is the Second Sales Emporium, the first one was recently opened at the Moore Market, Madras.

Under the scheme for the expansion of co-operative industrial societies, the Sales Emporia are being opened. Dr. P. Natesan, President of the Society welcomed the Minister. Sri P. Kakkan exhorted the members to join in the co-operative and improve their trade techniques. Sri T. K. Palaniappan, I.A.S., Director of Industries was present. Sri B.M. Purushotham proposed a vote of thanks.

Co-op. Schemes for 'Varsities: W. U. S. Plans to be Implemented

A decision to implement "self-help and co-operative enterprise" schemes among university students on the "widest possible" scale, has been taken by the 21-day South-East Asia Workshop Conference of the World University Service, which concluded at Madras on January 5.

The Conference was attended by about 45 delegates from all over the South-East Asian region and by several observers and visitors from universities in other parts of the world. It discussed questions of mobilizing the support of the university community for co-operative and self-help techniques to solve their needs and problems, especially in the field of board and lodging and for the establishment of pilot projects like canteens, students' centres and hostels.

The Conference was of opinion that more hostels should be built in the South-East Asian region. The establishment of co-operative shops in hostels was also considered essential by the Conference. The share capital was to be contributed by the students,

staff and the administrative officials of the university concerned.

The Conference was of the view that university canteens should not be run by private contractors but should be run on a co-operative basis. It was decided that all the national committees should be asked to take steps to achieve this objective.

All-India Co-operation Portfolio Transferred to Ministry of Community Development

The functions of the Ministry of Co-operation, except in relation to the Central and State Warehousing Corporations, have been transferred by a Presidential Order to the Ministry of Community Development, which will now be known as Ministry of Community Development, and Co-operation. The Order was issued on December 31.

The Department of Co-operation of the new Ministry would deal with all matters relating to the Co-operative Movement including the National Co-operative Development and Warehousing Board, while the work in regard to the Central and State Warehousing Corporations would be looked after by the Department of Food in the Union Ministry of Food and Agriculture.

According to reports in the Press, the main reason which has prompted the Government to transfer the subject to the Ministry of Community Development is to integrate the growth of co-operative societies in village with the development of rural areas under the Community Projects Administration and National Extension Service. Such integration is considered

indispensable for a successful implementation of the new official decision to get all surplus land after fixation of ceiling on land holdings co-operatively cultivated and have co-operative farming as the ultimate pattern of Indian agriculture.

Co-operatives in the New Agrarian Pattern : Congress Adopts Comprehensive Resolution

The following is the text of the resolution on Agrarian Organization Pattern adopted by the 64th Indian National Congress, which concluded at Abhyankarnagar (near Nagpur) on January 11:

The Congress, having considered the report of the Agricultural Production Sub-committee, records its general approval of the report and endorses the recommendations made therein. In particular, the Congress is of opinion that :

1. The organization of the village should be based on village panchayats and village co-operatives, both of which should have adequate powers and resources to discharge the functions allotted to them. A number of village co-operatives may form themselves into a Union. All permanent residents of the village, whether owning land or not, should be eligible for membership of the village co-operative which should promote the welfare of its members by introducing progressive farming methods and improved techniques of cultivation encouraging cottage industries and developing animal husbandry and fisheries. In addition to providing credit and discharging other servicing functions, it will arrange for pooling and marketing the agricultural produce of the farmers and for

storage and godown facilities for them. Both the panchayat and the co-operative should be the spearheads of all development activities in the village and, more especially, should encourage intensive farming with a view to raising the per acre yield of agricultural produce.

2. The future agrarian pattern should be that of co-operative joint farming, in which the land will be pooled for joint cultivation, the farmers continuing to retain their property rights, and getting a share from the net produce in proportion to their land. Further, those who actually work on the land, whether they own the land or not, will get a share in proportion to the work put in by them on the joint farm.

As a first step, prior to the institution of joint farming, service co-operatives should be organised throughout the country. This stage should be completed within a period of three years. Even within this period, however, wherever possible and generally agreed to by the farmers, joint cultivation may be started.

3. In order to remove uncertainty regarding land reforms and give stability to the farmers, ceilings should be fixed on existing and future holdings and legislation to this effect, as well as for the abolition of intermediaries should be completed in all States by the end of 1959. This does not mean any ceiling on income, as it is expected that by intensive cultivation as well as by additional occupations, rural incomes will rise. Such surplus land should vest in the panchayats and should be managed through co-operatives consisting of landless labourers.

4. With a view to assuring a fair return to the tiller, a minimum

of floor price should be fixed reasonably in advance of the sowing season with respect to each crop and arrangements should be made to purchase directly, whenever necessary, the crops produced.

5. The introduction of State trading in wholesale trade in food-grains is welcomed and should be fully given effect to.

6. Every effort should be made to bring the uncultivated and waste land into cultivation. The Central Government should appoint a committee to devise suitable measures for the utilization of this land.

The Congress trusts that the steps indicated above will be taken by the Central and State Governments at an early stage; and that the Congress organization, in co-operation with others, will help in every way to mobilize mass enthusiasm and arouse initiative and a spirit of self-help in the millions of farmers in the country.

Membership Week

Kaveripakkam

'Membership Week' was celebrated under the auspices of Kaveripakkam Co-operative Agricultural Bank on 26th January 1959, Sri D. Sonachalam presiding. Messrs. T. Parthasarathy, K. S. Rajagopalan and others addressed the meeting.

Kivalur

Under the auspices of Kivalur Co-operative Agricultural Bank, Membership Week was celebrated on 26-1-1959, Sri V. Subramania Aiyar presiding. Messrs. A. Subramaniam, A. Ganapathi, N. Thiagaraja Mudaliar, Somasundaram and others addressed the gathering. Sri V. Damodaram proposed a vote of thanks.

Chinnadharapuram

Under the auspices of Chinnadharapuram Co-operative Supervising Union, a meeting was held on 25-1-1959 to celebrate 'Membership Week'. Sri Chennappa Gounder presiding. Messrs. N. Ponnuswamy Gounder, P. S. Natarajan, P. Periaswamy, Thilakarajan, Subramaniam and others addressed the gathering.

Jayamkondam

Under the auspices of the Jayamkondam Co-operative Union, 'Membership Week' was celebrated at Elaiyur on 21-1-1959, and Muthuservaimadam on 23-1-1959. Messrs. S. Subramania Iyer, Duraiswamy Reddiar, A. V. Sambamurthi, S. R. Padmanabhan, Kunjithapatham, S. Thiagaganesan participated in the former meeting, while Messrs. N. Sepperumal, Padayachi, A. Subramaniam, Elaiyalaraju, S. R. Padmanabhan, V. N. Atanganathan and T. Venkatesan participated in the latter.

Karur

"Membership Week" was celebrated on 25-1-1959 under the auspices of Nerur Co-operative Credit Society, Sri V. Palaniappa Gounder presiding. Messrs. R. Ramaswamy Naidu, G. Balasubramaniam, N. Balasubramaniam, S. T. Sambandam and others

addressed the meeting. Sri Ranganathan proposed a vote of thanks.

"Membership Week" was celebrated on 26-1-1959 at Sukkaliyur and Nonggal under the auspices of Karur Co-operative Union, Sri K. Rangaswamy Gounder presiding.

The Co-op. Fire & General Insurance Society—Recreation Club Annual Meeting

The Second Anniversary of the Co-operative Fire and General Insurance Society Recreation Club was celebrated on 6th February 1959, Sri S.R.V. Arasu, Assistant General Manager, Indian Overseas Bank presiding. Sri N.K. Nathan welcomed the gathering. Kumari Sivagami Shunmugham made a brilliant speech on "Women's Education" and Kumari Vasantham explained the educational system in Malaya. Sri P. Shunmugham, Secretary, The Co-operative Fire and General Insurance Society, Ltd., spoke on the life and achievements of Sardar Patel. Sri V.B.S. Maniam, President of the Malaya Indian Congress addressed the gathering on his experiences in Malaya and appreciated the many socio-economic developments to India, after Independence. Sri A. Subbiah Pillai distributed the prizes to Kumaris Vasantha and Sivakami.

Sri A. Subbiah proposed a vote of thanks.

Book Review

"THE FISHERMEN" December 1958, Net I Fish II Published by The Tanjore District Co-operative Federation Ltd., Tanjore. Editor Rao Bahadur O. N. Ramaswamy Iyer, M. A.

"The Fishermen", a Quarterly Journal, is published by the Tanjore District Co-operative Federation. The Journal contains many useful and interesting articles on "Fisheries" contributed by both officials and non-officials. The articles are both in English and Tamil. The aim of the Journal is to bring home to fisherfolk the techniques of better fishing. The article on "Fishermen Co-operative Societies in Madras State" highlights the

attempts made by the fishermen through Co-operatives to better their trade and living standards. Undoubtedly, Co-operatives offer a rich promise to the fisher-folk and we heartily commend this Journal to all those interested in the development of fisheries and in the improvement of the lot of the fisherfolk. The publication of this Journal is, indeed, a praiseworthy endeavour of the Tanjore Fishermen Co-operative Federation.

C. M. JANARTHANAM.

404
20/5/59

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.

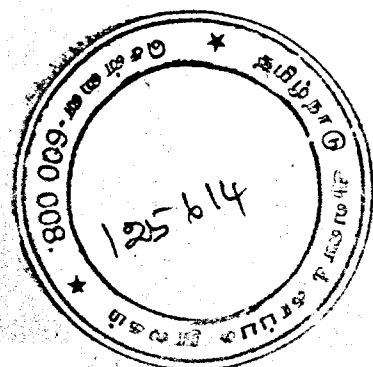
Current Deposits	...	1 1/2 %
Savings Deposits	...	2 %

Fixed Deposits for

Three Months	...	3 %
Six Months	...	4 %
One Year	...	4 1/2 %
Two Years & above	...	5 %

Further particulars can be had from the undersigned:

N. M. SIVAPERUMAL,
Secretary.



36
XN 00213 NIO. P
159.10.17

TELEGRAMS: "CENMORBANK"

TELEPHONE: 71061

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

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

President:

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

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

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

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

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

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

*Subject to revision after audit.

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

Telegrams: "COOPFIRE"

Telephone: 4361

The Co-operative Fire & General Insurance Society, Limited.

MADRAS-1.

(The First of its kind in India)

President:

Sri T. M. CHINNAYYA PILLAI, M.A., B.L.
ADVOCATE, MADRAS.

Director: State Bank of India, Madras.

Transacts: Fire Insurance of all Description, Motor Vehicle & Fidelity Guarantee Insurances

Assets and Funds Exceed Rs. 20 Lakhs.

"NO CLAIM BONUS Rs. 50 PER THOUSAND (PREMIUM) TO FIRE POLICY HOLDERS— A UNIQUE FEATURE."

Insure and Share in the Profits

For particulars apply to:

Sri P. SHANMUGAM, B.A.,
Secretary.

Post Box No. 1249.

Madras-1.

OR
the Offices at:

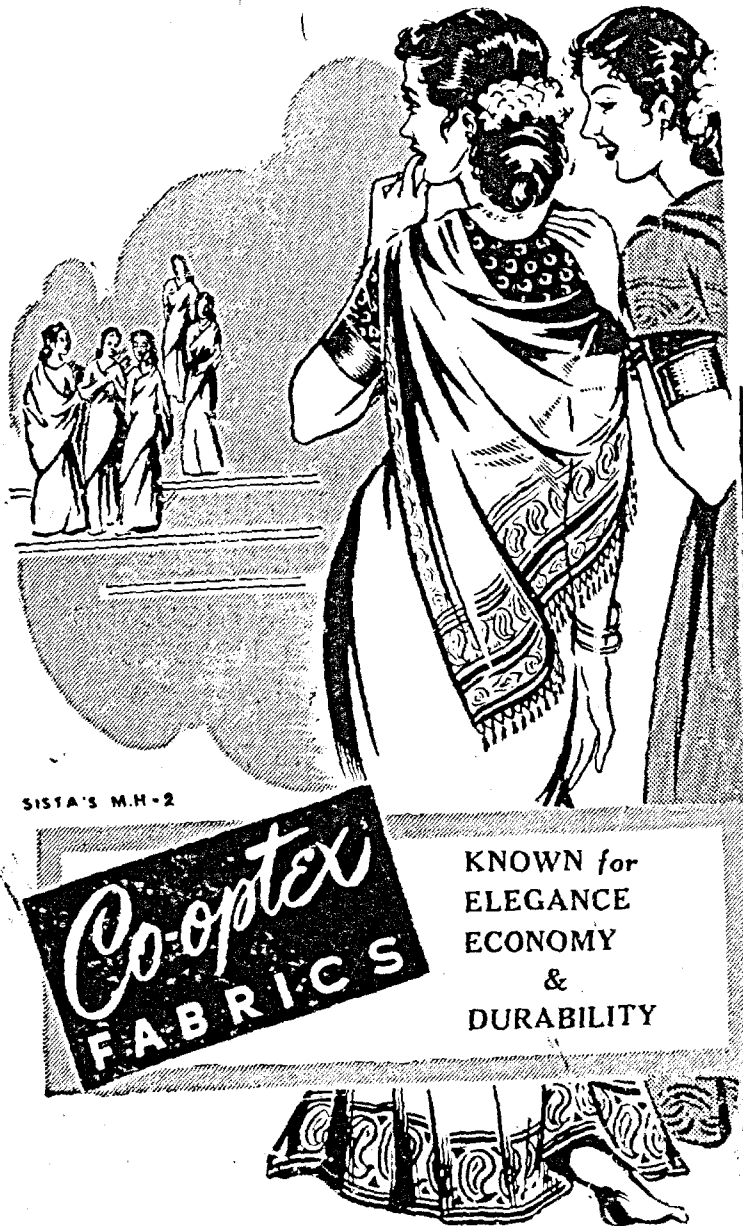
"Vijayawada Co-operative Central Bank Buildings",
Bunder Road,
Buckinghampet Post,
VIJAYAWADA-2.

Branch Manager.
7/2, Gopalapuram,
Imperial Bank Road,
COIMBATORE.

Sakuvani Buildings,
Sri Narasimha Raja Road,
BANGALORE-2.

Powerpeta Rly. Station Road,
Powerpeta, **ELURU.**
West Godavari Dist.

"All are talking about your Saree, Meena!"

[illegible]

The Madras State Handloom Weavers' Co-operative Society, Ltd.

MADRAS-8.