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A BRIEF HISTORY
OF THE
CO-OPERATIVE MOVEMENT
IN THE
SURAT DISTRICT.

BY

P. T. Parikh, Esqr., B. Com.,
Additional General Manager, Surat District Co-operative Bank Ltd.,



FOREWARD

BY

Dewan Bahadur Prof. H. L. Kaji,
M. A., B. SC., F. S. S., F. R. S. A., J. P., I. E. S.,
Vice-President, All-India Co-operative Institutes' Association,

AND

A Souvenir of the
Silver Jubilee Celebrations of
The Surat District Co-operative Bank, Ltd.,
23rd December, 1934.



PUBLISHED BY

THE SURAT DISTRICT CO-OPERATIVE BANK LTD..

X M. 23161. N3

G6

Printed by Jashvantsinh Gulabsinh Thakore,
At the "Surat City" Printing Press, near Chowta Bridge, Surat.

Published by P. T. Parikh, Esqr., B. Com.,
for
The Surat District Co-operative Bank Ltd., Kanpith, Surat.

54653

SURAT DISTRICT CO-OPERATIVE BANK LTD.,



**Bank's own Building at Kanpith,
SURAT.**

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Dewan Bahadur Prof. HIRALAL L. KAJI,
M.A., B.Sc., F.S.S., F.R.S.A., I.E.S., J.P.,
Vice-President, All-India Co-operative Institutes' Association.

FOREWARD

It is with very great pleasure indeed that I respond to the invitation of the Surat District Central Co-operative Bank Ltd., to write a 'Foreword' to the excellent little monograph it is issuing, in commemoration of its Silver Jubilee celebrated towards the end of 1934, on the 'History of the Co-operative Movement in the Surat District.' Several years back, when I was Vice-President of the Provincial Co-operative Institute, Bombay, and Chairman of its Central Education Board, I undertook the editing of a volume on 'Co-operation in Bombay,' to which several friends contributed valuable monographs on different aspects, of the Co-operative Movement in the Presidency on which they possessed expert knowledge. During the editing of that volume, it occurred to me that it would be a distinct service to workers and the Movement itself, if smaller volumes could be published giving a brief historical review of the progress of Co-operation in the different districts of the Province. Later on, when I brought out my volume on 'Co-operation in India,' I similarly conceived the idea of smaller volumes on Co-operation in the different provinces on the lines of my 'Co-operation in Bombay.' It is, therefore, with no small pleasure that I find the Surat District Central Co-operative Bank Ltd., one of the most successful Co-operative Central Banks in Western India, taking up, under the stimulus and guidance of its Chairman, Dewan Bahadur Chunilal Maneklal Gandhi, the idea of the publication of a District Volume on Co-operation, and producing a very readable account of the genesis, growth and ramifications of the Co-operative Movement in the District of Surat.

The volume divides the subject into five parts to each of which a separate chapter has been devoted, and the division quite well reflects the order in which advance along various paths in Co-operation has been achieved. The land-marks in the evolution of the Co-operative Movement in India have been, the formation of Agricultural Credit Societies, the establishment of Central Financing Agencies, the development of Credit Co-operation in Urban Areas, the extension of Co-operation to the Sale of agricultural produce and other non-credit needs of the population and the Organisation of Agencies for supervision, education and propaganda. The order of progress has been much the same in this particular District too. Recently with the formation of Land-Mortgage Banks in the districts, Co-operation has entered on a new phase of its history and though Surat lags behind none in this respect also, there is no historical review possible, when the institutions are almost just starting.

Surat confirms the experience gained by others elsewhere. No great institution or cause can achieve any very high treasure of success unless it attracts a band of workers who identify themselves closely with it, and who devote their energies and direct their abilities to that end. The history of Co-operation has been thus made by a few men and the band of workers they collected round them. The Central figure here has been the veteran Chairman of the Central Financing Agency of the District—the Surat District Co-operative Bank—Dewan Bahadur Chunilal Maneklal Gandhi. An eminent Advocate, a shining light of the Surat Bar, an eminent Educationist has devoted the best part of his life in providing his District with a string of valuable educational institutions—schools and colleges, he has found time to be and remain a staunch and zealous Co-operator directing the destinies of Co-operation in Surat, with a rare zeal and ability all his own. The Urban Co-operative Movement in the District centres round the personality of Rao Sahab Vandravan C. Jadav. A banker by profession and training, he has been chiefly responsible for the success of the People's Co-operative Bank in the City. So much do these two dominate the Co-operative World in Surat that the institutions they control and direct are known to the people as 'Gandhi's Bank' and 'Jadav's Bank.' The non-credit activities in the District are based largely on the success of the Sonsek Cotton-Sale Society which gave an impetus to the formation of many more sale societies, and their federation as also to societies for further processing work—ginning and pressing. Here no great city-figure dominates the scene; it is the rural population which has produced the leader in Mr. Purushottam Patel. It is this trio which is responsible for the success and progress of the Co-operative Movement in the Surat District. Of course, it would be unfair if we did not realise that quite a good number of people high and low, have been rendering distinguished service, without which indeed no amount of effort on the part of any single worker could achieve success.

Turning now from the men that matter to the matter itself, while it is satisfactory that the number of agricultural co-operative credit societies has risen to about 150 with the membership standing at about 7½ thousand and the working capital at a little over ten lakhs of rupees, it must be noted that the progress as regards the number of societies and membership has been practically arrested from 1925-26. The Co-operative Credit Movement has since then entered on a period of consolidation and rectification, so that the working capital is now composed of about 4½ lakhs as members' deposits, the reserve fund and the share capital. The average indebtedness of a member to his society has been for the last few years about Rs. 125/-, which is surely not very high if the loans were utilised productively; and yet it is a

to find that the percentage of overdue loans has been mounting steadily high and now stands in 1933-34 at the alarming figure of 50.6. You may try to explain this away by easy finance, unsuccessful debt-redemption schemes, failure of crops by frost, and otherwise, and you may take shelter under the shadow of the great world-wide economic depression which undoubtedly lowered agricultural prices considerably and hit the rural population very hard. There were no overdues till 1913-14. Thereafter overdues made their appearance and fluctuated till 1925-26 when they stood at 5.1%. The steady mounting up of the percentage since then takes away considerably from the creditworthiness of explanations which vary widely in their range but persist in their being necessary every year. To my mind, in this District as in all other areas, the illiteracy of the population and the absence of a great morality standing behind the Movement are the basic factors which are shaking its foundations to-day; for the passage of time and the cataclysmic metamorphosis of the last quarter of a century have hardened and increased the recalcitrancy of the borrower, who while borrowing plans default, and while defaulting plans further borrowing. Mere strictness of supervision and the appointment of Special Recovery Officers, while these might mitigate the symptoms and allay the pains, cannot be the cures of the canker that saps the vitals of the Rural Credit Movement. Real Rural Reconstruction broad-based upon literacy and adult-education seems to be the only effective lever that would open the gates to success of Rural Co-operative Banking. It is yet too early to judge whether long-term finance for debt-redemption through Land-Mortgage Banks will prove to be the effective solution of the problem; but one may be permitted to hope that this experiment will tend to ease the situation at any rate, so as to give scope to long-term factors to operate towards the betterment of the economic condition of the agricultural population.

The evolution of the District Central Bank from an Urban Union in 1909 to its present position makes very good reading indeed in Chapter II. The Bank occupies the premier position in the District in Co-operative Finance as also in its being the centre of all co-operative planning, push and propaganda; but it must also be realised that, as it is permitted to lend to individuals too, though under restrictions, it has carved out an important place for itself in the City of Surat, as also in the various taluka head-quarter towns where its Branches are doing good work. It holds its own in the City despite the competition of large joint-stock Bombay Banks, which have recently opened branches in the City and of a large number of Shroffs, who still carry on an active and large business. The large deposits it attracts from the public even at rates distinctly lower than those offered by other banks, the large reserve fund and the very satisfactory rates of dividends declared on the share-capital, are evidences of very successful management due to a succession of able

chairmen supported by an adequate and well-trained staff. A great future lies before the Bank; for on it depend the expansion, extension and efflorescence of the Co-operative Movement in the District of Surat.

The Urban Credit Movement had a very late beginning in this District, the first society being registered in 1921. Others soon followed suit and the number to-day stands at 24 with a membership of about $4\frac{1}{2}$ thousand and a working capital of about 30 lakhs of which more than 14 lakhs were members' deposits and $18\frac{1}{2}$ lakhs were owned capital. It is not quite fair to compare the urban and rural movements in as much as the basic factors that spell success materially differ in the two areas; but the small percentage of overdues must be regarded as a very hopeful sign indeed. The most important of the Urban Banks is the Surat Peoples' Co-operative Bank—'Jadav's Bank'—established in April 1922. This Bank has achieved conspicuous success largely due to the business ability of its Managing Director Rao Saheb V. C. Jadav, and is regarded to be a model Peoples' Bank throughout the Presidency of Bombay. Its success has stimulated the starting of 3 other banks in taluka-towns and of a Supervising Union of Peoples' Banks in Gujarat, and has created aspirations of having a Peoples' Bank at other taluka-towns and important trading centres and of having Co-operative Investment Trusts for the Presidency and for its natural divisions.

Non-credit Co-operation has also a tale of success to unfold in this District. Cotton-Sale Societies stand prominent among these and by their success have taught the farmer to overcome to some extent his inferiority complex and to be self-confident in matters of marketing his produce. Better business habits have been acquired; lessons in the school of success have been imbibed; and the Surat Agriculturist forms to-day excellent material for a large-scale extension of Co-operative Marketing of agricultural produce and also of processing work in connection with the chief crops. Marketing engages the attention of the Central and Provincial Governments more than it ever did before and one likes to hope that with the ground already prepared by the Cotton-Sale Societies and their developments, the marketing drive will bear better fruit in this District, which by increasing the earning capacity will react on the repaying capacity and will substantially help in the reduction of overdues in agricultural Credit Societies and the restoration of these to sound and healthy condition.

The need for Co-operative education and training, for effective supervision over societies, for organisation of more and new societies and for carrying on propanganda has led to the rise of the Provincial Co-operative Institute at Bombay which has opened Branches in the different district towns

to carry on the work in all these directions. The Surat District Co-operative Institute has been doing fairly good work. But the uncertainty about the responsibility for supervision and education has cast a damper over the Institute's activities for some time past. The Registrar thinks that these are his legitimate functions included in the work of administration which undoubtedly is his province. The Central Financing Agencies confound their creditors' inspection with the gentle and friendly supervision from within. The Co-operative Institute claims to be a federation and a union and poses to be the Friend, Philosopher and Guide of its constituent societies. The amorphous situation is still clouded over by fog and the Institute seems to be playing rather a weak role at present. When the air clears, I have no doubt that it will develop into a strong limb of the Body Co-operative and function effectively so as to ensure the healthy growth and progress of the Co-operative Movement.

This history of the effort that has been put forward in this District should inspire us with renewed hope in the Co-operative Movement, which still remains, in spite of all its deficiencies, a noble conception and the best hope of Rural India.

BOMBAY, }
1st August, 1936. }

H. L. KAJI



PREFACE.

When the idea of celebrating the Silver Jubilee of the Surat District Co-operative Bank Ltd., first arose in the year 1933, there arose simultaneously also questions as to how the memory of such an auspicious occasion should be preserved. Different people suggested different ideas as to how to erect a permanent memorial of the occasion. To know oneself is perhaps the best, though a difficult achievement to secure, and it appeared to me that that was the most desirable thing to do. I put forward my own view that the most profitable, the most useful and the most lasting memorial would be to publish a history of the period dealing with what Co-operators did during the last 25 years, the matters in which they obtained success and the matters in which they failed, and my colleagues in the Co-operative Movement welcomed the idea unanimously. As a consequence of that the History of the Co-operative Movement in the Surat District for the last 25 years is now being published.

The history was divided in three parts, and the work of writing it was given to three co-operative friends. It was then hoped that the history would be ready before the date of the celebration of the Silver Jubilee, and that it would be distributed amongst Co-operators as a memorial of the date of the Silver Jubilee celebrations. Owing to circumstances beyond control, it was not possible to do so. According to our old experience, the work of writing the history fell on the shoulders of one man, and no man is more sorry than myself for the fact that this history could not be published earlier than now for more reasons than one.

The credit of the achievement of this object does mostly go to Mr. Papatlal Parikh, the Additional General Manager of the Bank. It is he who has collected all the materials and put them in proper shape. The readers of this book and persons interested in the Co-operative Movement both men and women are grateful to him for it. In war all the worries and trouble are borne by the soldiers, but the credit of the victory goes to the General. I am not entitled to any credit greater than that of a General in this venture.

I hope persons who have been in the Co-operative Movement and who will join later on will learn much from this small book. I have no doubt that all of them will read this book with great interest. It is true that the benefits which the early workers in the Co-operative Movement had expected to get thereby, have not been fully realised, but there is no exaggeration in saying that the Co-operative Movement has been to a large extent successful, bearing in mind how difficult is the work of propaganda amongst people 92% of whom are ignorant and illiterate and are conservative by custom. In a District where 67% of the holdings are smaller than 5 acres, it is idle to hope that agriculturists will be freed from indebtedness only because they get financial aid at smaller rates of interest.



Dewan Bahadur CHUNILAL MANEKLAL GANDHI,
B.A., LL.B., Advocate (O.S.),
*A Promoter and Director of the Bank from 1909 to 1934 and its
Third Chairman from 1917 to 1934.*

I see nothing wicked or sinful if drastic measures are adopted in removing their appalling indebtedness. We may readily accept that a creditor should be able to recover his proper dues, but if after the amount of his just dues is ascertained and if that sum is found too large for that man to pay even after 20 annual instalments, is it not more just to ask the creditor to be satisfied with what he gets at the end of that period than asking the agriculturist to take at once the benefit of the insolvency law; but it is not enough to relieve the agriculturist from his indebtedness once, either by one or the other of the two methods. He is sure to land himself again into indebtedness, so long as the present economic structure continues. The only way to keep him above debt is to enlarge his holding, and to secure for him facilities for either joint-cultivation by co-operative methods or by enlarging his holdings. It is also necessary to establish all manner of Co-operative Societies in order that he can obtain good seed at less cost, and obtain valuable and more crops by sowing that seed. Co-operative Societies should also be formed for co-operative and more profitable sale of all the principal crops of the District.

A perusal of Chapter IV of this small book will show what substantial profits the agriculturists of the District have made by the formation of co-operative cotton and cotton-seed sale societies. The success of the Co-operative Cotton Sale Societies has infused a new life in the agriculturist. The mentality which at one time oppressed him viz., that an agriculturist can only cultivate lands, has now disappeared. That is not a small gain.

History is Philosophy teaching by experience. It enables one to give a lead for the present by past experience, and forecast what is to be done in the future. If you will examine the history of rural Credit Societies which have been self-reliant and have done their work well, you will find that the managers thereof were men actuated with a spirit of sacrifice and service. If you will examine the history of societies which went wrong and had eventually to be cancelled, you will find that the managers thereof were selfish, dishonest men who had entered the societies only for their private ends and for showing partiality to their friends and relatives. If, therefore, you desire to conduct societies well, it is your duty to place them in the hands of good managers. Should there be difficulty in getting good workers, then such societies should be placed under the superintendence of a Supervising Union which will keep a watch over them and keep them on the right path. But that is not all. There should be a continuous propaganda for teaching the principles of Co-operation to all who have joined the movement, and in order that those principles may be acted upon, there must be supervision and superintendence from above. If this little book succeeds in impressing upon my readers this lesson, I shall consider this little endeavour of mine successful.

Mahatma,
25th May, 1936.

C. M. GANDHI,

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CHAPTER I.

(Agricultural Credit Societies.)

Geography of the District.

Of the five districts of British Gujarat Surat District is the southern most with an area of 1651 square miles bounded on the north by the Broach District and the State of Baroda, on the east by the States of Baroda, Rajpipla, Dharampur and Bansda, on the south by the British District of Thanna and the Portugese territory of Daman, and on the west by the Arabian Sea. It has also its natural boundaries on three sides. It stretches from the River Kim on the north to the river Damanganga on the south, a distance of about 80 miles. On the west lies the Arabian Sea.

The area of 1651 square miles comprises 787 villages distributed in the eight Talukas of Olpad, Chorasi, Mandvi and Bardoli forming the Northern Prant and Jalalpore, Chikhli with Bulsar and Pardi forming the Southern Prant, each under the charge of a Deputy or an Assistant Collector.

According to the Census of 1931 the population of the District numbers to 6,93,613 of which 5,50,998 or 79.4% is rural and 1,42,615 or 20.6% urban. In the Census reports it is said that Surat is one of the most migratory districts of the Presidency and that a large number of its male population stays outside.

The following is the percentage classification of the population according to occupations in 1931 :—

Agriculture	72.0
Industry	1.1
Transport and Commerce	6.1
Arts and Professions	1.8
Others	19.0
	<hr/>
	100.0

The figures indicate that agriculture is the occupation of a large majority of the population, being 72%.

It is primarily for the economic uplift and material prosperity of this 72% of the agricultural population that the co-operative movement was started in the District as early as 1906. The history of the origin, growth and development and the present position of the movement would mainly depend on the suitability or otherwise of the soil in which early seeds of co-operation were sown. The general condition of agriculture and the agriculturist

is the soil on which depends the success or failure of the co-operative movement. It would, therefore, be proper to know something about agriculture and the agriculturist of the District if we were to understand a-right the history of the movement.

Agricultural Conditions.

With the incoming of the Industrial Revolution and with the disintegration of Village Communities and disappearance of subsistence economy, in came the new order of money-economy or commercial-farming bringing in its wake a series of miseries for the toiling multitudes of India. Before this revolution stepped in, the standard of life of the agriculturist was simple and he knew very few luxuries. The village economy prevailing then was an economy of self-sufficiency. But inventions and researches in science brought in the introduction of mechanical power for agricultural methods which brought in a revolution and reorganisation in the old and traditional system of agricultural pursuits and in the method and manner of cultivation and other farming operations. Moreover with the increase in population the pressure of population living on agriculture also increased. The income of the agriculturist began to fall with a corresponding rise in his expenditure due to a higher standard of living. This tendency made him more indebted to his Sahukar whose methods of extortion for recovering dues added to his miseries. To this distress was added the calamity of a series of famines that occurred in the last years of the century that closed. The question of food supply and the growth of chilling poverty of the agricultural masses threatened the very existence of the farmer and it assumed such an aspect that from the press and the platform, from the publicist and the legislator, from the politician and the economist, emerged the cry of "Agricultural Protectionism" throughout the whole of India.

What is said above is true of the Surat farmer also. The pressure of population on land under cultivation was highest in Surat as compared with other districts of Gujarat. The Surat farmer was a miserable and as heavily indebted as his fellow cultivator in the other parts of the country. He also followed the old traditional method of cultivation. His holdings were fragmented, scattered and uneconomic. In 1872 the average size of a holding varied from 5.03 acres in Bardoli to 16.45 acres in Chikhli taluka while in 1922-23 these figures varied from 3.3 in Jalalpore to 19.6 in Mandvi. The average acre per holding for the whole of the District was 6.3 being the second lowest in Gujarat, the average for the whole of Gujarat being 8 acres. Out of a total number of 100236 holdings in 1927-28 in the District, there were 64925 below and upto 5 acres, 29690 between 5 and 25 acres and the rest being 5621 in the class of 25 acres and over. Such being the case, if we were to accept the definition of an economic holding as one that will maintain an

average family of a farmer in his ordinary standard of life with minimum comforts and if we were further to adopt the estimate of Mr. Keatinge, the Ex-Director of Agriculture for the Bombay Presidency that an economic holding for a good cultivator in the Surat District with a pair of bullocks would be from 15 to 20 acres, it follows that a holding of an average size of 6.3 acres was certainly uneconomic and therefore one which could not maintain an average agriculturist family in ease. While his holding was uneconomic, his method of cultivation was old and out of date. General illiteracy and ignorance prevailed. His standard of living was miserably low. Groaning under a heavy burden of indebtedness, he had no hopeful outlook on life; for whether the harvest was good or bad, his village Shahukar took away all his harvested crops. What with his initial charge of purse loosening and what with his usurious rates of interest and compound interest with annual or six monthly and even bi-monthly rests and what with his dishonest methods and equally dishonest settlement of accounts the poor farmer never saw a ray of hope even in the most distant future. He remained indebted to his Shahukar, year in and year out, whether the agricultural season was bad or good. The necessity for a better type of money-lender came to be felt.

Complaints are often heard that agriculture as an industry, has ceased to be paying. This is too true in quite a number of cases. The Bombay Banking Inquiry Committee have rightly said, "No doubt where Nature assists Man and State assistance and guidance are forthcoming in a material degree, the progress is rapid and striking; where the co-operation of Nature, the State and the Individual cultivator is not prominent the progress will be halting and slow."

Co-operation as a solution.

Nature's co-operation is always uncertain. The gamble in rains is proverbial in India. The help of the State is not forthcoming in as material a degree as an agriculturist would wish. In the last resort, therefore, the agriculturist has to fall back upon the co-operation of his brother in agriculture and fight his own battle of life, keeping abreast of the times if he cares to survive. He has to rely on the co-operation of his brother agriculturist because he is weak himself. Shahukar can render him financial help. Co-operation can secure for him not only monetary help but other forms of help which he may need. It has been found by experience of many other countries that "In co-operation lies the salvation of the agricultural masses" and that is true equally in case of India. Thirty years ago it was accepted generally all over the country that Co-operation is the only solution for the uplift of the Indian farmer and so the hands of Government were forced to take the necessary steps for introducing it in India.

Co-operation Explained.

Co-operation is the association of individuals met on a footing of equality to secure a common economic end by honest means. "Sweets to one and sweat to another is not co-operation. Co operation is nothing if not justice to all who co-operate." "It is a creed, a faith that will not tolerate the tyranny of Capital nor the tyranny of Labour. It is the faith that elevates, that rubs out angularities, that promotes a feeling of brotherhood, that inculcates the desire for mutual help, self-reliance and justice and that demands suppression of class feuds and international wars and breathes international peace and harmony." The Co-operative movement besides being a moral movement is also an economic movement. The motto of a Co-operator is 'Each for all and all for each.' Co-operation is a form of organisation wherein persons voluntarily associate together as human beings, on a basis of equality for the promotion of economic interests of themselves."

"The Chief object of starting the co-operative movement in India was to deal with the stagnation of the poorer classes, and more especially of the agriculturists who constitute the bulk of the population. It was found in many parts of India, as in most European countries, that in spite of the rapid growth of commerce and improvements in communications, the economic condition of the peasants had not been progressing as it should have done, that indebtedness, instead of decreasing had tended to increase, that usury was still rampant, that agricultural methods had not improved, and that the old unsatisfactory features of a backward rural economy seemed destined persistently to remain. The more obvious features of the situation presented themselves in the form of usury and land-grabbing on the part of the money-lending classes, while the agricultural classes either hoarded their savings or owing to thriftlessness and indebtedness showed themselves unable to withstand bad seasons and to meet organised trade on equal terms. The depression of the rural classes was further characterised by an underlying absence of any desire for education or advancement and a certain resigned acceptance of oppression from those who by reason of wealth or social status occupied a superior position, an attitude which though often spoken of as 'Conservative' has frequently little of intentional conservatism about it, but is due rather to ignorance, to a traditional subservience in the past, and to an absence of ideals for the future. The peculiar feature of co-operation as a remedy for stagnation is that it is intended to meet not only the more obvious material evils but also the underlying moral deterioration to which the poorer classes have so long been exposed." Co-operation was a fresh remedy for the stagnation of these agricultural masses and therefore the Royal Commission, on Agriculture in India have rightly said, "The greatest hope of the salvation of

the rural classes from their crushing burden of debt rests in the growth and spread of a healthy and well organised co-operative movement and in the careful education and systematic training of the villagers themselves. If co-operation fails, the hope of the agriculturist also fails."

History of the origin of co-operation in India.

The expropriation of the cultivator by the money-lender generated agrarian discontent and hatred of the money-lender which eventuated in the murderous uprisings of the exasperated peasants such as the Sonthal Rebellion (1855), the Deccan Riots (1874), and the riots of Ajmer (1890). The reports of the Deccan Riots Commission, the Famine Commissions of 1880, 1898 and 1901, gave a stimulus to the idea of co-operation as a means to the solution of the rural problem by the establishment of the Raiffeisen type of village banks. The attention of Government was attracted and various remedies were tried for improving the material condition of the agricultural classes. Post-Office Savings Banks for encouraging thrift, a system of state loans through the Tagavi Acts of 1883 and 1884 and other legislative measures dealing with tenant's rights, alienation of land, general settlement of debt and curbing of usury were all initiated and introduced. But all these measures failed to solve the main problem of indebtedness and the provision of a suitable and cheap system of credit to the agriculturists still remained a desideratum. The Government of India realised this as early as 1884 when the Viceroy in a dispatch to the Secretary of State for India urged the necessity of a private bank to replace the village usurer and supply cheap capital to the solvent ryots. Sir William Wedderburn and Mr. Justice Ranade formulated a scheme in 1882 with the object of establishing a bank to finance the cultivators of the Purander Taluka in Poona District. The Government of Bombay as well as the Government of India approved of the scheme but the Secretary of State vetoed it on the ground that it was financially unsound and that it would virtually be a Government institution.

In the year 1891-92 Mr. Frederick Nicholson a Madras Civilian was placed on special duty to study the theory and practice of agricultural and other banks in Europe to suggest means of combating rural indebtedness and supplying credit for farming operations in India. In 1895 and 1897 he submitted an exhaustive and monumental report wherein he strongly advocated the introduction of co-operative credit societies in India because an intimate knowledge of the economic condition of the borrower was a great necessity. He summed up his conclusions in two words "Find Raiffeisen." Later on, in the year 1901, the Famine Committee also recommended the formation of Mutual Credit Associations. The Government of Madras took up the problem for the Presidency which afforded a hopeful field for the experiment because a number of indigenous societies known as '*Nidhis*' analogous to the Friendly

and Building Societies of Great Britain, were already in existence; and had attained some measures of success. About the same time Mr. Dupernex a U. P. Civilian published his suggestive book entitled "Peoples' Banks for Northern India." Mr. Maclagan a Punjab Civilian, Mr. Dupernex and other Officers in Bengal, all of them out of their own initiatives, had started a few pioneer co-operative societies in the respective areas under their jurisdictions. But such scattered and unco-ordinated efforts could not bear the expected fruit. Government of India realised the situation and under the forceful leadership of the then Viceroy, Lord Curzon, appointed a committee under Sir Edward Law who obtained the opinions of Local Governments on Sir Frederick Nicholson's report and finally recommended that co-operative credit societies were worthy of promotion and Government encouragement. But it was felt that no real advance was possible without the aid of special legislation, for the Companies' Act of 1882 was too elaborate to suit the needs of small co-operative societies. Consequently in 1903 a distinct bill, drafted by Sir Denzil Ibbetson after seeking valuable advice of Mr. Henry Wolff, the eminent English co-operator, was introduced into the Imperial Legislative Council and was passed as Act X of 1904 entitled "The Co-operative Credit Societies Act of 1904." Thus a beginning for the solution of the most intricate and trying problem of agricultural finance was made in that year which would remain memorable in the annals of the Co-operative Movement of India.

Beginning of Co-operation in Surat.

Nearly two years elapsed before a co-operative credit society was started in the Surat District. The first society came into existence on 23rd. May 1906 in Degam, a village of the Chikhli Taluka. In the same year another society was also registered on 20th. August in a village called Tarsada in the Mandvi Taluka. Two more societies were registered in the next year, one at Sukhesh in the Pardi Taluka and one at Rander in the Chorasi Taluka. All these societies were started on Raiffeisen model. Of these four Rander and Degam have progressed well, their working capitals having gone beyond Rs. 50,000/-. The Tarsada Society is doing well although it could not make much progress, and the Society at Sukhesh is in a tottering condition. Till the end of the year 1907-8 no more societies were registered. In the year 1908-9 seven more societies were registered, one of them being the Surat District Co-operative Urban Union Ltd., which has since its origin mainly worked as a Central Society. The starting of this Society gave an impetus to the registration of new societies and fifteen more societies were formed in the year 1909-10. With the registration of new societies the membership as well as the working capital also began to increase in greater proportions. The following figures will show the progress of societies from 1906 to 1912, the year in which the New Act of 1912 was passed.

Year.	No. of societies.	No. of members.	Working Capital Rs.
1906-7	4	118	1938
1907-8	4	318	9110
1908-9	11	638	23590
1909-10	26	1657	73310
1910-11	33	2019	41985*
1911-12	38	2514	188480

From these figures it can be seen that the starting of the Surat District Co-operative Urban Union Ltd., in the year 1909 considerably helped in the growth of the working capital and increase in the number of membership of the societies. More new societies began to grow up in the different Talukas. These figures of increase in numbers, membership and working capital no doubt indicate a general progress. But the real progress depends upon the Reserve Fund, Members' Deposits, Bank Loan, Lendings to Members and the Overdue arrears, all of which stood as under:—

Year.	Member's Deposits Rs.	Reserve Fund. Rs.	Non member's Deposits. Rs.	Bank Loan Rs.	Lendings to members Rs.	Overdues Rs.
1906- 7	1938	.....	.....	.....	1481	.....
1907- 8	4243	177	.....	.....	8228	.....
1908- 9	13969	760	.....	.....	23933	.....
1909-10	34342	1533	.....	10960	60019	.....
1910-11	58775	3786	1550	16386	102445	.....
1911-12	90403	8084	7021	39265	179407	.....

The figures indicate that progress was uniform throughout but was rapid after 1909 the year in which the Central Financing Agency was started.

Act of 1912.

The onesided progress of credit co-operation, however, did not satisfy the workers. The Act of 1904 was drafted advisedly so as not to cover the field of non-credit co-operation. Only rural and urban credit societies were registered under it. This policy was deliberately adopted, not because the vital importance of other kinds of co-operation was not fully realized, but because it was held that, among a relatively backward population, the difficulties involved in the management of productive and distributive business were likely to prove a stumbling block in the way of progress. But soon after the Act of 1904 was passed, the movement began to march forward with rapid strides and within a period of four or five years it covered a ground beyond the expectations of all concerned. The number of societies and the area of their

* Two societies did not send their figures.

operations exceeded the expectations of its founders but the limitations of the system soon made themselves evident, especially in the direction of non-credit organisations and in the need for societies for a freer supply of capital and for providing an improved system of supervision. That led to the formation of Central Agencies (afterwards known as Unions, Central Banks or Central Banking Unions.) These institutions not only financed but also supervised and to some extent controlled credit societies but were not recognised under the Act. Thus arose the necessity of amending the original Act and in 1912 a new act was passed which granted a legal status to non-credit co-operative societies as well as to Central Societies. The Act also substituted a newer classification of the societies based on the nature of liability for the old and arbitrary classification of societies into 'Rural' and 'Urban'. It further permitted societies to declare dividends on shares in unlimited liability societies, subject to the general or special permission of the Provincial Government concerned. Express permission was also given to all societies to set apart a portion of their profits not exceeding 10 p. c. for educational and charitable purposes after one-fourth of the net profits had been carried to the Reserve Fund. The passing of this Act, gave impetus to non-credit societies all over the country; Societies for purchase and sale, supervision and control, cattle insurance, milk supply and also central financing agencies grew up all over the country. But nothing was done in that direction in the Surat District till 1921.

Bombay Act VII of 1925.

But during the ten years of passing of the Act of 1904 the movement had grown considerably and Government thought it expedient to take stock. They appointed a Committee to inquire into and report on the working of the societies, under Mr. Maclagan. The well considered findings and recommendations of their report have served as beacon light to workers in the co-operative field.

After their report was out co-operation became a transferred subject in the hands of popular ministers in the Provincial Government under the Reforms of 1919. Under this order of things the Governments of Bombay, Burma and Madras passed their own Acts to suit their own requirements. In other provinces still the Act of 1912 continues to operate. Thus the Government of Bombay passed their own Act VII of 1925 entitled the "Bombay Co-operative Societies Act." This new Act is a decided improvement on its predecessors, as it incorporates in its sections some important recommendations of the various conferences of the Registrars and of the non-official co-operators of the Provinces held during the interval. This new Act No. VII of 1925 has endeavoured to deofficialise the movement to a great extent, as it grants greater recognition to the Provincial Co-operative Institute. It introduces a

new classification of societies according to the purposes for which they are formed. Under it, societies are classified as (1) Resource (2) Producer's (3) Consumer's (4) Housing and (5) General. The Act also made the objects of the movement still wider by enlarging the scope thereof to all acts conducing to "Better Living, Better Business and Better methods of production."

We shall now endeavour to study how the co-operative movement in the Surat District grew during the intervals of the passing of the three Acts one after the other, and how its progress was influenced by them. The history of the movement may, therefore, be studied in three periods of:—

(1) from 1904 to 1912, (2) from 1912 to 1925 and (3) from 1925 to 1934.

The development till 1912 was not much as has been described previously. It is after 1912 that the growth was more rapid in all directions. But before studying the same it is essential to get some idea of the fundamental principles underlying the constitution of a village co-operative credit society, the primary unit of the whole credit movement. In order to have uniformity in working, Government have prepared model bye-laws for the use of a rural credit society and the same have been drafted on the Raiffeisen Model, i.e. the village Bank of Germany.

Raiffeisen Model.

The Raiffeisen type of a village co-operative credit society is a small bank, with its area of operation generally limited to a single village or a group of neighbouring-villages within a small radius and the number of membership restricted to one hundred. These two restrictions considerably help the smooth working of the society based on the Raiffeisen Model. The success of the Raiffeisen Society depends on the mutual knowledge and the personal honesty of its members. The rules which regulate its operations are the following:—

(1) Loans are made to members only, (2) They must be made for productive purposes, (3) Repayments, whether in one or more instalments, must be punctual, (4) The liability of members for the debts of the society must be unlimited, (5) Profit is undivided and indivisible, (6) Deposits derived from the thrift of members are accepted and encouraged, (7) The Officers of the society work without remuneration and (8) The constitution is democratic.

Having described the Raiffeisen Model, it would now be proper to describe the growth and development of the village co-operative credit societies, for the two periods of 1912 to 1925 and 1925 to 1934 in all their aspects to find out how far they have worked on the Raiffeisen Model, what have been the defects in their working and what can be done at the end of nearly 28 years to remedy them, so that the non-official workers who have devoted their time and energy for the cause of the movement may be enabled to judge whether all that they did for the movement have borne some fruit or have all gone in vain.

Let us now endeavour to investigate into the growth and development of the societies of this District in their different aspects especially as regards their working, to see how they emerge from the tests of Raiffeisen Model when applied to them.

**Growth of the Agricultural Co-operative Credit Societies in the Surat District
from 1912-13 to 1924-25.**

1	2	3	4	5	6	7	8	9	10	11	12	13
Year.	No. of Soc.	No. of Mem.	Mem.'s deposits.	Non. Mem.'s deposits.	Reserve fund.	Share capital.	Loans from societies & Central Bank's.	Lending to Members.	Overdues.	p. c. of overdues.	Working capital.	Average of one member's indebtedness. to the Socy.
1912-13	60	3,188	1,10,175	11,469	15,010	...	1,03,838	2,62,380	...	...	2,83,712	82
1913-14	68	3,639	75,851	65,538	22,544	...	1,28,666	2,99,614	...	...	3,31,629	82
1914-15	83	4,232	75,542	81,555	30,213	...	1,66,871	3,48,802	29,664	8.5	3,90,334	82
1915-16	87	4,911	55,136	64,350	38,308	...	1,64,923	3,08,929	68,332	22.1	3,57,534	62
1916-17	99	5,120	45,665	75,774	36,909	...	1,80,014	3,40,667	57,011	17.3	3,66,764	66
1917-18	113	5,610	49,655	87,043	39,312	...	1,84,703	3,52,368	27,392	7.7	3,87,074	62
1918-19	123	6,074	58,687	1,19,865	51,001	...	1,88,686	3,94,386	19,965	5.0	4,45,878	64
1919-20	136	7,666	73,773	1,91,803	63,607	...	2,38,780	5,36,823	22,832	4.2	5,93,433	70
1920-21	138	7,997	81,650	1,95,335	66,480	...	2,32,175	5,62,603	1,43,722	25.5	5,97,741	73
1921-22	139	8,415	99,889	1,69,419	79,392	...	2,77,801	6,19,891	70,417	11.3	6,50,812	73
1922-23	134	8,364	1,05,756	1,87,753	85,737	...	2,64,021	6,06,695	1,98,709	32.7	6,63,619	72
1923-24	138	8,312	1,22,611	1,72,297	90,694	...	2,10,132	5,25,311	1,21,620	23.1	6,12,074	63
1924-25	144	8,254	1,22,380	2,31,508	1,09,762	...	3,16,062	7,11,822	92,350	12.9	7,92,633	86

Development from 1912-1925.

From the figures given Vide page 10 it will be seen that during this period there has been a steady rise all round, in the number of societies, as well as in the number of membership, both of them increasing by about 150%. The Reserve Funds, Non-Member's Deposits and Bank Loans, have also increased which means that the working Capital has also increased in the same proportions. The owned Capital of societies, however, has not increased in the same proportion mainly due to the fact that Members' deposits have not kept pace with the increase in the number of membership. These members' deposits are compulsory deductions of 5 or 10 % of their borrowings, on which they get interest at the rate of $6\frac{1}{2}$ % while they have to pay $9\frac{3}{4}$ % on their borrowings. That naturally tends to create unwillingness on the part of the members to pay up their dues in full and borrow again, for if they only pay up the interest and not return the loan, they would not be obliged to make compulsory deposits from year to year on their borrowings. The reluctance of the members to pay up the principal on account of the reason aforesaid has naturally led to the increase of overdues which went up as high as 32.7 % in the year 1922-23. The same reason is responsible for the fact that the societies have not been self-reliant and have still to go in for external borrowings. The members' deposits should have taken the place of the Bank Loans and Non-Members' deposits, if the principal and interest had been regularly repaid every year and fresh loans borrowed. The average indebtedness of a member to the society has during the period varied between Rs. 62 to Rs. 86 per head, but it is difficult to attribute that to any particular cause. Mutual knowledge of members and personal integrity are the very first essentials of success, in the Raiffeisen Model, but the latter was largely absent in a great number of societies that have wholly or partially failed. The principle of advancing loans for productive purposes only, has not been followed even in theory, loans for unproductive purposes being also allowed by departmental rules. Besides, cases are not found wanting where money is borrowed for productive purposes on paper, but is used for unproductive purposes in practice. Voluntary deposits have been rare, and although with the object of increasing owned capital, a system of compulsory deposits or share-capital has been introduced, but as stated above it has not met with the expected success as people are reluctant to act up to it. That has, as observed above, tended to increase overdues. The Office-bearers of the rural credit societies are, no doubt honorary, except the secretary who is paid a small remuneration for his services. But the services of office-bearers though honorary in a sense are rendered with motives of indirect gain of getting finance either for

themselves or for their friends or relatives. Thus broadly speaking, though some of the fundamentals of the success of the Raiffeisen Model are followed in our rural credit societies they are not followed in the true spirit in which they should have been. Other essentials of the Raiffeisen Model are more often violated than followed, with the result that although the credit societies have brought to the agriculturists a certain measure of relief so far as the burden of interest is concerned, they have not been the success they were expected to be.

The main obstacle to progress on the right lines is the general ignorance and the prevailing illiteracy of the people. They were new to the new democratic method of managing their own affairs impartially and honestly. Often were they led into giving loans to undeserving people because of friendship or relationship. They were found slack in making recoveries on due dates with the result that in or about the year 1920 the overdues grew to an unduly heavy percentage of 25.5. It seems that about that time recovery by coercive processes made its appearance and some societies had to be taken into liquidation. That set both the Official and the Non-Official leaders of the movement a-thinking. It was found imperatively necessary that systematic steps should be taken to carry on propaganda about co-operative principles and also impart training in the practice of co-operation in order to secure effective results. The Bombay Provincial Co-operative Institute was started in the year 1918 and the District Branch of the same was started in Surat in the year 1924. Supervision, Propaganda and Education, were the three essential functions of the Provincial Co-operative Institute. When the Surat Branch was started it began to discharge these functions of the Institute by holding conferences and public lectures, and by holding training classes for members of the managing committees. Although these training classes, conferences and public lectures did go a great way towards spreading knowledge of the principles and practice of co-operation the results were not as good as they were expected to be. The secretaries of the co-operative societies were local men illpaid and indifferently educated and had not the necessary enthusiasm to work the societies with integrity and zeal. It was then thought that a system of a group-secretary for three or four villages within a small radius would be a better system, as it would be possible to pay a larger salary and to secure a better man thereby. Consequently a system of group-secretaries was introduced in a few villages. It was also thought by some that a rapid progress of the credit societies would be secured if the Burma system of Guaranteeing Unions was introduced in the Presidency. It was thought that Guaranteeing Unions would bring out men of great influence in the country who would work the institutions with interest if thereby better financial facilities would be secured. But it soon came to be realised that the

Guaranteeing Unions did not prove the success they were expected to be. The three Guaranteeing Unions that were started in the District, supervised the work of societies affiliated to them. The District and Taluka Honorary Organisers also did the same work and tendered advice and guidance in the work of management of societies. The Bank Inspector inspected societies off and on during the year and the Government auditors helped in correcting irregularities or mistakes in their work. Still the illiteracy and ignorance of the people came in the way of sound management and correct account keeping and it became day by day more clear that yet closer supervision was necessary to keep the societies going on the right lines. The Surat District Co-operative Bank Ltd., therefore, employed an extra inspector for the purpose in the year 1922. The Guaranteeing Unions, it was found, had failed in their purpose of supervision over the societies and attempts were made to introduce Supervising Unions in the District in place of the Guaranteeing Unions, which were more or less defunct by this time. Of the introduction, growth and work of the Supervising Unions we shall discuss in a separate chapter by itself. Supervision is one of the most potent causes of the success of the co-operative movement.

Notwithstanding all the shortcomings of the movement above referred to, it was not quite barren of results. One of the important results of the introduction of co-operative central banks and credit societies was the general lowering of the rate of interest at which agriculturists began to get their finance. The rural credit societies could borrow loans at rates of interest varying from 4 1/2 to 9 per cent and they in their turn lent money to their members at rates of interest varying from 9 3/6 to 12 1/2 per cent. The members of societies got a certain training in organisation and management of these institutions and the diffidence which agriculturists had hitherto felt in their power of undertaking anything beyond agricultural industry soon disappeared. Non-Credit Co-operative societies like cotton sale societies and urban co-operative credit societies also began to grow up. Their working will be examined in detail later on. Suffice it here to say that the progress of rural credit societies was general but not in any way remarkable and the Registrar felt that if they were to prosper as they should, a better system of supervision should be organised and it was in the year 1923 that he sent proposals to Central Financing Agencies including the Surat District Co-operative Bank to express their views on the bye-laws of the Supervising Unions which he contemplated to introduce. After reviewing the growth and development in this period we shall now turn to the period that followed.

**Growth of the Agricultural Co-operative Credit Societies in the Surat District
from 1925-26 to 1933-34.**

1	2	3	4	5	6	7	8	9	10	11	12	13
Year.	No. of Soc.	No. of Mem.	Member's deposits.	Non-Member's deposits.	Reserve Fund.	Share capital.	Loans from societies & Central Banks.	Lending to Members.	Overdues.	p. c. of overdues.	Working capital.	Average of one member's indebtedness to the society.
1925-26	147	8,448	1,41,115	2,57,310	1,20,728	...	3,72,920	8,30,077	43,101	5.1	9,05,644	98
1926-27	150	8,734	1,76,261	3,13,151	1,37,790	...	5,47,738	11,00,478	2,08,966	18.9	11,89,636	126
1927-28	155	9,046	1,93,114	3,12,115	1,42,101	...	6,12,905	11,61,429	3,41,569	29.4	12,70,535	128
1928-29	158	9,014	2,15,867	2,84,598	1,52,599	...	5,76,227	11,30,828	3,45,795	35.1	12,38,409	125
1929-30	160	8,889	2,30,086	2,78,262	1,68,844	1,788	5,32,733	10,96,707	4,71,426	42.9	12,18,517	123
1930-31	157	8,659	2,21,266	2,33,197	1,80,287	8,710	5,27,829	10,42,762	5,35,155	51.3	11,75,807	120
1931-32	150	8,294	2,30,752	2,11,332	1,93,097	7,754	5,15,543	10,58,450	4,47,064	42.2	11,61,574	127
1932-33	145	7,752	2,19,453	1,96,905	1,97,815	23,951	4,86,873	10,12,198	4,28,506	42.3	11,26,041	130
1933-34	144	7,487	2,09,838	1,70,905	2,02,579	26,668	3,92,629	8,99,404	4,55,132	50.6	10,04,562	120

Development from 1925 to 1934.

The statistical table published at Page 14 will show that the co-operative movement continued to grow during the first five years between 1925-26 to 1929-30. There was a marked improvement both in the number of societies, and in the amounts of members' deposits and the reserve fund. There was also an increase in the number of membership though the increase was not as marked as in the three items above mentioned. But the effects of hasty formation of societies and the easy way in which they were financed in the beginning began to appear and we find that the percentage of overdues went up to as high as 29.4 in the year 1927-28. It rose to 42.9 per cent in the year 1929-30 and the bad harvest of 1929 raised it to a yet higher figure namely 51.3 in 1930-31. Overdues had begun to appear in other parts of the Presidency even earlier than 1927-28 and Government had as early as 1926-27 been insisting on a policy of consolidation and rectification of societies rather than expansion. That policy was also rigorously followed in the Surat District with the result that bad societies were weeded out from year to year till the number was reduced to 144 in 1933-34. The Surat District Co-operative Bank adopted stringent measures to reduce the growing overdues and although they were considerably reduced in 1931-32 and 1932-33 yet the percentage of overdues again went up to 50.6 in 1933-34. As observed before, the overdues were to some extent due to the reluctance on the part of members of societies to pay up their dues in full in order to avoid the necessity of making compulsory deposits on fresh borrowings. To meet that evil Government in 1929-30 introduced the policy of having unlimited liability societies with share capital and it is satisfactory to note that the share capital rose from Rs. 1788 in 1929-30 to Rs. 26,668 in 1933-34. It was practically at the beginning of this period that the policy of an endeavour to go in for wholesale debt-redemption of a village was inaugurated by Government. Government desired that "this work of wholesale debt-redemption of a village should be undertaken in the case of older and well managed societies" and in pursuance of that policy the Surat District Co-operative Bank took up as an experimental measure debt-redemption of three village societies viz., Mahamadpore in Olpad Taluka and Daswada and Vatar in Pardi Taluka. It also followed the policy of an endeavour for total redemption of debts of some of the members of some selected societies such as Kathodra, Kareli, Mandroi, Anita, Varethi, Tukwada etc. Cautious and elaborate enquiries were made before the schemes of debt-redemption were matured, but as will be discussed later on, the experiments proved failures and that also tended to the growth of overdues in the societies. It will further be interesting to note that while in the first period of 1912-13 to 1924-25 the average indebtedness of a member of a rural credit society was Rs. 86/- in

the year 1924-25, it rose to Rs. 128/- in 1927-28 and it went as high as Rs. 130/- in 1932-33 and again came down to Rs. 120/- in the year that followed. Causes are not far to seek. 1929-30 was a year of frightful devastation of crops on account of falling of frost in the district; and that was followed by years of unduly low commodity prices which hit the agriculturists very hard. Strenuous efforts were made by the Bank to bring down the overdues. In order to have better inspection and better recoveries the Bank engaged the services of One Senior Inspector and two more Inspectors under him but the results were not as satisfactory as they should have been. One of the main causes of stagnation was demoralisation that had set in amongst members on account of the failure of office-bearers to pay up their dues which had swollen on account of one or other of the reasons above mentioned. Under the circumstances, they naturally were unable to effect recoveries. The Bank there upon moved the Registrar for the appointment of a Recovery Officer in the middle of 1931 and the appointment was made in November 1932. It may be stated here that the necessity for the appointment of a Recovery Officer was not due to any careless or easy finance in the District. That such a necessity arose at the end of 25 years owing to a succession of adverse circumstances as stated above is surely not a matter to be wondered at.

While discussing the causes that retarded the progress of agricultural societies on the right lines, the absence of impartial and honest men among the office-bearers of the rural societies was also pointed out. Several instances of such mismanagement and dishonest appropriations of money by the Secretary and the Chairman to their own use, came to light during the period. It is noteworthy that almost all the instances of such misconduct occurred in the Olpad Taluka of the Surat District. Solitary instances of such misconduct occurred in a village of Bardoli or of Mandvi and of Chorasi also. The 'Modus operandi' in most of such defalcations was either to debit moneys to the account of members without their knowledge or to omit to credit deposits received and appropriate them to their own use. That was feasible mostly in cases of ignorant and illiterate debtors. The offenders were brought to book promptly as soon as defalcations were discovered. People unfamiliar with the methods of work in such societies were then up in arms and began to condemn the movement in broad terms as 'a movement which afforded facilities to intelligent but dishonest men to profit at the expense of ignorant and illiterate agriculturists. But the fact that instances of such defalcations were rare in other talukas and that though instances were many in Olpad Taluka, yet they were so few when compared to the total number of societies in the Taluka and that they were so few in a period of about 20 years, shows that the movement was fairly well supervised. Discovery of such

**Statement showing the condition of the co-operative agricultural credit movement
in the Talukas of Surat District as on 31st March 1934.**

Taluka.	No. of villages.	Population. 1931	No. of societies.	No. of members.	Working capital Rs.	Members' deposits. Rs.	Share capital. Rs.	Reserve Fund. Rs.	Non-members deposits. Rs.	Loans from Societies & Bank loan. Rs.	Government loan. Rs.	Advances to Members. Rs.	Overdues. Rs.	Percentage of overdues.
Olpad ...	118	60,831	39	1,649	3,65,336	61,918	4,015	82,780	35,822	1,78,883	240	3,26,179	1,49,557	45
Choryasi...	74	1,61,261	9	572	1,04,604	20,223	2,928	23,725	46,909	10,709	...	92,022	63,446	68
Mandvi ...	139	57,662	26	1,452	1,51,937	35,382	599	34,755	8,535	72,663	...	1,39,273	1,14,012	81
Bardoli ...	123	73,580	11	624	54,809	13,741	...	8,486	13,302	19,280	...	45,513	24,540	54
Jalalpore...	94	84,759	4	138	14,514	8,002	...	2,955	2,481	1,076	...	12,796	4,981	38
Chikhli ...	64	74,178	20	1,316	1,56,848	27,848	14,760	26,663	44,735	42,842	...	1,46,897	30,731	20
Bulsar ...	95	1,04,114	21	1,136	88,421	33,447	493	13,713	17,268	23,500	...	77,939	38,974	50
Pardi ...	80	77,228	14	570	68,093	9,282	3,373	9,499	1,853	43,586	...	58,783	28,891	49
Total ...	787	6,93,612	144	7,487	10,04,562	2,09,838	26,668	2,02,579	1,70,905	3,92,629	240	8,99,404	4,55,132	50

instances still called forth measures for stricter and better supervision and methods were devised by which chances of such defalcations were minimised for the future.

To have more competent and better paid secretaries, the system of group secretaries was strengthened and more widely introduced, the Surat District Co-operative Bank undertaking to make good the deficit in the amounts of their salaries which was raised by the levy of a certain percentage on the working capital of societies.

To the same end of securing better management attempts were made to place a fixed number of societies under the supervision of a Union, four such Supervising Unions of Sonsek, Chikhli, Pardi and Olpad having been brought into existence during the period.

So far we have been describing the general features of the rural credit movement in the whole of the District during the three periods of 1906-1912, 1912-1925 and 1925-1934, but we think it would be useful as well as interesting to study and to find out how the rural credit movement developed in the different talukas of the District.

The figures given at page 10 show that a large number of societies were organised between the years 1909 and 1919; of the 39 existing societies in the Olpad Taluka, 35 were formed in that decade. Mandvi has 26 existing societies and 18 out of that number were formed in that period. Bulsar, Chikhli and Pardi have 21, 20 and 14 societies respectively now under registration of which 14, 14 and 8 were registered in that period. It seems that that was a period when the Department was keen on expansion and Hon. Organisers were being encouraged to form as many societies as they could. The decade that followed was a decade of consolidation and rectification, and very few societies were added. After 1930 the Department has been rigorously following a policy of restricting expansion, and we find only three new societies added in the Pardi Taluka, one Kaliparaj society at Umarsadi in 1930, and 2 other Kaliparaj societies in Koparli and Kocharva in 1934. The first was not a new society in any real sense of the term but the Umarsadi society was purged of its Ujaliparaj members who turned defaulters and brought the society practically into a moribund condition. It was revived into Umarsadi Kaliparaj Society for the benefit of the backward classes. The last two owe their existence to the sympathetic efforts of Sardar Khan Bahadur Bhiladwala in the cause of the people of the two villages.

Olpad Taluka

It may be remarked that formation of a large number of societies in Olpad and Mandvi Talukas was also due to the fact that these two poorer Talukas afforded a more fertile soil for the rapid growth of credit societies. But rapid as their growth was, decay of some of the societies was equally rapid and on inquiry we find that many societies had to be cancelled in the Olpad Taluka during the last 25 years; and though nemesis has not overtaken many societies in the Mandvi taluka hitherto, a large percentage thereof will also have to be closed down unless the Department takes prompt measures to help them by placing them under the charge of a Special Officer. A test of a normal healthy growth of the rural credit movement is to be found in the fact that the amount of their members' deposits and reserve fund at the end of 10 years should be large enough to meet their own current needs. But it is not so. Taking Rs. 300/- as an average member's need for his annual expenses the amount of his maximum borrowing limit, the average of members' deposits and the reserve fund in the Olpad Taluka hardly comes up to Rs. 88/- per member. Non-members' deposits in the Taluka also compare unfavourably with those in the other Talukas due more probably to its population being poorer than the same in other Talukas of the District. The overdues of 45% much less than the overdues in Choryasi, Mandvi, Bardoli, Bulsar and Pardi is perhaps due to the fact that there are two Supervising Unions in the Olpad Taluka. When we compare with 20% of overdues in Chikhli Taluka and 49% in Pardi Taluka where there are Supervising Unions as in Olpad Taluka, we cannot but help remarking that the work of the Supervising Union in Chikhli is more creditable than that in Pardi or Olpad. The smaller percentage of overdues in Olpad than in Pardi is probably due to the fact that there are 6 cotton sale societies in the Olpad Taluka who also cater for the agricultural needs of the members of the societies to get better prices for their cotton. The society at Sonsek with a membership of 94, working capital of Rs. 19175, reserve fund of Rs. 8531, members' deposits of Rs. 2749 and having no overdues is working well for the last many years under the personal supervision of Mr. Purshottam Ichchharam Patel the District Honorary Organiser.

Choryasi Taluka

The Choryasi Taluka shows very poor development. There are only 9 societies in 74 villages. The average of members' deposits and reserve fund works out at Rs. 76 per member and the overdues are 68%. Having regard to the fact that there are 4 cotton sale societies in the Taluka which

do the same sort of work for the agriculturist as the 6 societies in Olpad, their percentage of overdues should have been much less, but their supervision was neglected and they have been only recently coming in the fold of the Supervising Union. Another cause of the poor development of the credit movement in this Taluka is paucity of good and honest workers. Instances were found in some societies in the Taluka where mal-practices were committed by the members of the managing committees. The only noteworthy exception to the 9 societies of the Choryasi Taluka is the Rander Co-operative Credit Society which is one of the first four credit societies started in the District in the early period of the movement in the year 1907. It has been working well for the last 27 years. It has a membership of 195 and a working capital of Rs. 66041. It is working independently of the Central Bank by securing non-members' deposits on easier terms and that is due to its having been lucky in securing the services of good workers on its managing committee. It has succeeded in building up a reserve fund of Rs. 12087 and members' deposits of Rs. 15603. Satisfactory as the working of the society has been, it affords a very glaring instance of the necessity of carrying on an intensive propaganda about co-operative principles. The members of this society failed to realise the desirability of joining the Supervising Union till about 2 years ago.

Mandvi Taluka

Mandvi Taluka stands by itself. It has been mostly inhabited by ignorant and illiterate backward classes. So it is extremely difficult to find good local members of the managing committee or a secretary. In face of that difficulty most of the societies are placed in the hands of talatis as secretaries. They have managed to run the societies mostly with non-members' deposits. The total amount of Bank Loan was Rs. 72,663/- on 31-3-1934; but if the figures of loans advanced to Varethi, Tadkeswar, Bhatkol and Karanj societies amounting to about Rs. 55000/- were deducted out of it, it would appear how small is the financial help these societies get from the Bank. It is, we think, due to the fact that the talati secretaries prefer non-members' deposits to Bank loans as taking Bank loans was inviting stricter supervision on them, which the talati secretaries naturally dislike. The bulk of the members of the societies came from backward classes who naturally could not and did not take any intelligent interest in the working of the societies. As observed above, unless prompt measures are taken by the Department to place them under a Special Officer as in the Bhil Tract Societies of the Panchmahals, they will have to be cancelled very shortly. The societies in this tract can only hope to succeed if they make arrangements to take fully the place of the Shahukar in relation

to their Kaliparaj debtors, namely not only finance them for agricultural needs and supply their other needs in kind but also take their crops when harvested and sell the same for them and honestly give them credit for all that the crops realise.

Tarsada Society, the first to be started in the Mandvi Taluka in the year 1906 illustrates completely what we have been observing about the other societies in Mandvi Taluka. It is in charge of a group secretary for the last many years who has ceased to take any genuine interest in the movement as such, and has done nothing to develop it in the neighbourhood. At the end of 28 years its membership is 40, working capital Rs. 8961, members' deposits Rs. 2136, reserve fund Rs. 2731 and advances to members Rs. 8813.

The Central Financing Agency has no interest in it as it is worked on non-members' deposits. At the top of all these, there is no Supervising Union in the Taluka which can supervise the working of societies and guide members thereof in the right direction. Owing to the absence of any external guidance of that character and also due to the ignorance of their members, the societies are in a very bad plight and it is hoped that immediate steps would be taken to organise them on a better footing so that they may be a sort of help to backward communities inhabiting that Taluka. The average of members' deposits and reserve fund also stands at Rs. 47/- per member at the end of nearly 25 years which shows that the societies have not progressed well. The overdues in this taluka have gone upto 81% of the outstanding loans in 1933-34.

Bardoli Taluka.

Bardoli Taluka including Valod Mahal had in all 13 societies in 123 villages of which 2 namely those of Shapore-Nansad and Nakotha have been cancelled. Of the remaining 11 those at Puni and Sarbhon are under the management of intelligent Anavil Brahmins of the villages and have been doing well. They work independently of any financial aid from the Bank. Malekpore and Valod societies are mostly Mahomedan in their complexion and the rest are mainly composed of members of the Chodhara Caste. They are subject to the same weaknesses to which the Mandvi societies of the Kaliparaj tribes are subject. We cannot expect them to show any marked improvement in their working unless they are placed under the direct control and guidance of a Special Officer as the Bhil societies of the Panch Mahals. The Bank would like to see them placed under such guidance of a Special Officer for whose services the Bank has been urging the Department for the last two years. There is no Supervising Union in the Taluka for looking after these societies, nor is there any Honorary Taluka Organiser. They are inspected by the Bank

Inspector, once or twice during the year and by the Departmental Auditor at the time of his statutory annual audit. There is no doubt that the co-operative movement has not spread as widely as it should, in the Bardoli Taluka firstly because no real efforts were made to popularise the movement amongst the better classes of people of the Taluka and secondly because as they ordinarily get their finance quite as cheap if not cheaper from the Shahukars there has been no inducement to them to endeavour of their own accord to form co-operative credit societies. As we have been observing, societies were easily formed amongst needy people who were eager to seize the opportunities of getting cheap finance, even though most of them did not understand the principles of co-operation. It was on that account that some societies had to be cancelled as stated above and others have been more or less stagnant of late years. In order that the movement may thrive it is necessary that each society must have some depositors also amongst its members together with a large number of borrowers. In organising societies in future, it is advisable to work up for such safe-guard. Another reason why the movement has not spread as it should in the Bardoli Taluka is that no attempt has been made to organise societies of the better class of farmers which are to be found in the Taluka, whose needs are greater, but who can only be expected to join societies which can cater for their wants as cheaply as the Shahukars of the village or of the Taluka town. Another promising field of advance of co-operative movement in this Taluka is the formation of cotton sale societies which people have now been alive to organise.

As can be expected from the general condition of the movement in the Taluka described above the average per member of reserve fund and members' deposits works out at Rs. 35/- and the percentage of overdues stands at 54.

Jalalpure Taluka.

Jalalpure Taluka has only 4 societies out of 94 villages. Their working capital is Rs. 14514/- and the overdue is 38%. This is mostly due to the fact that Jalalpure has been neglected by the co-operative workers. The District Bank however has opened a Branch in that Taluka since February 1933 and it is satisfactory to note that the Branch has been doing well by way of receiving deposits. The essence of co-operation lies in seeing that peoples' money is used by peoples' representatives for the benefit of the people and it is up to the Bank, now that it has opened a Branch in the Jalalpure Taluka, that it should make the very best endeavours to spread the movement as far as possible. The success of the Branch in such a short time is due to the fact that a fairly large number of the inhabitants of the Taluka go out of India overseas, for business and are fairly well off. They have got

the banking habit and do require the Bank's assistance for cashing their remittances. It is a matter of regret that the cotton sale society at Munsad has not succeeded. That is due to the powerful influence of cotton merchants who are money-lenders. The average per member of members' deposits and reserve fund comes to Rs. 79/-.

Chikhli Taluka

Chikhli Taluka has 20 societies in 64 villages. Very nearly half of that number consists of members of the backward classes. Notwithstanding that fact the Chikhli Taluka has by far the most satisfactory results and its overdue percentage is only 20 being lowest in the whole District. That is mainly due to the activities of a Supervising Union. The total working capital is Rs. 1,56,848/- and the average per member of members' deposits and reserve fund works out at Rs. 40/-. Degam Society in this Taluka has the honour of being the first society to be registered in the District and has 178 members on its register, its working capital is Rs. 51191/- and reserve fund Rs. 12482/- It can legitimately pride itself on being able to attract members' and non-members' deposits at very low rates of interest. That is due to the fact that it has on its managing committee educated and enthusiastic workers. Of late, however, there appeared seeds of disintegration and it is hoped that the influential members amongst them will endeavour to remove any causes for deterioration. Under the guidance of the energetic Chairman of the Supervising Union Mr. Vasanji Khandubhai the Taluka has got a rice sale society over and above one cotton sale society started 2 years ago. There are 2 more cotton sale societies in the Taluka doing fairly well. Rice is one of the principal food crops of the Taluka and therefore if the members of the rice-sale society succeed in growing the most suitable kind of seed, and thus produce a better and richer quality of rice it will materially help them financially. The Taluka offers a very good field for starting a Purchase and Sale Union and it is hoped that co-operative workers in the Taluka will do so at as early a date as possible. There is a fairly large number of good workers and we only refrain from mentioning some of them lest we may thereby make individual distinction.

Bulsar Taluka

Bulsar can easily claim to be one of the progressive Talukas of the District but looking to the figures of the movement the results in that Taluka are rather disappointing. There are 21 societies out of 95 villages of the original Bulsar Taluka. The working capital is only Rs. 88,421/- with a membership of 1136. The average per member of the members' deposits and

reserve fund is Rs. 41/-. The agricultural conditions of Bulsar and Chikhli are not dissimilar, and perhaps Bulsar is more advanced in point of literacy, and yet figures of Bulsar Taluka compare very unfavourably with those of Chikhli Taluka. An overdue of 50% is certainly scandalous but that is perhaps due to the evil influence of some of the clever members of the managing committee.

Men competent to pronounce opinion on this deplorable condition of the societies in that Taluka, are of opinion that it is due to over-finance in the earlier stages of the societies and subsequent bad management. Of the 21 societies 5 are in class C and 2 in class D; and although 2 of them namely Uhharwada Bhatel-Falia and Gorgam are in class B according to empirical standard of classification of the Department they are as bad as the C and the D class societies. Most of these 14 societies in class B are practically on the verge of cancellation. Atgam with a membership of 229, working capital of Rs. 39593, reserve fund of Rs. 3993 and members' deposits of Rs. 12854/- and having no overdues is the only society in the Taluka which has been doing good work for the last 17 years under the guidance of its Chairman Mr. Manibhai Haribhai who was once a Taluka Honorary Organiser. Members of a large number of these societies are Kaliparaj illiterate people and they have not been able to free themselves from the clutches of their Shahukars. In fact after the societies were formed no regular efforts have been made to keep them on the right track. There was a time when good co-operative work counted towards good service done by the Revenue Officers. It is not so now. Non-official workers were also then encouraged in their efforts in more ways than one. Their work received due recognition at the hands of Officers. That is not the case now. Over and above that, these societies were left without the guiding influence of a Supervising Union from the year 1930. Since then the deterioration has been more marked and rapid. The activities of the District Honorary Organiser are now restricted on account of financial stringency, and unless Government are prepared to spend more and do more for these hopeless people, there is no chance for these societies to improve.

Pardi Taluka

Pardi Taluka has now 14 societies in 80 villages of the Taluka. About 5 or 6, have been already cancelled. The average per member of the members' deposits and reserve fund comes to Rs. 32/- and the overdue percentage is 52. The societies in this Taluka are also in a bad way for very nearly the same causes as in Bulsar. People are ignorant and poor and they are

more hopelessly in the hands of the Shahukars. During the years of the war and thereafter owing to rise in prices of grass and babul wood, the Taluka showed marks of temporary prosperity, but the land is poor and unless systematic efforts are made to introduce horticulture in the Taluka there is no hope for immediate improvement. Sugar-cane is one of the principal crops of the Taluka, but the income from molasses is not satisfactory and attempts should be made to manufacture sugar, in order to improve the lot of the agriculturists there. Dishonesty is often found to be a handmaid of poverty and we find that the people of this Taluka are in no way remarkable for integrity. When the Government recommended the policy of a wholesale debt-redemption of a selected village or villages in the District, the Surat District Co-operative Bank selected two of its villages namely Vatar and Daswada for experiments in that direction. Inquiries were made into the economic condition of the inhabitants of the villages by the Bank Inspectors and also by the Directors of the Bank separately. The replies elicited at the inquiries were so divergent that implicit reliance could not be placed on them and steps were taken most cautiously for trying the experiment. It was thought advisable to go in for wholesale redemption of all debts declared on the mortgage of all their immoveable properties in order that they would cease to command any more credit and the Bank's money would be secured, but it was soon found that they still continued to deal with the Shahukar who gave them credit on their assurance that they would be able to secure the crops in satisfaction of their debts. The condition of societies both at Daswada and Vatar is extremely bad; Vatar may be slightly better than Daswada. The members of these societies have not learnt their moral duty of paying the Bank its dues first. In spite of all that, the movement has no doubt reduced the average rate of interest in the Taluka.

Sukhesh society in this Taluka was one of the first four societies started in the District and was the first in the Taluka. It showed some activity during the time of its pioneer and Chairman Bawabhai Lallubhai and became a member of the Sukhesh Guaranteeing Union when that Union was formed. It is now a member of the Pardi Taluka Co-operative Supervising Union. What meagre progress it has made can easily be seen from the fact that at the end of 27 years its members' deposits are Rs. 1126/- and reserve fund Rs. 4484/- only. It has been stagnant for the last many years, and does only nominal lending now. Its membership is only 52 and working capital Rs. 6070/-.

Conclusion

To sum up, the results of our study of the figures of progress during the last 28 years of the movement cannot be said to be very encouraging. Out of the 176 existing registered societies 32 are now under liquidation and some more are on the verge of cancellation. The total liabilities of these 32 societies in liquidation are Rs. 75,243/- while the dues from members amount to Rs. 87,290/-. The amount of debt to be recovered under awards on '31-3-34 was Rs. 2,35,449/-. The various causes and factors that led to this state of affairs have been discussed already; but that would have been avoided if there had been more constant and watchful supervision, but it is not right to say that the movement has failed. That it should have succeeded so far against such odds and adverse circumstances of illiteracy and ignorance shows its unbounded potentialities. The distinct advantage it has certainly to its credit is that people have been getting agricultural finance at a lower rate of interest than what they ever got before. The Shabukar has been obliged to reduce his rate of interest also. He has also learnt to be more circumspect in his dealings with the farmers. With constant efforts and continued supervision accompanied by propaganda, we can look forward to an era of progress ahead. What is necessary is the number of well-trained and enthusiastic workers interested in Rural Uplift work and money cannot be spent better than in training such people.

In the following chapter we shall now examine the origin growth and development of the Central Financing Agency of the District viz. the Surat District Co-operative Bank Ltd. the centre of various co-operative activities of the District.





The Late Khan Bahadur BAMANJI EDALJI MODI,
A Promoter of the Bank and its Director & first Chairman from 1909 to 1914.

CHAPTER II.

(The Surat District Co-operative Bank Ltd.)

Origin.

We have seen in the last chapter that upto the end of the year 1909, 11 agricultural co-operative credit societies had been formed in the whole of the Surat District. 638 members had joined these societies and the total amount of loans advanced to them had gone upto Rs. 23933/-. Of this amount Rs. 13969/- came from members' deposits, Rs. 760/- from their reserve funds and Rs. 7250/- were loans from Government. The balance of Rs. 1954/- was made up of loans from other societies and a few miscellaneous items. The number of members of rural co-operative societies in the whole Presidency was 7046 spread over 123 societies. The amount of loans advanced to them came to Rs. 2,67,456/- received from following sources :—

1. Members' deposits.	142070
2. Reserve Fund.	13289
3. Loans from Government.	88767
4. Loans from other societies.	26519
5. Non-members' deposits.	8101

It was thus soon clear to Government that unless they were prepared to find ever increasing sums of money from year to year to help the agricultural co-operative societies even so far as their annual agricultural needs were concerned, other ways of finding the necessary finance should be found. The rural societies had not been able to attract sufficient non-members' deposits in the District and comparatively an insignificant percentage even in the Presidency. That was mainly due to the fact that depositors were not inclined to place any very great confidence in the management of the people in the rural areas, and it was thought that if a central financing agency were established in the headquarters of a District under the management of well educated and influential public spirited citizens of the city, it would be easy to attract deposits from urban areas to such a Bank which would only be lending money to registered societies with unlimited liability. A movement was, therefore, set on foot in the year 1908 for starting such institutions in District towns, as it was found absolutely necessary to do so if the co-operative movement was to spread in the Presidency for the benefit of poor agriculturists and other men of limited means. At that time, Khan Bahadur Bamanji Edalji, Modi Retired District Deputy Collector and Rao Bahadur Khandubhai Gulabbhai

Desai Retired Executive Presidency Engineer who since his retirement in the year 1906 had actively engaged himself in all movements that tended to the public welfare, were approached and they took up the question seriously and decided to convene a public meeting of the citizens of Surat for the establishment of a Co-operative Central Financing Agency in Surat for financing both co-operative rural and urban societies in the District. They issued a public appeal for that purpose on 15th October 1908, over the signatures of 41 other leading citizens of Surat and a public meeting was convened on 29th. October 1908, in Rao Bahadur Naginchand Jhaverchand Institute Hall. The meeting was presided over by Mr. A. R. Bonus the then Collector of Surat and was very largely attended. The Government Auditor and the Honorary Organizer explained to the meeting in detail the benefits and the necessity of starting a Co-operative Central Financing Agency and further explained the objects which such an institution was intended to serve. After the objects of the Union were explained, Rao Bahadur Khandubhai Gulabbhai Desai proposed and Mr. Chunilal Maneklal Gandhi seconded the following resolution which was carried unanimously :—

“That a Union called the Surat District Co-operative Union (Urban) Ltd. be established”. A further resolution was also passed appointing a provisional committee of 15 persons with power to add to their number for taking all necessary steps to get the Union registered under the Co-operative Societies Act of 1904. The meeting was dissolved after the usual formalities of thanks giving etc. were gone through.

The Provisional Committee considered the draft byelaws on 5th Nov. 1908 and decided to submit to the Registrar the application for registration together with the bye-laws adopted at that meeting. 23 persons signed the first application, and forwarded the same to the Registrar on the 5th February 1909 for registering the society. The Registrar by his letter No. 175/2 of 1909 registered the Surat District Co-operative Urban Union Ltd., on 17th June 1909 with an authorised share capital of Rs. 200,000/- divided into 10000 shares of Rs. 20 each.

Thus the Surat District Co-operative Urban Union Ltd., came into existence in the year 1909 which in the fulness of time later on developed into the Surat District Co-operative Bank Ltd. The Union was started with the following objects:—

(1) To encourage agricultural and industrial pursuits in the District and to find money for helping them. It was further decided that the funds of the Union shall be utilised for the following purposes:—



The Late Rao Bahadur KHANDUBHAI G. DESAI, L.C.E.,
*A Promoter of the Bank, its Director from 1909 to 1916 and
its Second Chairman from 1915 to 1916.*

(a) To advance loans to members of the Union as well as to the other registered co-operative societies.

(b) To develop and revive industries of the Surat District and to lend moneys to societies founded for the purpose.

(c) To open and to maintain stores in order that people may easily get all kinds of goods they require.

The first general meeting was convened on 11th July 1909 for adopting the byelaws of the Union as amended by the Registrar and for appointing a committee of management for the year. That meeting had to be postponed to 18th July 1909 for want of quorum, but on the date of the adjourned meeting viz 18th July 1909, 16 out of 23 promoters attended it. The bye-laws as amended by the Registrar were unanimously adopted and a committee of 15 persons was appointed to carry on the business of the Union for one year with two smaller sub-committees to look after the day-to-day work of the Union. 30 persons were admitted as members, 239 shares of the aggregate value of Rs. 4780/- were allotted to 21 members who had already paid up their application and allotment money. A very hopeful beginning was thus made. On 26th July 1909 the first meeting of the managing committee was held and Khan Bahadur Bamanji Modi was appointed the first Chairman of the Union and Rao Bahadur Khandubhai Desai as its first Honorary Manager. It was resolved to accept Savings Bank deposits at 3½ p. c. as well as fixed deposits for one year at 4½%. It was further resolved to advance a loan upto Rs. 1000/- to Degam society in Chikhili Taluka which was the first to be started in the District, at 6½% per annum and a loan upto Rs. 1000/- to the Kaira society at 6½%.

Let us now turn to consider the constitution of the Bank and how it was developed later on. We shall also discuss and examine how the bye-laws came to be modified from time to time to suit the varying conditions and in order to make the Union approach a truer type of a central financing agency in consonance with true co-operative principles.

Constitution of the Bank and its Executive Committees.

When the Surat District Co-operative Urban Union Ltd. was started in 1909, the membership of the Union was confined to individual members only. Members subscribing to a share of the face value of Rs. 20/- of which Rs. 5/- had to be paid with application and Rs. 5/- more on allotment were admitted to the membership of the Union, if approved by the Managing Committee. All these members had a right to attend the business of the

Union transacted at its annual and other general meetings. The work was done by votes of the majority of the members present, members having also a right to appear and vote by proxy. A member had one vote so long as he held 24 shares, but one who had 25 or more shares had a right of giving two votes in the decision of the work before the general meeting. The duties of the annual general meetings, which were generally held in the month of July every year, were (1) To appoint office-bearers of the Union for the next year and (2) To pass the balance-sheet and the accounts of the previous year thereof, and (3) To transact any other business which may be allowed to be brought before the meeting by the presiding authority. At any other general meeting which was called extraordinary general meeting, such business was transacted as was stated in the notice convening the meeting.

Thus practically the whole of the day-to-day work of the Union was carried on by a Managing Committee which consisted of a Chairman and 7 or more other members. It was also competent to the general meeting to appoint one or more sub-committees if required for the business of the Union. All the members of the Managing Committee had to retire every year but they were all eligible for re-election. Things went on like this for about 4 years, when it was found advisable to take on the Board of Management, representatives of the member-societies in order that representatives of rural areas may get experience of the practical working of a central financing agency. Three were thus taken up on the Managing Committee in or about the year 1912, and the amended bye-laws of 1913 gave it a legal recognition.

The above were the principal features of the constitution of the Union and its committees till the year 1913 when the word "Urban" in the style of the Surat District Co-operative Urban Union Ltd. came to be dropped and the Union came to be known as "The Surat District Co-operative Union Ltd". Why the word "Urban" was omitted is not clear on any of the records of the Bank. It is perhaps due to the fact that in that year the distinction between the rural and urban societies came to be dropped in favour of agricultural and non-agricultural societies, and therefore, the word "Urban" was dropped to do away with the distinction which existed upto that time between rural and urban societies.

The most important change in the constitution of the Managing Committee of the Union, however, was the enlargement of the body. It was provided by the amended bye-laws that the Managing Committee should consist of a Chairman and 12 or more other members, three of whom should be representatives of rural societies affiliated to the Union. In pursuance of that resolution the Managing Committee was in that year enlarged to 15

members consisting of a Chairman, 3 members representing the rural societies and 11 members representing individual members.

This constitution of the Managing Committee continued down to the year 1920-21 when the body was still further enlarged to 22 consisting of a Chairman, 6 representatives of the affiliated societies and 15 of the individual members.

In 1922-23, however, the number was reduced by one but it was increased by 4 in 1923-24, the representation of the agricultural societies being increased by 1 in that year. It was soon found that such a large Managing Committee was too expensive. The bye-laws were, therefore, again amended in that respect in the year 1925-26 when the Managing Committee which then came to be known as Board of Directors was reduced to 13 consisting of a Chairman, 6 representatives of the affiliated societies and 6 of the individual members. That constitution has been maintained until now, but in order that the affiliated societies may be duly represented by the several interests comprised therein, rules were made in the year 1930-31 whereby 2 Talukas of the District were given one representative each i. e. eight Talukas of the District had 4 representatives, the non-credit societies were given 1 and 1 was allotted to the urban societies. All these changes in the constitution of the Board of Management have been made with a view to encourage the representatives of the affiliated societies to take keener and more practical interest in the affairs of the Bank and also with a view to approximate it as nearly as possible to the type of a mixed Central Financing Agency where the societies affiliated and the individual members are equally represented. At the same time it may be pointed out that the share-capital of the individual members is three times the share-capital put in by the affiliated societies and the number of the individual members to member-societies is in the proportion of 7 to 1.

Bye-laws

Rules under the Co-operative Societies Act contemplate two kinds of bye-laws viz. (1) Those which all societies should adopt before they could be registered under the Co-operative Societies Act, & (2) Others which they may or may not adopt according to as they find them useful and necessary or otherwise. They are rules of conduct which a society lays down for the conduct of its office-bearers and its employees, and in order that a society may grow as a living organism its bye-laws have to be modified or altered or added to as exigencies of growth, development and progress require. A study of the changes in the bye-laws is, therefore, perhaps the most instructive study of the growth, development and progress of a society.

The Surat District Co-operative Urban Union Ltd. which as we have seen above, was afterwards turned into the Surat District Co-operative Union Ltd., and later on into the Surat District Co-operative Bank Ltd., has gone through 3 important stages of evolution when it modified or amended its bye-laws.

The bye-laws are a clear index of how the scope of the work of the Bank was enlarged from time to time. The objects of the Surat District Co-operative Urban Union Ltd. as previously discussed were to be a means of encouraging agriculture and industries of the District and to provide finance for the purpose. It was decided that the funds of the Union should be utilised in lending money to members of the society and to other co-operative registered societies, to lend money for the purpose, and to start co-operative stores in order that goods of all sorts may be readily available to the people.

In 1913 when the Surat District Co-operative Urban Union Ltd. was converted into the Surat District Co-operative Union Ltd., the objects thereof were largely amplified. The objects laid down in the bye-laws of the year were:—

(A) (1) To form co-operative societies in the District for the purpose of giving encouragement to agriculture and industries of the District, (2) To place such societies on a high level, (3) To affiliate them as members of the Union, and (4) To act as a balancing centre with regard to the funds of the societies.

(B) To determine the line of action which would conduce to the common interest of the Union and its affiliated societies, and to advise and help the and to promote their interest in every possible manner

(C) To raise working capital for the same.

As a corollary to carrying out these objects it was further provided by the said bye-laws that the funds of the society would be employed in (a) Lending money to the members of the Union and to the other registered co-operative societies, (b) To help in improving the handicrafts of the District and to lend money to societies started for the purpose, & (c) To start and maintain co-operative stores in order that people may easily get goods of all sorts.

In 1919 it was further provided that the Union should provide further facilities to its members by cashing hundies, cheques, dividend warrants &c. for them for a reasonable charge and by issuing cheques for them; in short the Union began practically to do all banking business from that year.

Yet the Bank was not allowed to receive current deposits and to allow its members to draw cheques on it. It was in the year 1921 that this system of receiving current deposits payable on demand and withdrawable by cheques was introduced. Then it could be said that the Bank began to do banking business in all its important branches.

The limit of loans to be advanced to individuals and societies fixed from time to time indicates how the system of lending progressed during the interval. When the Surat District Co-operative Urban Union Ltd., was started, its bye-laws authorised the Managing Committee to advance a sum not exceeding Rs. 1000/- to an individual. No such limit was fixed in the case of societies. In 1913 the bye-law in that respect was changed and while it retained the maximum limit of loans to be advanced to an individual at Rs. 1000/- it fixed the limit of lending in the case of a society to Rs. 6000/-. In 1914 the limits were increased in both cases. It was increased to Rs. 2000/- in the case of individuals and to Rs. 12000/- in the case of societies. In 1923 while the limit of lending to an individual on his personal security was retained at Rs. 2000/- it was increased to Rs. 5000/- provided that he was able to give guaranteed railway-shares or government securities for the loan. The limit was increased to Rs. 40,000/- in the case of societies which was rendered necessary because of the development of the co-operative cotton sale societies in the District which required considerable finance.

Three years later in the year 1926 was added to the list of railway-shares and government securities, first mortgage of immoveable property as a security for advancing Rs. 5000/- to an individual. The limit for advances to societies was abolished. In 1930 the limit of loans to be advanced to an individual was raised from Rs. 2000/- to Rs. 5000/- on his personal security with one or two approved sureties and upto Rs. 20,000/- on the security of government paper or guaranteed railway-shares or first mortgage of immoveable property and on security of agricultural and industrial produce.

As the work of the Bank increased, its meeting became more frequent, and more regular and the members of the Committee had to be deputed from time to time for Bank's business outside, for inspection of societies and making other inquiries. It was, therefore, thought proper to provide for travelling allowances to be given to them and that was done in the year 1923, and though members were thus compensated for out-of-pocket expenses for travelling etc. for coming to Surat to attend the Bank's meeting, or for going out on Bank's business, they still continued to do their work as office-bearers of the Bank in a spirit of sacrifice and service without receiving any remuneration or honorarium for their work till the year 1929. In the interval the Surat Peoples' Co-operative Bank Ltd., had introduced a system of paying fees for attendance, to its members of the Managing Committee. A general meeting of the Bank thereafter in the year 1929 decided to set apart Rs. 1,200/- every year for distribution as fees to the members in proportion to their attendance at the meetings of the Managing Committee. An honorarium was accordingly paid for three years from 1930-31, to 1932-33. In the year

1933-34 Mr. Purshotamdas I. Patel brought a resolution at a meeting of the Board of Directors for abolishing the system. The resolution was unananimously accepted by the Board of Directors and passed at the next general meeting of the Bank. Since then the system of paying fees to the Board of Directors has been discontinued and members of the Directors' Board have once again begun to do their work without any honorarium or remuneration. It is a matter of gratification to note that the Surat Peoples' Co-operative Bank Ltd., has also followed this Bank on this important question.

In the year 1925 it was realised that the bye-laws required overhauling in many particulars. Upto that year bye-laws of the Bank were framed, approved and registered in the vernacular language. Difficulties of interpretation were discovered from time to time and it was resolved to overhaul and recast the whole body of bye-laws in the English language. The bye-laws were passed in the year 1925 and got approved and registered in February 1926. The Surat District Co-operative Bank is at present working under these bye-laws amended and modified in a few particulars. The object of the new bye-laws was to consolidate and amend the old bye-laws as required to be amended in the light of past experience, and it was also to modify and add to the existing bye-laws so as to make them more in consonance with co-operative principles which had come to be recognised during the interval.

An ideal Central Co-operative Bank is a bank in which not only is the entire share-capital owned by its member-societies, but the management thereof lies in the hands of the representatives of the societies. In the infancy of the movement it was impossible even to think of it, for what with general illiteracy in rural societies and what with lack of banking experience, it was impossible to find men from amongst the members of the rural societies who would be able to satisfactorily discharge the functions of a Director of a Central Bank. As time went on, attempts were made to approximate that ideal as far as possible with due regard to sound management of the Bank. As seen before, in 1913-14 three representatives of member-societies were elected as representatives of the societies on the Managing Committee of the Bank. The total strength was 15 of which 12 members came from the individual members of the Bank. The number of representatives of the societies was increased from 3 to 5 in the year 1914-15 and was yet further increased to 7 in 1923-25. The number of members representing the individual members was also increased to 19 in that year. A committee of management of 26 members was soon found to be rather unwieldy and more expensive. The number was, therefore, reduced in the year 1925-26. The committee of management which then came to be known as Board of Directors consisted

of 6 representatives of member-societies and 6 of individual members. The Chairman was an additional 13th. member of the Board.

The representation of member-societies and individual members being now 50:50 is yet far in excess of the interest of the member-societies represented by their share of the share-capital and also their proportion of membership. It would neither be possible nor wise at this stage of the development of banking movement in the District to make any endeavour to reach the theoretical ideal, for functions of a Central Bank like the Surat District Co-operative Bank are far too complex to be satisfactorily handled by representatives of societies from rural areas, and in order that the Bank may continue to have the same confidence of capitalist depositors, an equal number of representatives of members from urban areas should continue to be on the Directors' Board to guide its deliberations. Experience having taught that representatives of societies from practically the same areas were turned to the Board of Directors from year to year, it was found expedient to frame rules in order to secure representation of different interests from different areas. The rules were framed by the Board of Directors and were approved by the Registrar in March 1932. Under these rules 6 representatives of societies are elected as under:—

One Representative of Urban Banks & societies.				
„ do	of Cotton sale & other non-credit societies.			
„ do	of Olpad & Chorasi Taluka rural credit societies.			
„ do	of Bardoli & Mandvi Taluka	do	do	do
„ do	of Chikhli & Jalalpure Taluka	do	do	do
„ do	of Bulsar & Pardi Taluka	do	do	do

The stability of the Board of Directors is as important as a proper representation of different interests from different areas in the constitution of the Board. Till 1925-26 all members of the Managing Committee retired, but all of them were eligible for re-election. No difficulty was experienced in the smooth working thereof either at election time or afterwards during the members' work on the Board; but experience from other parts of the country where at times the whole body of Directors was displaced by an entirely different Board of Directors on political grounds showed the necessity of restricting the number of members who should retire every year. Under the present constitution of the Board, $\frac{2}{3}$ of its members viz. 2 representatives of the societies and 2 representatives of the individual members retire every year by rotation, but they are eligible for re-election. This rule has the advantage of securing the stability of the constitution and also of securing the experience of at least $\frac{2}{3}$ of the old members.

Complaints have often been heard in our public life that while we have sufficient men in the fighting line there are none to take their place if they should disappear from the area of their activities by death or retirement or from any other cause. It was found advisable and necessary that at least there should be one man in training who can be trusted to take the place of the Chairman of the Board of Directors if he should die or retire or otherwise be unable to carry on his functions. In order to secure that end the Bank has modified its bye-laws from the year 1929-30 when one of the 12 members was elected a Vice-Chairman who is given all facilities to study the day to day administrative routine of the Bank.

From 1925-26 the Bank introduced a system of weekly audit by a private auditor. That is a second internal audit in addition to the only audit by the Departmental Auditor at the end of a year or more.

The usefulness of the audit by a government auditor in order to secure the confidence of the people must be acknowledged. But it must also be stated that audit being so many months far away from the daily operations of the Bank can hardly be considered to be effective for the purpose of promptly checking and finding out mistakes, if they should happen to creep in, and in case of Banks whose volume of work is large, it is very necessary that the work of the audit should be carried on as soon after a transaction as possible.

The Surat District Co-operative Urban Union Ltd., was started in the year 1909 with an authorised capital of Rs. 2,00,000/- divided into 10,000 shares of Rs. 20/- each. There was no limit then fixed as to the number of shares an individual or a member-society could hold. Holding of one share was the minimum requirement in case of both. The bye-law regarding holding of shares by an affiliated society was amended, and it was required to hold at least one share for every Rs. 400/- or fraction thereof borrowed by it. It was then thought that by thus compelling societies to purchase shares in proportion to the loan they borrowed, the interest of the societies in the share-capital of the Bank would increase rapidly. But a restriction was to be placed on this provision on account of circumstances which manifest themselves soon after.

Under the rules made by Government a limited liability society like the Bank cannot have outside borrowings of more than 8 times its paid up share-capital plus the reserve fund. As popular confidence in the Bank increased, deposits flowed in such large amounts that on more occasions than one, the '8 times' limit was exceeded. Moreover, the number of unissued shares on hand gradually dwindled down and unless and until the share-capital was increased, it was

not possible even to issue one share for every Rs. 400/- borrowed by a society. The Bank wanted to abolish the rule altogether. But the Registrar did not accept the proposal, and it was suggested that though he would not accede to the total abolition of the provision, he would have no objection to see the amount of loan per share increased. The amount was raised to Rs. 2000/- in 1931.

In order to obviate the difficulty which was felt, the bye-law was amended in August 1931 whereby the share-capital was raised from Rs. 2,00,000/- to 5,00,000 divided into 25000 shares of Rs. 20 each. In June 1933, thereafter, the Bank sought and obtained permission from the Registrar to issue further share-capital of Rs. 1,00,000/- at a premium of Rs. 4/- per share and later, on 6th June 1934 similar permission was obtained to issue an additional share-capital of Rs. 89,400/- at a premium of Rs. 5/- per share. 3750 shares of the face value of Rs. 75,000/- were, thereafter issued at a premium of Rs. 5/- per share. As the shares were oversubscribed, shares for Rs. 82,000/- were allotted. Now the authorised share-capital of the Bank is Rs. 5,00,000/- the amount of the subscribed and paid up share-capital being Rs. 3,45,840/-. In order to enable the Bank to profitably invest its growing working capital, the Registrar in the year 1933 allowed it to lend money on the security of gold and silver ornaments and on the security of certain approved shares of joint-stock companies.

Distribution of profits

The history of the Bank as regards declaration of dividend from year to year has been quite satisfactory. At the end of first 6 months it was able to declare a dividend of 1.875%. In the next year it declared a dividend of 6%, then a dividend of 6½% for three years running and a dividend of 7½% for the next 4 years viz. 1915-16 to 1918-19. There was a set back in the year 1919 to 6½% but from 1920-21 it again declared a dividend of 7½% upto the year 1923-24. In 1925-26 it decided that ordinarily it shall not declare a dividend of more than 7% on the share-capital after deducting 25% for the reserve fund out of its net profit. It further decided that the balance after payment of dividend at the rate of 7% per annum would be distributed as under:—

(1) 40% amongst the borrowers who have satisfactorily worked their overdraft accounts or that have punctually repaid their loans or instalments thereof on due dates in proportion to the interest recovered from them upto the end of the financial year.

(2) 20% to be set apart for co-operative propaganda.

(3) 30% to be distributed as bonus to share-holders and

(4) 10% as bonus to the staff.

That decision was embodied in the form of a bye-law in that year which was amended in the year 1928-29 as follows:—The percentage for propaganda work was reduced from 20 to 15 and the percentage of bonus to the staff was raised from 10 to 15. It was further provided that the dividend declared under the bye-law together with the additional dividend or bonus which may be given to them will not exceed 10% as provided for by section 38 of the Bombay Co-operative Societies Act. The provision for bonus to the staff was to ensure loyal and satisfactory work and in order that they may be induced to stick to the Bank and the service may not suffer on account of sudden change in the staff, the Bank made a bye-law in the year 1928-29 as follows:—

The Bank may aid a Provident Fund established and maintained by its permanent staff by such contributions from its funds or otherwise as may be provided by its rules passed by the Board of Directors and approved by the Registrar. The Bank now generally allows one month's salary to its staff as contribution to the Provident Fund which is in addition to the bonus which is given from time to time.

Side by side with the policy of making a more equitable distribution of profits between the borrowers and the depositors, the Bank has consistently followed the policy of reducing the rate of interest on loans advanced having due regard to the rates on which the Bank was able to secure deposits.—A study of bye-law on the rates of interest on lending and that on deposits will prove that conclusively. In the year 1909 the lending rate of the Bank was not less than 6½% when it paid 5% or less on fixed deposits and it gave 3½% on savings bank deposits. In 1917 the interest paid on fixed deposits had to be raised to 6% on account of war-time conditions. In 1921 current accounts were opened and the Bank paid interest at the rate of 2% on the current and 4% on the savings accounts. As time went on, it became increasingly clear year by year that such a rigidity of system, so far as rates of lending and borrowing were concerned, was detrimental to the growth of Bank's business when it had to compete with other financial institutions in the city. In the year 1926 the bye-law for charging interest on lending was modified as follows:—

“The rate of interest on loans shall be determined in each case by the Board of Directors subject to a minimum of 6½% and a maximum of 8% per annum. Individuals will be charged at least 1% more than the rate charged to societies.” This did induce a certain amount of elasticity but even in good cases where business demanded that having regard to the soundness of the societies with which the Bank was to deal, even if the Bank could afford to lend money at cheaper rates, the Board of Directors were helpless.

With regard to the rate of interest on deposits, the bye-law as amended in 1926 stood as under :—

The Board of Directors may frame rules subject to the directions of the general meeting regarding conditions on which deposits shall be accepted and paid back and regarding rates of interest for various kinds of deposits. This bye-law was also more elastic than its predecessors, but it circumscribed the action of the Board of Directors by directions given by the general meeting sometimes months before the actual time arrived for receiving particular kinds of deposits. It is not understood why in cases of banks conducted satisfactorily and on sound lines the power of fixing rate of interest should not be left to the discretion of the manager subject to the general supervision of the Chairman or the Vice-Chairman or a small committee. In all joint-stock banks subject to the general rules issued by the head-office even the agents in the branch-offices are allowed to exercise their discretion as to the rate of interest on which they would accept deposits and lend moneys, and if a Central Co-operative Bank has to maintain its position in the midst of competing joint-stock banks with considerably larger resources, it must be acknowledged that the time has come for the purpose of allowing a large amount of latitude to the manager of the bank subject to the supervision of the Chairman and a small committee of the Board of Directors.

It may be argued that some central control should exist for regulating the discretion of the Board of Directors in view of the fact that interest of agriculturists is involved in the working of a Central Bank. But it is submitted that in the case of Central Banks which have worked satisfactorily for years together there should be no room for such distrust and when the question of fixing the rate of interest is left to be determined by a small sub-committee consisting of members from the Board of Directors from time to time, there should be no room for doubt left as to the committee doing work properly in the interest of the agriculturist. The Board of Directors consists of members who are representatives of the rural societies as well as others who, though perhaps representing the urban areas, are men who have been devoting their time and energy with no small amount of sacrifice as they are actuated by a feeling of serving the agriculturist. Time has now arrived when a conference of Central Banks should discuss this question with a view to have a freedom of action in the matter, so far as sound policy would permit.

Development from 1909 to 1922

We have already reviewed briefly the constitutional development and growth of the Bank and have seen that the Bank has always been earnest in its endeavours to develop towards the goal of a true Central Co-operative

Bank. Greater and greater association of representatives of societies on the Board of Directors has been its aim in order that the ideal may be achieved : but the societies failed to come up to the expectations of the leaders of the movement in the matter of acquiring a larger percentage of the share-capital of the Bank. It is for that reason that the majority of the members of the Bank are individuals and they hold a major portion of the paid up share-capital.

We shall now turn our attention to the general working of the Bank from 1909 to 1922. We limit our present discussion to that period because upto 1923 the Bank had not introduced the policy of opening branches in the District. The first branch was opened at Bulsar in 1923 and so we shall discuss the growth of the Bank and its branches for the period 1923 to 1934 separately.

Membership, Share-Capital, and Working Capital.

Membership, share-capital and working capital of a banking institution generally indicate its popularity as well as its prosperity. The Surat District Co-operative Urban Union Ltd., was singularly lucky in that respect from its very commencement. At the end of the year 1909-10, there were only six central societies registered in the whole of the Bombay Presidency, which included amongst others the Bombay Urban Society Ltd., the Surat District Co-operative Urban Union Ltd. and the Broach Urban Society Ltd.

The following table gives a comparative view of the position of these three Central Financing Agencies with regard to membership, working capital & share-capital.

Name	Membership	Share-capital	Working capital
The Surat District Co-operative Urban Union Ltd.	82	Rs. 5875	Rs. 17630
The Broach Urban Society Ltd.	45	14400	14550
The Bombay Urban Society Ltd.	13	8600	11670

The Surat District Co-operative Urban Union Ltd., topped the six Central Financing Agencies in the amount of its working capital. Dharwar and Ahmednagar Central Financing Agencies had on their registers 1378 & 175 members respectively against 82 of the Surat Union.

The fact that the Surat District Co-operative Urban Union Ltd., attracted the largest amount of deposits and that it was able to lend money to outside societies of Kaira & Dharwar also proves that its first promoters Khan Bahadur Bamanji Modi & Rao Bahadur Khandubhai Desai were by their position in life and by their sound management able to inspire confidence in the public.

Membership, Share-capital, & Working Capital.

The following are the figures of membership, share-capital & working capital of the Surat Bank for the period 1909-10 to 1922-23 :—

Year.	MEMBERSHIP.			SHARE-CAPITAL.			Working Capital. Rs.
	Indivi- dual.	Society.	Total.	Indivi- dual. Rs.	Society. Rs.	Total. Rs.	
1909-10	82	nil	82	5875	nil	5875	17630
1910-11	114	nil	114	7320	nil	7320	32350
1911-12	130	nil	130	9780	nil	9780	53065
1912-13	160	nil	160	11070	nil	11070	79223
1913-14	185	18	203	18730	2940	21670	11978
1914-15	202	45	247	3890	5300	36190	131157
1915-16	208	55	263	33400	5660	39060	193154
1916-17	220	65	285	34680	6100	40780	146927
1917-18	236	80	316	37215	6560	43775	161108
1918-19	251	88	339	42370	6860	49230	211972
1919-20	261	101	362	44710	7240	51950	251134
1920-21	285	108	373	46010	10660	56670	280410
1921-22	279	117	396	48800	19660	68460	33354
1922-23	337	119	456	54120	21860	75980	558010

Membership

From these figures we find that, year after year, there has been a steady increase in the membership of the Bank both in respect of individuals as well as societies, their ratio being 2.8 : 1 approximately in 1922-23. The predominance, in numbers of individual members over society-members, was a factor common to all the Central Banks registered in the Presidency. In many cases the predominance in numbers was much higher than the same in this District.

Share-Capital and Working Capital

There has been a steadily growing rise in the working capital simultaneously with the increase in the share-capital upto the year 1917-18, but the increase in the working capital from 1918-19 to 1922-23 onwards, has been exceptionally great and in striking contrast to the growth in previous years.

While the share-capital has steadily increased from 1909-10 to 1922-23, the ratio of share-capital held by individual members to that held by societies, has at the end of 1922-23, stood at 2.4 : 1. The ratio between the share and working capital slightly differs from the ratio of membership in respect to individuals and societies in the same year.

The figures on page 42 will indicate the growth of the three Banks in respect of membership, share-capital and working capital during the period.

**Membership, Share-capital and Working capital of the three Banks from
1909-10 to 1922-23**

Year.	THE SURAT DISTRICT CO-OPERATIVE BANK LTD.			THE BROACH CO-OPERATIVE BANK LTD.			THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.		
	Member- ship.	Share- capital. Rs.	Working capital. Rs.	Member- ship.	Share- capital. Rs.	Working capital. Rs.	Member- ship.	Share- capital. Rs.	Working capital. Rs.
1909-10	82	5875	17630	45	14400	14550	13	8600	11670
1912-13	160	11070	79223	87	23000	67497	903	210000	1184452
1915-16	263	39060	133154	189	38930	90812	830	489649	1846736
1917-18	316	43775	161108	203	46100	113142	951	699805	3081773
1921-22	396	68460	363354	242	105300	331422	950	700000	6473998
1922-23	456	75980	558010	245	108100	446678	968	700000	8552911

The inference that one draws from a study of this table is that while the membership and the working capital of the Surat Bank have been throughout greater than, and in striking contrast with, those of the Breach Bank, the share-capital of the Surat Bank was, except in the year 1915-16, much lower. The Provincial Bank during the period, has advanced apace having regard to its peculiar position in all these respects.

Deposits

Development of deposits plays an important part in the growth of a banking institution. If a bank has only to depend on its permanent funds viz., its share-capital and reserve fund, it can never hope to make large profits. It is the growth of deposits which enables a bank to lend largely after providing necessary amounts required as fluid resources. Of the three types of deposits—current, savings and fixed—which a bank usually accepts, the Surat District Co-operative Urban Union Ltd. began by accepting only the second and the third. It was only in 1921, that a beginning of accepting current deposits from its members was made. The different kinds of customers and investors resort to any one of the three kinds of deposits mentioned above, according to the facilities which they get thereby, and therefore, banks receive these deposits at different rates of interest.

The following table gives the figures of deposits held by the Surat Bank at the end of each financial year during the period 1909-10 to 1922-23.

Year.	Fixed. Rs.	Savings. Rs.	Current. Rs.	Total. Rs.
1909-10	10715	1035	...	11750
1910-11	18883	6110	...	24993
1911-12	38245	4874	...	43119
1912-13	59445	8319	...	67764
1913-14	74033	15056	...	89089
1914-15	74627	17066	...	91693
1915-16	72429	19258	...	91687
1916-17	77470	25159	...	102629
1917-18	83003	25700	...	108703
1918-19	122129	31584	...	154113
1919-20	155391	32437	...	187828
1920-21	162107	38120	12156	212383
1921-22	196147	55557	33304	285008
1922-23	290714	92198	87607	470519

It only received fixed and savings deposits from the year 1909-10 to 1919-20, and from the above figures it will be observed that there has been an increase in both the types of deposits every year, although the

increase in the fixed deposits was greater in proportion than the increase in savings bank deposits. This was due to the rate of interest on fixed deposits being higher than the same on savings bank deposits. Naturally, investors of money should desire to earn larger amount of interest, and those who do not need to withdraw the same, during the period of one year, will prefer to invest the money in fixed deposits. In passing, it may be noted, that the fixed deposits which the Bank received were only for the term of a year. It did not receive any deposits for a longer term, as it was really not in need of any money of this type. It did not endeavour to get any more deposits which it would have easily done, if it had offered a slightly more lucrative rate of interest. The rise in deposits has been exceptionally great from the year 1917-18, both in the fixed and savings bank deposits, and when the system of receiving current deposits was introduced in 1920-21, they also increased in the same proportion.

The total deposits of the three Banks stand as under during the period of 1909-10 to 1922-23.

Year.	Surat Bank. Rs.	Broach Bank. Rs.	Provincial Bank. Rs
1909-10	11750	nil	1000
1912-13	67764	42828	998977
1915-16	91687	49103	1117629
1917-18	108703	62325	2027968
1920-21	212383	112380	3816611
1922-23	470519	328032	7480820

Thus, they show that there has been a steady increase in the deposits of all the three Banks—Surat, Broach and Bombay Provincial—during the period.

Out of the total deposits of Rs. 4,70,519 held by the Surat Bank at the end of 1922-23, Rs. 4,66,365 were from individuals and only Rs. 4154 from societies, i. e. for every deposit of rupee 1/- from societies, there were Rs. 1122/- as deposits from individuals. The ratio of deposits from individuals and from societies in the same year in the case of the Broach and the Provincial co-operative Banks being respectively in the proportion of 2.8 : 1 and 0.5 : 1. Thus,

N. B. Comparison is throughout made between the Surat, the Broach and the Bombay Provincial Co-operative Banks for obvious reasons. The Surat and the Broach Banks were started almost in the same year. They serve areas similar in circumstances, and there is no third bank in Gujarat, which can with any propriety be compared. The Bombay Provincial Co-operative Bank was also simultaneously started, and working in entirely different circumstances, affords a good test for comparison and contrast.

it is clear that in the Surat Bank deposits from individuals were preponderantly larger, while in the Provincial Bank deposits from societies were larger than those from individuals.

Lendings

It is no wonder that it should be so, for, from the time the credit of the Bank is established, deposits begin to flow in, even if the rates of interest on deposits offered by it may be lower than those offered by other competing banks in the locality; but in judging the worth of a co-operative bank, the fact that the bank is, or was, able to attract deposits at a lower rate does not count so much as the volume and extent of its lending business.

The District Central Banks were started primarily for collecting money from urban areas at cheap rates of interest, in order that they may utilise the same in financing rural societies at proportionately cheaper rates of interest. If, therefore, the lending side of a co-operative central bank does not develop as it should, the bank has necessarily to direct its attention for investing its funds outside the movement. It is, no doubt, true and proper that a bank should satisfy all the legitimate needs of farmers, but it should also finance with due care and caution, having regard to the safety of the money which it lends. If it should, however, find itself in a position in which it may not be able to lend all its funds in the movement, then it must necessarily explore other profitable objects of investment. In order to see, how far the Surat District Co-operative Bank has fulfilled its primary mission of finding cheap finance for the agriculturists, let us now turn our attention to a consideration of the figures of lending by the Bank to individuals and societies during the period under review.

The following are the figures of the Surat Bank for loans outstanding from individuals and societies from 1909-10 to 1922-23 :—

Year.	Total deposits. Rs.	Loans to individuals. Rs.	Loans to societies. Rs.	Total Loans. Rs.	Percentage of total deposits. lent
1909-10	11750	1200	14550	15750	100
1910-11	24993	8130	20250	28380	100
1911-12	43119	13239	32541	45780	100
1912-13	67764	19375	56900	76275	100
1913-14	89089	26440	76525	102965	100
1914-15	91693	27400	95850	123250	100
1915-16	91687	26328	88374	114702	100
1916-17	102629	20844	120232	141076	100
1917-18	108703	17874	131482	149356	100
1918-19	154113	13979	140300	154279	100
1919-20	187826	12011	205965	217976	100
1920-21	212383	12024	216572	228596	100
1921-22	285008	18373	295144	313517	100
1922-23	470519	34746	275684	310430	66

Advances to Societies and Individuals by the three Banks from 1909-10 to 1922-23.

Year.	The Surat District Co-operative Bank, Ltd.				The Broach Co-operative Bank, Ltd.				The Bombay Provincial Co-operative Bank, Ltd.			
	Lending to Societies. Rs.	Lending to individuals. Rs.	Total lending Rs.	Total deposits. lent. %	Lending to Societies. Rs.	Lending to individuals. Rs.	Total lending Rs.	Total deposits lent. %	Lending to Societies. Rs.	Lending to individuals. Rs.	Total lending Rs.	Total deposits lent. %
1909-10	14550	1200	15750	100	2000	10990	12990	100	11334	Nil	11334	100
1912-13	56900	19375	76275	100	33879	24774	58653	100	1161769	„	1161769	100
1915-16	88374	26328	114702	100	51222	24455	75677	100	1742418	„	1742418	100
1917-18	131482	17874	149356	100	77092	20132	97224	100	2282770	„	2982770	100
1920-21	216572	12024	228596	100	197886	4631	202517	100	4440488	„	4440488	100
1922-23	275684	34746	310430	66	150251	2581	152832	46	4185314	„	4885314	65

The figures of lending given on page 45 comprise lendings to purely agricultural societies in the District together with loans granted to societies outside the Surat District with the permission of the Registrar. Such loans outside the District were permitted for three or four years only, because in the beginning of the movement societies in the districts like Kaira, Dharwar, Bijapur and Satara could not raise sufficient funds for lending to their members. So the Surat District Co-operative Urban Union Ltd. was approached by the Auditors and the Registrar with a request to make advances to societies in those districts.

In passing, it may be noted, that during this period there were no agricultural non-credit societies like the cotton sale societies in the District, which came into existence after 1923. The figures also indicate that during these years, not only were all the deposits received by the Bank utilised in loans to societies, but even a portion of the paid-up share-capital was used for that purpose. The year 1922-23 was the exception in which only 66% of the deposits were used in loans to societies and individuals.

The Surat District Co-operative Urban Union Ltd. was started with the object of financing both individuals and societies, and therefore, in the beginning finance to individuals was given as freely as to societies. Later on, in compliance with the recommendations of the MacLagan Committee, the policy of Government was changed and such central societies were converted into Central Banks financing only registered societies, when in the year 1917 the Board of Directors also resolved to finance societies primarily and to restrict financing individuals so far as possible. So from 1917-18 downwards there was a fall in the amount of loans to individuals. In the year 1922-23, however, the amount rose to Rs. 34,746/-, but the percentage as compared to the total deposits was small. On the other hand, the number of societies began to increase and so the amount of lending to societies also increased in proportion.

The same can be said of all the three Banks which we have been comparing, viz., the Surat and the Broach Central Banks and the Bombay Provincial Bank. From figures on page 46 we find that the lendings of the three Banks have increased throughout the period down to the year 1920-21, and all the deposits secured by them were utilised in lending. It is only in the year 1922-23 that a portion of these deposits remained idle. The finance of the Surat Bank both in regard to societies and individuals has been greater than that of the Broach Bank throughout the period, while the growth of the Provincial Bank was so considerable during the period that there is no room for comparison between the Provincial and these two Central Banks.

The Surat Bank's finance to individuals and to societies formed 7.9% and 92.3% respectively of its total finance in the year 1909-10. The figures for

1922-23 show a percentage of 11.1 and 88.9 with regard to individuals and societies respectively, thereby showing a slight increase in percentage with regard to individual finance and a slight reduction in finance with regard to societies.

The Provincial Co-operative Bank throughout the period, lent moneys to societies only. So the whole of its finance was in respect of societies, while the percentages of finance of the Broach Bank in the year 1922-23 were 1.6 and 98.4 for individuals and societies respectively.

A comparison of the figures of the total working capital and the amounts lent to persons in the movement, practically reveals the same conclusion. From the table herein below sub-joined, we find that the percentage of working capital and the amounts lent between 1909-10 to 1922-23 largely varies between 86 and 92, thus showing that a large part of the working capital was used in the movement.

Working Capital of the Surat Bank used within the movement.

from 1909-10 to 1922-23.

Year.	Working capital. Rs.	Amount used in the movement. Rs.	Percentage used in the movement.	Percentage invested outside the movement.
1909-10	17630	15750	89.3	10.7
1910-11	32350	30900	95.5	4.5
1911-12	53065	45780	85.2	13.8
1912-13	79223	76275	96.2	3.8
1913-14	111978	102965	92.0	8.0
1914-15	131157	123250	93.9	6.1
1915-16	133154	114702	86.1	13.9
1916-17	146927	141076	96.0	4.0
1917-18	161108	149356	92.6	7.4
1918-19	211972	154279	72.7	27.3
1919-20	251134	217976	86.7	13.3
1920-21	280410	228596	91.0	9.0
1921-22	363354	313517	86.2	13.8
1922-23	558010	310430	55.6	44.4

But when the banking habit had developed amongst the people and when the Bank began to receive current deposits, the deposits that flowed into the Bank were so very large that the percentage of money used in the movement began to dwindle down from that year.

**Percentages of Working Capital of the three Banks used within the movement
from 1909-10 to 1922-23.**

Year.	SURAT BANK.			BROACH BANK.			PROVINCIAL BANK.		
	Working Capital. Rs.	P. C. used in the movement.	P. C. used outside the movement.	Working Capital. Rs.	P. C. used in the movement.	P. C. used outside the movement.	Working Capital. Rs.	P. C. used in the movement.	P. C. used outside the movement.
1909-10	17630	89.3	10.7	14550	89.2	10.8	11670	99.2	0.8
1912-13	79223	96.2	3.8	67497	89.8	10.2	1184452	98.0	2.0
1915-16	133154	86.1	13.9	90812	83.3	16.7	1846736	94.3	5.7
1917-18	161108	92.1	7.4	113142	85.9	14.1	8031773	98.3	1.7
1920-21	280410	91.0	9.0	231422	61.1	38.9	6,73998	68.5	31.5
1922-23	558010	55.6	44.4	446678	34.2	65.8	8552911	57.1	42.9

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Figures on page 49 will show the position of the three Banks in this respect, during the same period.

They show that during all these years a larger percentage of the Surat Bank's working capital was used within the movement than that of the Broach Bank; while the Provincial Bank utilised a large percentage in the movement during all these years except in the year 1920-21. In that year the percentage of the working capital which the Surat Bank used in the movement was 91.0, as compared to 63.5 utilised by the Provincial Bank.

Overdues.

We have been, hitherto, discussing the percentage of working capital so far as it was used within or without the movement. That was mainly with the idea of showing as to whether the Bank has been successful in serving the objects of the movement. In judging of the soundness or otherwise of the Bank's lending policy, the existence or absence of overdues is an important index. From figures appended vide page 51, we find that there were no overdues at all during the first three years. That was perhaps due to the fact that new brooms sweep clean. The overdues began to appear from the year 1912-13; yet the percentage was so small as to be practically negligible. It assumed a dangerous proportion in the year 1915-16, when it rose upto 17.6. With careful management, it went down to 3.9 in the next year, and continued to be again negligible for three years more. In the year 1920-21 it rose to 15.1 and in 1921-22 it was 12.2, again dropping suddenly to 4.9 in the year 1922-23. That shows that during the first fourteen years, the lending policy of the Bank was on the whole the same. The high percentages of the two years 1920-21 and 1921-22, were due to abnormal causes as stated in the annual reports of the Registrar for these years. On the whole, therefore, the Bank's management was satisfactory during these years. That may be due to the fact that the amount of lending, on the whole, was not very large, and was such as could be easily controlled by a careful management.

The figures of overdues and of amounts involved in arbitration and liquidation, of the other two Banks for this period, have not been available and so we have not been able to discuss them here.

Statement of overdues of the Surat Bank from 1909-10 to 1922-23.

Year.	Amounts advanced to societies. Rs.	Of which overdues. Rs.	Percentage of overdues.	Amounts advanced to individuals.	Of which overdues. Rs.	Percentage of overdues.	Total Loans. Rs.	Total overdues. Rs.	Percentage of overdues.
1909-10	14550	nil	nil	1200	nil	nil	15750	nil	nil
1910-11	20250	nil	nil	8130	nil	nil	28380	nil	nil
1911-12	32541	nil	nil	13239	nil	nil	45780	nil	nil
1912-13	56900	2850	5.0	19375	2720	14.0	76275	5570	7.3
1913-14	76525	1000	1.3	26440	2094	7.9	102965	3094	3.0
1914-15	95850	2256	2.3	27400	550	2.0	123250	2806	2.2
1915-16	88374	19218	21.7	26323	100	0.3	114702	20218	17.6
1916-17	120232	4870	4.0	20844	660	3.1	141076	5530	3.9
1917-18	131482	9204	7.0	17874	3732	20.8	149356	12936	8.6
1918-19	140300	1331	0.9	13979	742	5.3	154279	2073	1.3
1919-20	205965	5950	2.8	12011	1678	13.9	217976	7628	3.5
1920-21	216572	32186	15.2	12024	1678	13.9	228596	34664	15.1
1921-22	295144	37588	12.7	18373	900	4.8	313517	38488	12.2
1922-23	275684	15245	5.5	34743	214	0.6	310430	15459	4.9

Surat Bank Ltd. Office: 17A, Market Street, Surat.

Amounts involved in Arbitration and Liquidation.

As seen in the previous paragraph, the percentage of overdues was abnormally high in the years 1920-21 and 1921-22. A glance at the table on page 53 shows that in the first of these two years five awards had to be obtained against individual members, involving the total amount of Rs. 889/- and one society went into liquidation, the total liability of which was Rs. 941, i. e. the total percentage of amounts involved in awards and liquidation, came to be only 0.8 when compared to the total loan of Rs. 2,28,596. In the year 1921-22, there was only one award involving a sum of Rs. 37, 3 societies went into liquidation with a total liability of Rs. 4680, the total amount involved being 1.5% of the total loan of Rs. 3,13,517; but there were only two awards in 1922-23 involving a sum of Rs. 214; 4 societies went into liquidation with a total liability of Rs. 6298/-, the amounts involved being 2% of the total loans of Rs. 3,10,430/-.

In the year 1922-23 as against the total dues involved viz. Rs. 6512/- there was a reserve fund of Rs. 11,511/-, so that the depositors' money with the Bank was absolutely safe. There were 119 societies working with the Bank, and only four of them were in liquidation. Having regard to the amounts of loans advanced to the societies, the amount involved in liquidation was infinitesimally small, it being only 1.5% of the total loans. Similarly the amount involved in awards did not go beyond 7.3% in 1920-21, of the total loans advanced to individual members, and the defaulters were only five in number.

Rates of interest on Deposits and Lendings.

The success and utility of a co-operative bank as such were best gauged, from the rate of interest on which it is able to attract deposits and lend out the money at its disposal. The function of a co-operative bank is to secure deposits at as low a rate of interest as possible, and to advance the amount at its disposal at as low a rate of interest as possible. Its object is not to benefit the share-holders only but also to benefit the borrowers from whom it earns its interest. Now it is common knowledge that a bank will be able to attract deposits at low rates of interest, if its management is sound and efficient and thus it creates confidence in the investing public. The larger the amount of deposits which a bank is able thus to attract, the greater is its repute in the public mind and enables it not only to lend money at cheap rates to its members, but it is also able to invest the same profitably in other avenues.

Even a glance at the table of rates of interest on deposits and lendings, given on page 54 for the period of 1909-10 to 1922-23 under review, will show that the Surat Bank has since its very inception been exceptionally fortunate in this respect.

Amounts of the Surat Bank involved in Arbitration and Liquidation from 1909-10 to 1922-23

Year.	Amount lent to members. Rs.	No. of awards.	Amount involved in awards. Rs.	Percentage of the same to total loans.	Amounts lent to societies. Rs.	No. of societies in liquidation.	Amounts involved in liquidation. Rs.	Percentage of the same to total loans.	Bad debt Reserve. Rs.
1909-10	1200	Nil	Nil	Nil	14550	Nil	Nil	Nil	Nil
1910-11	8130	"	"	"	20250	"	"	"	"
1911-12	13239	"	"	"	32541	"	"	"	"
1912-13	19375	"	"	"	56900	"	"	"	"
1913-14	26440	"	"	"	76525	"	"	"	"
1914-15	27400	5	550	2	95850	"	"	"	"
1915-16	26328	Nil	Nil	Nil	88374	"	"	"	"
1916-17	20844	2	229	1.1	120232	"	"	"	"
1917-18	17874	2	91	0.5	131482	"	"	"	"
1918-19	13979	1	392	2.3	140300	"	"	"	"
1919-20	12011	Nil	Nil	Nil	205965	"	"	"	"
1920-21	12024	5	889	7.3	216572	1	941	0.4	"
1921-22	18373	1	37	0.2	295144	3	4680	1.5	"
1922-23	34746	2	214	0.6	275684	4	6298	1.5	"

Rates of interest of the Surat Bank on Deposits and Lendings from 1909-10 to 1922-23.

Year.	Rates of interest on deposits.			Rates of interest on lendings.
	Savings. %	Current. %	Fixed. %	
1909-10	3½	...	4½	6¼ to 7½
1910-11	"	...	"	6½ " "
1911-12	"	...	"	" " "
1912-13	"	...	" to 5	" " "
1913-14	"	...	"	" " "
1914-15	"	...	"	" " "
1915-16	"	...	" to 5	6 to "
1916-17	"	...	5 to 6	7 to 8
1917-18	"	...	" to "	7½ to "
1918-19	"	...	" to 5½	" " "
1919-20	"	...	" to "	7 to "
1920-21	"	2	" to 6	7½ to "
1921-22	4	"	" to 5½	" " "
1922-23	"	"	4½ to 6	" " "

It has been able to obtain deposits, on comparatively lower rates of interest, than many other similar banks in the Presidency, and has thus been able to finance its members at proportionately lower rates of interest. It further shows that the rate of interest on savings bank deposits has practically remained unchanged throughout the period, except in the last two years of 1920-21 and 1922-1923, when it had to be raised to 4% due to the tightness of the money-market, in those years. The Bank did not receive current deposits at all till 1920-21, when under the regime of Mr. Otto Rothfeld, Registrar of Co-operative Societies, Bombay, the system of receiving current deposits was introduced. It is to be noted that the Bank was able to attract current deposits at the rate of two percent per annum.

A study of these figures also shows that the Bank had to pay higher rates of interest on deposits for a fixed term of a year or more, and that is but natural, having regard to the fact that the fixity of the term enables the Bank to invest the same more profitably in other investments. The rate of fixed-deposits, however, rose from 1915-16. That was a direct outcome of the condition of the money-market created by the Great War, but that was in common with all similar institutions. It is, however, interesting to note, that

even during this exceptional period, the Surat Bank was in a comparatively more fortunate position, than its sister Bank at Broach or the Provincial Co-operative Bank of Bombay. The following table shows the rate of interest on deposits from 1909-10 to 1922-23 with regard to the said three Banks.

**Rates of interest on deposits of the three Banks
from 1909-10 to 1922-23.**

YEAR.	Surat Bank. %	Broach Bank. %	Provincial Bank. %
1909-10	3½ to 5	4 to 6	...
1912-13	3½ to 5	5	4½
1915-16	3½ to 5	4½ to 6	4 to 5
1917-18	3½ to 5½	2 to 6	4 to 6
1921-22	2 to 5½	2 to 7½	5½ to 6½
1922-23	2 to 6	2 to 7½	4 to 6½

This proves that the rates of interest of deposits of the Surat Bank were lower than those of both the Broach Co-operative Bank and the Provincial Co-operative Bank at Bombay.

Rates of interest on Lendings.

Let us now consider the rates of interest charged on lendings. According to the bye-law in force during these years, the Bank was empowered to charge not less than 6½% on its lendings. The minimum limit was fixed but not the maximum. But we have seen in the table vide page 54 that the rate of interest on lending was 6½% to 7½% in the first year and 6½% to 7½% during five years that followed. It may be noticed that from 1915-16 to 1922-23 the rate of interest on lendings, varied between 6% to 8% according to the rate of interest paid on fixed-deposits. The rate of interest charged to individuals was 1% higher than that charged to societies. The maximum rate of 8% was charged mostly in the case of individuals. The rate of interest charged to the societies was from 6% to 7% and as a rebate of ½% or ¾% was earned by borrowers who were regular in payment of their loans, the societies on the whole got money at 5½% to 6½%.

Having regard to the fact that the prevailing rates of interest charged by money-lenders during the period varied generally from 9% to 36% throughout the District, and looking also to the rates of interest which Government charged on Takavi loans, which varied from 6½% to 8½%, the rates of interest

which the Bank charged to its member-societies were certainly low. That gave the societies a sufficient margin to build up their reserve funds, after defraying all their normal expenditure. The reason, why a higher rate of interest was charged and a rebate allowed, was to stimulate recoveries from the borrowers, as the prospect of earning a rebate always induces the borrowers to be regular in their repayments. Taking the rebate into consideration the rates of interest which the borrowers had actually to pay to the Surat Bank, were lower in comparison with those of the sister Bank at Broach, and the Provincial Co-operative Bank at Bombay, as will be testified to, by the table below.

**Rates of interest on loans charged by the three Banks
from 1909-10 to 1922-23.**

Year.	Surat Bank. %	Broach Bank. %	Bombay Provincial Bank. %
1909-10	6½ to 7½	...	...
1912-13	6½ to 7½	7	7½
1915-16	6 to 7½	6½ to 9½	7 to 7½
1917-18	7½ to 8	6½ to 9½	7½
1920-21	7½ to 8	7½	6½ to 8
1922-23	7½ to 8	8	7½ to 8

A study of statistics in the subsequent decade will show that the Bank has been able to maintain its prestige of receiving deposits on lower rates of interest and similarly charging lower rates of interest on its various kind of advances.

Cost of management, Profit, Dividend and Reserve fund.

As the only objective of a co-operative bank is to provide finance at cheaper rate of interest, it cannot and ought not to have any large margin between its borrowing and lending rate. That margin cannot be more than 2%, which is considered to be a safe margin for conducting a bank without running a risk of any loss in management. Its gross profit will, therefore, depend upon the difference between the margin of 2% between its borrowing and lending rates, and percentage of cost of management. The smaller the percentage of cost of management, the greater the profit of a co-operative bank, but it cannot under any circumstances, exceed two percent margin laid down above.

Working Capital, Cost of management, Profit, Dividend, and Reserve Fund, of the Surat Bank, from 1909-10 to 1922-23.

Year.	Working Capital. Rs.	Cost of management. Rs.	P. C. of cost of management. on W. C.	Annual nett profit. Rs.	P. C. of nett profit on W.C.	Dividend declared. %	Reserve Fund. Rs.
1909-10	17630	212	1.2	65	0.36	1 $\frac{1}{2}$	nil
1910-11	32350	264	0.81	503	1.5	6	43
1911-12	53065	191	0.36	963	1.8	6 $\frac{1}{2}$	168
1912-13	79223	170	0.21	1275	1.6	6 $\frac{1}{2}$	622
1913-14	111978	416	0.37	2821	2.5	6 $\frac{1}{2}$	1217
1914-15	131157	633	0.48	3912	2.9	7 $\frac{1}{2}$	1749
1915-16	133154	892	0.67	4445	3.3	7 $\frac{1}{2}$	2407
1916-17	146927	1161	0.79	4652	3.2	7 $\frac{1}{2}$	3518
1917-18	161108	1504	0.93	4663	2.9	7 $\frac{1}{2}$	4680
1918-19	211972	1770	0.83	4294	2.0	6 $\frac{1}{2}$	5846
1919-20	251134	2032	0.81	5922	2.3	7 $\frac{1}{2}$	6919
1920-21	280410	2805	1.0	5325	2.1	7 $\frac{1}{2}$	8400
1921-22	363354	3614	0.99	6498	1.8	7 $\frac{1}{2}$	9886
1922-23	558010	4195	0.75	8718	1.5	7 $\frac{1}{2}$	11011

The above table shows the cost of management, the percentage it bears to working capital, the annual net profit, the percentage it bears to working capital, the amounts of dividends declared, and reserve fund for the years 1909-10 to 1922-23.

A margin of two percent, between the borrowing and lending rates, has been, by experience, found to be a safe rule of guidance, in the management of banks. Unwise economy is the most expensive luxury, but the greater the economy in the cost of management, without impairing efficiency, the greater the amount of profit. That will enable the Bank to declare a good dividend, which will enhance the prestige of the people in charge of its management, amongst the public. Not only will the Bank be able to declare a good dividend, but it will also be able to build up a good reserve fund, and it is common knowledge that the greater the reserve fund the greater the confidence of the people in the Bank. The figures in the table given above indicate that, though the cost of management of the Surat Bank has with the growth of business increased, it has never been high. It has, during the

whole period of fourteen years, been below one percent of the working capital, except in the first year. That is not to be wondered at, because in that year the working capital was so small, and all that was necessary to be done, had to be done.

It will interest our readers to know, how the Bank was able to carry on its management so economically. The cost of direction was nil for the services of the members of the Managing Committee, were throughout, honorary. The Bank was started in a hired building, for which a monthly rent of Rs. 2, had to be paid in the first three years. The staff consisted of one clerk only. There was no peon from 1909 to 1913. In 1913, one inspector was added to the staff, for inspecting the affiliated societies and for effecting recoveries promptly. It was in the year 1916, that a peon was added to the staff, viz. a clerk, a peon and an inspector, who continued to work under the direction of the Honorary Manager. In 1921, one more inspector and a clerk were added, in order to cope with the increasing work, with regard to the affiliated societies. That staff continued to work till the end of 1922-23.

As the volume of the Banks' work increased, a more spacious building became a necessity. It also became, apparently clear, that for Bank's business the office of the Bank should be in a locality on the station road. The Bank was, therefore, removed to Kanpith and had to change 8 buildings, before it settled down in its own building in the year 1931.

The following table gives the comparative figures of percentages, of the cost of management with regard to the working capital, of the Surat, the Broach and the Bombay Provincial Co-operative Banks during the period under review.

Percentages of the Cost of management on Working capital, of the three Banks from 1909-10 to 1922-23.

Year.	Surat Bank.	Broach Bank.	Provincial Bank.
	%	%	%
1909-10	1.2	0.18	.01
1912-13	0.21	1.0	1.2
1915-16	0.67	0.91	1.0
1917-18	0.93	0.94	0.89
1920-21	1.0	0.78	0.88
1922-23	0.75	0.73	0.84

They lead to no definite conclusion, as a number of factors are responsible for the variations, and it will not be profitable to discuss those reasons in this connection here.

Profit.

A study of the figures of the annual profit in the foregoing table, vide page 57, shows that there has been a steady increase in the same, simultaneously with the growth of the working capital. The profit has not only enabled the Bank, to declare good dividends to the share-holders, but also to build up good reserves. The percentage of profit on working capital shows that during the Great War, when the rate of interest on lending was raised, without a proportionate rise in the rates of interest on deposits, the profits were proportionately higher than those during other years. As soon as the condition created by the war disappeared, the profits also began to diminish, but the figures of profit can be said to be quite satisfactory throughout the whole period, having regard to the amounts of working capital. The most noteworthy feature of the management during the period was that the whole of the working capital could be profitably invested in the movement. It was not necessary to invest any part of the same in government securities. That was largely responsible for the higher rates of profit. To some extent, the lower borrowing rates also contributed to higher profits.

The following figures are the comparative percentages of the profits of the Surat Bank and the Broach and the Provincial Banks on their working capital during 1909-10 to 1922-23.

Percentages of Profit on Working capital of the three Banks from 1909-10 to 1922-23.

Year.	Surat Bank. %	Broach Bank. %	Provincial Bank %
1909-10	0.36	3.7	3.4
1912-13	1.6	2.7	1.6
1915-16	3.2	4.5	2.2
1917-18	2.9	3.2	1.4
1921-22	1.8	2.1	1.4
1922-23	1.5	2.5	1.1

It will be interesting to note that the percentages of profit of the Broach Bank during all these periods have been higher than those of the Surat and the Provincial Banks. We are not able to find out the reason why. The profits of the Surat Bank have been higher than those of the Provincial Bank during the last four periods.

Dividends.

Let us now turn to a study of figures of dividend declared during the period. From the figures on the table at page 57, we find that the Bank has been able to give a fair return to the share-holders, from the very next year of its commencement of work. In the first year, the profit was so small and so was the dividend. It declared a dividend of six percent in 1910-11 and a dividend on $6\frac{1}{4}\%$ for the next three years. Thereafter, it was able to declare a dividend of $7\frac{1}{2}\%$ except in the year 1918-19, when it was $6\frac{1}{4}\%$. No definite reason could be assigned why a smaller dividend was declared in that year.

The following are the figures of dividends declared by the Broach Bank and the Provincial Bank during the period as compared to those of the Surat Bank.

**Dividends declared by the three Banks
from 1909-10 to 1922-23.**

Year.	Surat Bank. %	Broach Bank. %	Provincial Bank. %
1909-10	$1\frac{1}{8}\%$	—	—
1912-13	$6\frac{1}{4}\%$	6%	6%
1915-16	$7\frac{1}{2}\%$	6%	6%
1917-18	$7\frac{1}{2}\%$	6%	6%
1921-22	$7\frac{1}{2}\%$	6%	$7\frac{1}{2}\%$
1922-23	$7\frac{1}{2}\%$	$6\frac{1}{4}\%$	$7\frac{1}{2}\%$

From this it is clear that during the whole period, the Surat Bank gave better rates of interest to the share-holders than the other Banks. We shall now turn to the study of the figures of share-capital and reserve fund of the Bank during the said period.

**Share-capital & Reserve Fund of the Surat Bank
from 1909-10 to 1922-23.**

Year.	Share-capital Rs.	Reserve Fund. Rs.	Percentage of Reserve Fund on Share-capital.
1909-10	5875	nil	nil
1910-11	7320	43	0.58
1911-12	9780	168	1.7
1912-13	11070	622	5.5
1913-14	21670	1217	5.6
1914-15	36190	1749	4.8
1915-16	39060	2407	6.2
1916-17	40780	3518	8.6
1917-18	43775	4680	10.7
1918-19	49230	5846	11.8
1919-20	51950	6919	13.3
1920-21	56670	8400	14.8
1921-22	68460	9886	14.4
1922-23	75980	11011	14.4

They show that there has been a steady increase in the percentage from zero to 14.4. That is not to be wondered at, because the margin of profit in all co-operative concerns is kept at as low a figure, as is consistent with safety and efficiency. The case of joint-stock banking concerns is entirely different. In those concerns, the eye of the directors is mainly directed to earning as high a profit as they could possibly earn, having regard to the needs of the borrowing public and the prevailing conditions of the market. Their area of operation is comparatively large and their action unrestricted. A co-operative bank has to work, under a number of restrictions placed on it by co-operative principles and the Co-operative Department, and its volume of business is also comparatively smaller. It is not possible, therefore, to build up its reserve fund as rapidly, as in the case of joint-stock banks, nor can it be built up to as high a figure as in those banks.

We shall now compare the position of the Provincial Bank and the Broach Bank in this respect, with that of the Surat Bank.

Percentages of Reserve Fund on Share-capital of the three Banks from 1909-10 to 1922-23.

Year.	The Surat District Co-operative Bank Ltd.			The Broach Co-operative Bank Ltd.			The Provincial Co-operative Bank Ltd.		
	Share-capital. Rs.	Reserve Fund Rs.	Percentage of Reserve Fund on share-capital	Share-capital. Rs.	Reserve Fund. Rs.	Percentage of Reserve Fund on share-capital	Share-capital. Rs.	Reserve Fund. Rs.	Percentage of Reserve Fund on share-capital
1909-10	5875	nil	nil	14400	nil	nil	8600	444	5.1
1912-13	11070	622	5.5	23000	848	3.6	210000	nil	nil
1915-16	39060	2407	6.2	38930	2809	7.2	489640	16467	3.4
1917-18	43775	4680	10.7	46100	4717	10.2	699805	16814	2.4
1921-22	68460	9886	14.4	105300	8598	8.1	700000	223651	31.9
1922-23	75980	11011	14.4	108100	10546	9.8	700000	269620	38.5



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Director of the Bank from 1919 to 1924 and 1927 to 1934
and its Vice-Chairman from 1929 to 1934.

From the table on page 62 we observe that in respect of the reserve fund, the position of the Surat Bank was better throughout the period. It was also the same in comparison to the Provincial Bank except in the years 1921-22 and 1922-23, when the percentage of the reserve fund of the Provincial Bank was strikingly higher.

Development from 1923-24 to 1933-34.

From the year 1923 we entered into a new period wherein we have to study not only the history of the Bank, but its branches in different Taluka towns, and we propose to study the growth and development of the Bank and its branches with regard to the same matters of membership etc, which we discussed in the earlier period. This period, however, is in a way different from the preceding period, in that it was a period of depression, following the boom period of the war. The figures of membership, share-capital, and working capital during this period, are as per table given at page 64.

Membership.

The figures of individual membership show, not only a continuous increase, but a rapid increase all round, from 337 at the end of March 1923 to 1331 at the end of March 1934. The increase in the membership of societies is, however, not in the same proportion. The figure rose from 119 at the end of 1922-23 to 205 in 1933-34; but there is practically, a stagnation from the year 1929-30 onwards. The figure also includes, societies in liquidation. The proportion of membership of individuals to societies was 2.8 : 1 in 1922-23 and it rose to 6.5 : 1 in 1933-34, thus showing a larger preponderance over societies. This was largely due to the fact that, in areas of operation of the Branches in Taluka towns, individuals who had their current accounts with the Branches, were enrolled as members of the Bank. The total membership during the period rose from 456 in 1922-23, to 1536 at the end of March 1934. This shows that the Bank grew more and more popular as years rolled on.

Share-capital.

The share-capital also rose from Rs. 75,980/- in March 1923 to Rs. 2,60,600/- at the end of the financial year 1933-34. The ratio of share-capital held by individuals and societies remained unchanged. It was 2.4 : 1 in 1922-23 and continued to be the same in the year 1933-34. That shows that the share-capital held by the members did not increase in the same proportion, as the number of individual members; the societies began to hold a larger amount of share-capital during this period,

Membership, Share-capital, & Working Capital of the Surat Bank from 1923-24 to 1933-34.

Year.	Membership.			Share-capital.			Working Capital. Rs.
	Individual.	Society.	Total.	Individual. Rs.	Society. Rs.	Total Rs.	
1923-24	429	130	559	68120	22700	90820	945453
1924-25	477	159	636	73000	28480	101480	991431
1925-26	583	170	753	82000	37820	119820	1331634
1926-27	699	179	878	104000	47180	151180	1569664
1927-28	807	188	995	125320	58900	184220	1795614
1928-29	890	194	1084	127140	62020	189160	1930195
1929-30	966	200	1166	128900	62180	191080	2273165
1930-31	1059	205	1264	131100	62100	193200	2654852
1931-32	1119	203	1322	133540	62380	195920	2616638
1932-33	1232	205	1437	136780	61900	158680	3227610
1933-34	1331	205	1536	184840	75760	260600	3899464

Working Capital

The working capital of the Bank increased considerably. It rose from Rs. 5,58,010/- in 1922-23, to Rs. 38,99,464/- at the end of the year 1933-34, showing an increase of nearly 600 %. The increase in the working capital shows, that the Bank was getting more popular. Its cost of management was reduced, and its profit increased in proportion, thus enabling the Bank to take a larger amount towards Reserve and other funds, necessary for the stability of the Bank. The Bank was thus enabled, to extend its sphere of activities in different channels and wider areas, even at a small sacrifice of income, in matters of financing useful activities.

The figures on page 66 will give a comparative idea of progress of the Central Co-operative Bank at Broach and the Provincial Co-operative Bank at Bombay, with regard to the same matters, during the period under review.

From the same figures we observe that, the Surat Bank had a larger membership and working capital, than the Broach Bank, throughout the period of 1923-24 to 1933-34, while the share-capital of the Broach Bank was higher than that of the Surat Bank, upto the year 1929-30. In the year 1933-34, however, the Surat Bank issued a new share-capital of Rs. 60,000/- at a premium of Rs. 4/- per share of Rs. 20/-. The result of it was that the share-capital of the Surat Bank, exceeded that of the Broach Bank. A further issue of share-capital, amounting to Rs. 82,000/- had to be made by the Surat Bank again in September 1934, as the amount of deposits continued to increase, and it was difficult to maintain 8 times the ratio between the liabilities and the share-capital as laid down by the rule. This was again done at a premium of Rs. 5/- per share of Rs. 20/- and was considerably over-subscribed. The area of operation of the Provincial Co-operative Bank, increased considerably during this decade, and there now subsists no common ground of comparison, between the working of the Apex Bank at Bombay and the District Bank at Surat.

Deposits

Let us now turn our attention to the increase of different kinds of deposits in the Surat Bank, during the period under review. The figures of deposits held by the Bank, at the end of each financial year, during the period 1923-24 to 1933-34, are given on Page 67.

Membership, Share-capital, & Working Capital, of the three Banks, from 1923-24 to 1933-34

Year.	THE SURAT DISTRICT CO-OPERATIVE BANK LTD.			THE BROACH CO-OPERATIVE BANK LTD.			THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.		
	Member-ship.	Share-capital. Rs.	Working capital. Rs.	Member-ship.	Share-capital. Rs.	Working capital. Rs.	Member-ship.	Share-capital. Rs.	Working capital. Rs.
1923-24	559	90820	945453	262	114000	668633	1067	741420	10538 99
1926-27	878	151180	1569664	406	169400	1182048	1654	999920	13853089
1929-30	1166	191080	2278165	623	230000	1556754	2440	1287750	14980885
1933-34	1536	260600	3899464	761	247000	2212574	2934	1296900	21416822

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**Different kinds of Deposits held by the Surat Bank,
from 1923-24 to 1933-34.**

Year.	Fixed. Rs.	Savings. Rs.	Current. Rs.	Total. Rs.
1923-24	527673	164387	148872	840932
1924-25	523728	214466	135657	873851
1925-26	586266	332054	273853	1192173
1926-27	629564	496433	267790	1393787
1927-28	610213	595269	316655	1522137
1928-29	614795	770254	321583	1706632
1929-30	579236	918338	543341	2040915
1930-31	665021	1236626	513341	2414988
1931-32	713774	1222090	434038	2369902
1932-33	883247	1589925	484099	2957271
1933-34	755329	2156911	636493	3548733

They show that the increase of the total deposits in the last two years has been most striking. There was an increase of about Rs. 600,000/- in 1932-33, and practically, the same increase was maintained in the year following. The total deposits have continuously increased from Rs. 840,932/- in 1923-24, upto the year 1930-31, when the total rose to Rs. 24,14,988. The slight decrease of Rs. 45086/- in the year 1931-32, may be attributed to the fact that, during the interval, two of the most flourishing Joint-Stock Banks of Bombay, viz, the Bank of India, & the Central Bank of India, opened their Branches in Surat, which naturally, attracted some deposits of the other Banks, then existing in Surat.

The opening of the Chikhli Branch in 1928-29, and the Bardoli Branch in 1930-31, are to a great extent responsible for inflow of more deposits. This proves, that co-operative banks may make attempts to tap the rural areas more profitably, as those areas are free from keen competition with other joint-stock banks. The figures of current, and savings-bank deposits,

also show a steady increase; savings-bank deposits show a much larger rise than either the current, or the fixed-deposits. They have increased nearly 13 times, at the end of this period of 10 years, while current deposits have increased nearly 4 times, and the fixed-deposits 1.4 times approximately.

Let us now compare the figures of similar deposits in the other Banks viz., the Bombay Provincial and the Broach Banks, during the period. The following table gives the details.

**Total Deposits held by the three Banks,
from 1923-24 to 1933-34.**

Year.	Surat Bank.	Broach Bank.	Provincial Bank.
	Rs.	Rs.	Rs.
1923-24	840933	541261	9286111
1926-27	1393787	938750	9459490
1929-30	2040915	1281668	9421934
1933-34	3548733	1899463	12469727

As observed previously, it is futile to try to compare the figures of the District with those of the Provincial Bank, as there is no common ground between the two. The Provincial Bank has now got about 30 branches, which are spread over the Presidency. So far as figures of the Surat & Broach Banks are concerned, it is gratifying to note that the Surat Bank has succeeded, in attracting larger deposits than the sister Bank at Broach.

Of the total deposits of Rs. 35,48,733 held by the Surat Bank at the end of the year 1933-34, Rs. 32,89,462/- came from individuals and Rs. 2,59,271/- from societies, the ratio being roughly 12:1, while it was 112:1 during the earlier period. This shows the growing financial strength of the cotton-sale societies which came into existence during the latter period. The deposits of individuals & societies in the Broach Bank were in proportion of 4.3:1. The total deposits in the Broach Bank, from its member-societies at the end of 1933-34, were Rs. 3,54,524/-. That goes to show that the Surat Bank has been popular with individual members, than the Broach Bank.

**Advances of the Surat Bank to individuals & societies,
from 1923-24 to 1933-34.**

Year.	Lending to individuals. Rs.	Lending to societies. Rs.	Total lending. Rs.	Total deposits. Rs.	Percentage of deposits lent.
1923-24	82667	238204	320871	840932	38
1924-25	85662	376484	462146	873851	52
1925-26	92537	419923	512460	1192173	43
1926-27	107045	1061997	1169042	1393787	84
1927-28	103907	933821	1037728	1522137	68
1928-29	85909	680543	766452	1706632	44
1929-30	63950	731049	794999	2040915	38
1930-31	91298	626793	718091	2414988	29
1931-32	95514	614949	710463	2369902	29
1932-33	189495	699285	888780	2957271	30
1933-34	351850	619827	971677	3548733	27

Lendings

The figures of loans advanced to individuals and societies by the Surat District Co-operative Bank are given above. The table gives not only the figures of all deposits received, but the figures of loans advanced and the percentage the latter bears to the former, from year to year, during the period under review. The Surat Bank was started with the main idea of rendering financial relief, not only to rural credit societies, but also to artisans and traders of limited means. As years advanced, the Co-operative Department put forward the suggestion, that the Surat Bank should try to approximate to the ideal central co-operative bank, as far as possible, and restrict its lendings to societies only. That accounts for the fact that while the loans to societies continued to increase, the loans to individuals did not increase in proportion. No doubt, the figures of Rs. 1,07,045/- in 1926-27 and Rs. 103,907/- in 1927-28, show a greater increase in these years, but that is due to special circumstances, when the Bank undertook to redeem

Advances to Societies and Individuals, by the three Banks, from 1922-23 to 1933-34.

Year.	THE SURAT DISTRICT CO-OPERATIVE BANK LTD.				THE BROACH CO-OPERATIVE BANK LTD.				THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.			
	Lending to societies. Rs.	Lending to individuals. Rs.	Total lending. Rs.	P. C. of total deposits lent	Lending to societies. Rs.	Lending to individuals. Rs.	Total lending. Rs.	P. C. of total deposits lent.	Lending to societies. Rs.	Lending to individuals. Rs.	Total lending. Rs.	P. C. of total deposits lent.
1923-24	238204	82667	320871	38	209702	2481	212183	39	5184344	Nil	5184344	56
1926-27	1061927	107045	1169042	84	1037333	476	1037809	100	8839082	Nil	8839082	93
1929-30	731049	63950	794999	38	726084	5633	731717	57	8716003	282596	8998599	95
1933-34	619827	351850	971677	27	542437	4107	546544	28	9398934	54167	9453101	76

entire debts of certain individuals, together with those of some societies, particularly in the area of the Bulsar Branch. Advances to societies have increased from Ra. 238,204/- in 1923-24 to Ra. 619,827/- in 1933-34; the total advances having risen from Rs. 320,871/- in 1923-24, to Rs. 971,677/- in 1933-34. The rise in loans to societies, is primarily due to the advances made to co-operative cotton-sale societies, which came into existence from 1922-23 onwards. The Bank has, therefore, in a sense successfully achieved, the objects for which the central co-operative banks were started. But the growth of deposits during the period was also so large, that the percentage of deposits lent has fallen from 38 in 1923-24, to 27 in 1933-34. This placed in the hands of the Bank large surplus funds, and therefore, the policy of investing the surplus funds on the security of first-mortgage of immoveable properties had to be followed. That accounts for the increase in figures of loans to individuals. The rise in advances to societies was also particularly due to the fact that, during the period, more rural societies were registered and affiliated to the Bank; during the period under review, there was no lending to societies outside the District. On the other hand, facilities for overdrafts & loans were granted to urban societies with limited liability. The high figures of lending in 1926-27, & 1927-28, are due to the fact that, large sums remained unrecovered, from cotton-sale societies due to a late season and in 1928-29 owing to frost which had more or less damaged the crops in the District.

It will be also interesting to study, the comparative figures of the Broach & the Provincial Banks as given on page 70. As in the previous decade, this period of 1923-24 to 1933-34, has also been one in which the lending of the Surat Bank, both to individuals & to societies, has been in excess of, the lending of the Broach Bank to individuals and to societies. But the growth of the deposits in the Surat Bank, has been so much greater than that in the Broach Bank, that the percentage of deposits used in lending has always been in favour of the Broach Bank. The Broach Bank, while not attracting as much by way of deposits as the Surat Bank, has been in a happy position of lending out a larger percentage of its working capital, than the Surat Bank, either because the Surat Bank has been able to secure greater confidence amongst the investing individuals, or because of its population being richer than that of the Broach District. The Surat Bank, has attracted much larger deposits, but has not been able to invest as large a percentage thereof, in the co-operative movement, as it should have been. As observed before, similar comparison with the Provincial Bank is entirely out of consideration, as its conditions are entirely different. It is upto Government, that they should help all endeavours to establish more credit & non-credit societies in the District, to enable the Surat Bank to use its working capital in the movement.

Studying the figures from a different standpoint, we find that, while the proportion of finance to individuals and to societies by the Surat Bank, at the end of 1923-24 was 25.7 : 74.9, it was 36.2 : 63.8, at the end of the year 1933-34. That is, while the proportion of finance to individuals has increased, that in the case of societies has fallen. In case of the Broach Bank, the proportion of finance between individuals & societies at the end of the year 1923-24 stood at 1.1 : 98.9, while in 1933-34, it stood at 0.7 : 99.3, showing that the finance to individuals dwindled down almost to an insignificant figure. The Broach Bank may, under the circumstances, claim to have attained approximately the ideal of a central bank, lending to village-societies only. The Surat Bank, on the other hand, on account of its growing surpluses, had to invest the same on the first-mortgage of immoveable properties of individuals and finance individuals in other ways also. The Provincial Bank also had to take the same steps in 1929-30, when on account of the Bank not finding sufficient outlet for its surplus funds due to agricultural depression, it had to go in for financing individuals. Till the end of 1922-23, the Provincial Bank did not finance the individuals at all, while at the end of 1933-34, the finance to individuals formed 0.5% of the total finance. The innovation in their policy, however, had not any very great effect on the proportion of their finance to individuals, as compared with that to societies. The above discussion has shown that, the Surat Bank has not been able to shake off its policy of individual finance. In the view, therefore, of orthodox co-operators, it has not endeavoured to approximate the ideal of a central co-operative bank. But it is no use paying too much attention to the fetish of a theory. The Surat Bank was started, distinctly with the idea of not only financing societies, but also financing poor agriculturists & artisans of limited means, both with a view to help the improvement of agriculture and the industries of the District; and if the working capital of a co-operative bank exceeds its requirements for financing affiliated societies, there is nothing wrong in financing individuals, if the loans are advanced on purely co-operative principles.

As stated above, the growth of the working capital, out of all proportion to the normal requirements of the agricultural affiliated societies, with regard to their annual finance, has resulted in a large proportion of the working capital of the Bank, lying idle and without being used in the co-operative movement.

We shall now consider the figures of the working capital used in the movement, and the percentage it bears to the amount which had to be used outside the movement.

**Working Capital of the Surat Bank used within the movement,
from 1923-24 to 1933-34.**

Year.	Working Capital. Rs.	Amount used in the movement, Rs.	Percentage used in the movement.	Percentage used outside the movement.
1923-24	945453	320871	33.9	66.1
1924-25	991431	462146	46.6	53.4
1925-26	1331634	512460	38.4	61.6
1926-27	1569664	1169042	74.4	25.6
1927-28	1795614	1037728	57.7	42.3
1928-29	1930195	766452	39.7	60.3
1929-30	2273165	794999	34.9	65.1
1930-31	2654852	718091	27.4	72.6
1931-32	2616638	710463	27.1	72.9
1932-33	3227610	888780	27.5	72.5
1933-34	3899464	971677	24.8	75.2

These figures show that with the rise in the working capital of the Bank, the amounts used in the movement have not risen in the same proportion. The percentage used in the movement, at the beginning of the period, was 33.9, and it has fallen to 24.8, at the end of this period, the highest being 74.4 in the year 1926-27. That was a year, when large advances were made to 3 different societies for whole-sale redemption of the old debts of their members, and small advances for the same purpose were made to other societies, and also to a few individuals. From 1929-30, it has steadily gone down due to various reasons. The most important of that is, the period of depression through which the agricultural population is passing. As loans were not repaid in time and were in arrears, a policy of cautious lending had to be followed. That did not mean that any proposal for financing a deserving society, or individual thereof, made by the Supervising Unions, was turned down; but as year after year, less sums were advanced to societies and individuals in the movement, more and more had to be invested outside the movement. If the whole of the working capital collected by a co-operative bank, is to be used for the movement, then

**Percentages of Working Capital of the three Banks, used within the movement,
from 1923-24 to 1933-34.**

Year.	THE SURAT DISTRICT CO-OPERATIVE BANK, LTD.			THE BROACH CO-OPERATIVE BANK, LTD.			THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.		
	Working capital. Rs.	P. C. used in the movement.	P. C. used outside the movement.	Working capital. Rs.	P. C. used in the movement	P. C. used outside the movement.	Working capital. Rs.	P. C. used in the movement.	P. C. used outside the movement.
1923-24	945453	33.9	66.1	668663	31.7	68.3	10538299	49.1	50.9
1926-27	1569664	74.6	25.6	1182084	87.7	12.3	13853089	63.8	36.2
1929-30	2273165	34.9	65.1	1556754	47.0	53.0	14980885	60.0	40.0
1933-34	3899464	24.8	75.2	2212574	24.7	75.3	21416822	44.1	55.9

endeavours must be made to develop, both the credit and non-credit sides of the movement in a systematic manner, and every village in the District should be brought within its fold. In this period of depression, while cautious policy of lending was recommended and followed, the growth of arrears alarmed both the men engaged in the movement and the Government. Coercive processes for recoveries had to be adopted, which caused a set-back to the expansion of the movement. Arrears were being gradually recovered, but there was not any similar rise in the loans advanced. Bad societies had to be weeded out, and the credit movement in some parts of the District became stagnant on that account. This resulted, as stated above, in the reduction of the amounts used in the movement, as compared to the amounts that had to be used outside. Let us now compare the position of the other two Banks in this respect, during the period.

The figures on page 74 are useful in the study of that question. The figures of percentages for the year 1926-27, show that all the three Banks had the largest proportion of their working capital used within the movement, the Broach Bank leading with the highest percentage of 87.7. Except in the year 1926-27, the percentage of the Provincial Bank during all other periods is larger than those of the Surat & the Broach Bank, while the Surat Bank has slightly larger percentages than the Broach Bank in the years 1923-24 & 1933-34.

Overdues.

In judging of the soundness or otherwise of the co-operative movement, figures of overdues are a very important consideration. While discussing these figures of overdues in the preceding period of 1909-10 to 1922-23, we found that the management of its finance by the Bank was satisfactory during these years; the amount of lending on the whole was not unduly large, and was such as could be easily controlled by careful management. During this period also, the percentage of overdues has varied and has gone very high in particular years.

A look at the figures in the table on page 76 will show that, it was highest in 1930-31, being 35.4. It was gradually reduced in succeeding years and was 19.3 in the year 1933-34. It was high as 21.8 in 1923-24, was reduced to 7.3 in 1924-25, and varied between that figure and 9.8 till the year 1927-28. In 1928-29 it again jumped up to 27.1, was reduced in the next year to 22.5, but again it jumped upto 35.4. As stated above, it was highest in the year 1930-31, and that was due to the fact that the agricultural

Statement of overdues of the Surat Bank, from 1923-24 to 1933-34.

Year.	Amounts advanced to societies. Rs.	Of which overdues. Rs.	Percentage of overdues.	Amounts advanced to individuals. Rs.	Of which overdues Rs	Percentage of overdues.	Total Loans. Rs	Total overdues. Rs.	Percentage of overdues.
1923-24	238204	69405	29.0	82667	864	1.0	320871	70269	21.8
1924-25	376484	32456	8.6	85662	1730	2.0	462146	34186	7.3
1925-26	419923	55159	8.6	92537	9862	10.6	512460	46021	8.9
1926-27	1061997	60326	5.6	107045	26130	24.4	1169042	86456	7.3
1927-28	933821	74366	7.9	103903	27692	26.6	1037728	102058	9.8
1928-29	680543	160513	23.5	85909	47542	55.3	766452	208055	27.1
1929-30	731049	130454	19.2	63950	37712	58.9	794999	168166	22.5
1930-31	626793	215579	34.3	91298	38907	42.6	718091	254486	35.4
1931-32	614949	137235	19.6	95514	31798	33.2	710463	169033	23.7
1932-33	699285	164529	23.5	189495	45619	24.0	888780	210148	23.6
1933-34	619827	129914	20.9	351850	57624	16.3	971677	187538	19.3

depression was intense during that year and recoveries were very poor. Comparing the percentages of overdues by the societies, with those of individuals, we find that in the majority of years the percentages of overdues are higher in case of individuals than in the societies. One thing, however, is clear that the percentage of total overdues with both the societies and individuals combined together, has not gone beyond 25 except in the year 1928-29, while in the case individuals it has gone beyond that figure in 1930-31 only. The rise and fall in percentages of overdues have been quite irregular, as a number of factors affect the same. As compared with the percentages of overdues in the preceding period, we find that there has been a general rise in the figures of overdues during this period, while the highest of total overdues in 1915-16 was 17.6%, that figure has been exceeded in 7 out of 11 years in this period.

The percentages would have, however, been much smaller, if the amounts now involved in awards and arrears of societies in liquidation were omitted out of the figures of overdue arrears discussed above. One is constrained to have to state, that the procedure of recoveries by awards and of liquidation orders is unduly slow, and that has to a certain extent, a very demoralising effect on all the persons concerned. If the awards were more promptly given and monies more promptly recovered, not only will the arrears be reduced but the defaulters would not like to prolong the period of payment as they now do, for, with the starting of liquidation proceedings, interest ordinarily ceases and the defaulters find it to their interest to prolong the period as much as they can. The growth of arrears during this second period, may also be accounted for by the fact that, stagnation does set in older societies where the enthusiasm of the principal workers slackens. But the remedy of it lies in adopting prompt measures of passing the award-decrees and of recovering the amounts involved therein.

Amounts involved in Arbitration.

A look at the table on page 78 shows that from the beginning of the period, there has been a rise in the amounts advanced to individual members and simultaneously a rise in the amounts involved in arbitration awards. The percentage has begun to rise from the year 1927-28. It was highest in the year 1929-30, being 34.7 and though it was slightly less in the two years that followed, the amount involved in awards was more than $\frac{2}{3}$ of the amount advanced as loans. The amount involved in the awards was the highest in the year 1932-33, being Rs. 33,066, but the percentage was very much low, though the number of defaulters was again the highest. In 1933-34, as the amount of loans advanced went upto Rs. 3,51,850, the percentage naturally went

Amounts of the Surat Bank involved in Arbitration and Liquidation, from 1923-24 to 1933-34

Year.	Amount lent to members. Rs.	No. of awards.	Amount involved in awards. Rs.	Percentage of the same to total loans.	Amounts lent to societies. Rs.	No. of societies in liquidation.	Amounts involved in liquidation. Rs.	Percentage of the same to total loans.	Bad-debt Reserve. Rs.
1923-24	82667	2	214	0.2	238204	1	1198	0.5	Nil
1924-25	85662	2	214	0.2	376484	5	8592	2.2	Nil
1925-26	92537	1	58	0.06	419923	4	11580	2.7	Nil
1926-27	107045	1	46	0.04	1061997	6	12674	1.1	Nil
1927-28	103907	12	18587	17.8	933821	7	10439	1.1	Nil
1928-29	85909	17	26368	30.6	680543	7	11854	1.7	Nil
1929-30	63950	19	22223	34.7	731049	8	11209	1.5	5200
1930-31	91298	25	31231	34.2	626793	7	11874	1.9	5200
1931-32	95514	24	32949	34.4	614949	13	24048	3.9	8500
1932-33	189495	26	33066	17.4	699285	14	17336	3.9	10500
1933-34	351850	22	26327	7.4	619827	15	42566	6.8	20000

down to 7.4. But with all this it must be admitted, that in comparison with the figures of the last period, there is a considerable increase in the amount of arrears, it being undually high during the years 1929-30 to 1931-32. That has led the Bank to provide for bad and doubtful debt reserve from the year 1929-30, in addition to the amount of 25% of the net profit which is usually carried to the reserve fund. The amount of bad and doubtful debt reserve rose to Rs. 20,000/- in 1933-34, to which Rs. 18,000/- were added in that year.

Arrears in Liquidation.

Out of 205 societies affiliated to the Bank, 33 were in liquidation in the year 1933-34. Of those, 15 were indebted to the Bank. Figures on page 78 will show that the amount of arrears involved in liquidation was biggest viz, Rs. 42566/- in that year. The highest amount involved in liquidation during the period ending 31st March 1923, was only, Rs. 6298/-. This, however, need not frighten us in any way, as the percentage of arrears due, to the total loans advanced, comes to 6.8 only. A certain stagnation in the movement is but natural after some years, and the preceding bad years of excessive rain and frost &c, accentuated the situation. It was about the year 1920, that it was found necessary to resort to liquidation in case of certain societies. From 1924-25, the number of societies in liquidation increased and so did the amounts involved. The total amounts of the Bank's dues involved in arbitration and liquidation proceedings, were Rs. 68,893. That, however, does not affect the Bank's position in any way, as a fairly large percentage is likely to be recovered and for the small percentage of probable bad-debts the Bank is sufficiently secured, both by its general and bad-debt reserve funds. The latter alone amounts to Rs. 38000/-.

In passing, it may, however, be remarked that the amount would not have gone up high as Rs. 68893/- as it did in the year 1933-34, if there had been speedier recovery; and in that connection it may be mentioned that it would be better if the Department adopted the policy of having a full-time stipendary liquidator, in lieu of the present policy of appointing part-time liquidators, who are remunerated by payment of fees for the work done. We are told, that the system of full-time stipendary liquidators has been found satisfactory in the Deccan. If so, there is no reason, why the system should not be extended more widely. It is very necessary, that this should be done as soon as possible, for recovery of arrears by execution of awards and liquidators' orders, has been scandalously slow in some instances. If happily for Gujarat, liquidation proceedings are found to be insufficient for engaging full-time stipendary liquidators in particular districts, it is well to

combine the work of arbitration and liquidation in one man, rather than allow the present system to continue. Societies that had been taken into liquidation as early as 1923, have not been wound up and cancelled, because the liquidators have not been able to recover all the arrears due and are not able to submit their final reports, as regards complete liquidation of the societies.

Finance to Rural Credit Societies by Talukas.

It will be interesting to study how far co-operative finance has helped the 8 different Talukas of the Surat District. Below we have given a table showing the number of societies financed and the amounts of short and long term loans advanced in each Taluka, as on 31-3-34.

Finance to Rural Credit Societies by the Surat Bank, as on 31st March 1934, in the eight Talukas.

Taluka.	No. of societies financed.	Short-term loans, Rs.	Long-term loans, Rs.	Total loans, Rs.	Percentage of total finance.
OLPAD	33	49069	149667	198736	45
CHORYASI	6	11326	5105	16431	4
MANDVI	11	27052	49207	76259	17
BARDOLI	8	3780	20798	24578	5
JALALPORE	4	869	1109	1978	1
CHIKHLI	12	2484	40598	43082	10
BULSAR	19	2254	27424	29678	7
PARDI	16	1724	46635	48359	11
TOTAL	109	98558	340543	439101	100

A glance at that table will show that 45% of the actual lending by the Bank was in the Olpad Taluka distributed over 33 societies thereof. Olpad Taluka was the first to avail itself of the new facilities of finance, afforded by the co-operative movement, as it was perhaps more needy than the other Talukas of the District. Mandvi and Pardi Talukas come next in order with 17% & 11% of the total finance distributed over 11 & 16 societies respectively. Jalalpoore, Bardoli & Choryasi Talukas

have been so far not attended to, though it is hoped that co-operative societies are likely to show much better results, if established in those Talukas. There is still more room for development in the Chikhli and Bulsar Talukas also, but there has been a set-back owing to the present agricultural depression. In fact it has put a stop to all types of new activities. It is, however, hoped that with the prices of agricultural commodities rising, it would be possible to extend co-operative activities further. It is necessary, that there should be intensive and continuous propaganda, carried on for some time, in order to extend the beneficent result of the movement to every large village in the District which stands in need of finance. Out of 144 agricultural credit societies in the District, 109 have been borrowing from the Bank and the rest are working with their own capital and with non-members' deposits.

Short-term & Long-term Finance.

Finance in the co-operative movement is, generally, divided into three classes, viz, (1) Short-term, (2) Intermediate-term & (3) Long-term.

The short-term finance provides for the current needs of the agriculturists, viz, purchase of seeds, manure, and paying for labour in sowing, weeding, harvesting, as well as for the maintenance of his family and cattle. The general idea underlying the finance is, that it should be repaid with interest at the end of the season from the sale-proceeds of the crops harvested. The second class consists of loans for purchase of bullocks, agricultural implements, sinking of wells, and expenses for social functions such as marriages &c., in the family. It is expected, that the loans borrowed for this purpose should be ordinarily repaid in instalments varying from 2 to 5, and therefore, such loans are called intermediate-term loans. The third class, viz, long-term loan, is advanced for permanent improvements in agriculture, for purchase of costly implements of agriculture, for building residential as well as farm-houses, and for purchase of lands, and redemption of old debts. These loans, however, are spread over a long term from 5 to 10 years, or even more. The fixing of instalments would generally depend, upon the amount of the loan and the purpose for which it is borrowed, and upon the repaying capacity and economic condition of the borrower. In the Surat District, loans are generally divided into two classes, viz, annual or short-term loans, which are expected to be returned in a year or two and the rest of the loans are classified as long-term loans.

The table on page 80 will give us the idea as to the amounts of short-term finance and long-term finance in the eight Talukas, at the end of the year 1933-34.

The long-term finance predominates over the short-term finance not only with regard to the District taken as a whole, but also with regard to each Taluka taken separately, with the solitary exception of the Choryasi Taluka.

We shall now examine the amounts and the percentages of annual and long-term loans advanced by the Surat Bank, from 1925-26 to 1933-34, as figures of previous years are not available.

**Annual and Long-term loans advanced by the Surat Bank,
from 1925-26 to 1933-34.**

Year.	Annual loan. Rs.	Long-term loan. Rs.	Total loan. Rs.	Percentage of annual loan to total loan.	Percentage of long-term loan to total loan.	Long-term capital. Rs.
1925-26	182353	330107	512460	35.5	64.5	139460
1928-29	190715	384609	575324	33.1	66.9	223562
1931-32	180411	357638	538049	33.5	66.5	246735
1933-34	98558	340543	439101	22.4	77.6	350731

The percentage between the two kinds of finance is generally in the ratio of 1:2. This is due to the fact that a very large percentage of loans have been borrowed for the payment of old debts. Agriculturists, some how or other, manage to meet their annual requirements either by small savings they might have effected during the seasonal period, or by borrowing small accommodation loans from friends or relatives, and also by borrowing from the Village-Shahukar, as that is found more convenient and a speedy way of meeting their economic needs. That is the reason why we find that the percentage of long-term loans as defined above, is higher than that of the annual or short-term loans. If the co-operative movement were as wide-spread in the District, as one should wish it to be, or as it ought to be, then perhaps not less than Rs. 75,00,000/- will be required to provide for this short-term finance. A very small percentage, viz, about 20% of the total villages in the District are served by the co-operative movement, and that is the reason why the annual finance required is very much less than what it would be otherwise. The earliest to join the co-operative movement were people who were heavily indebted to Shahukars and were obliged to pay usurious rates of interest. In the early stages of the movement, societies encouraged these types of people and helped them by giving them long-term loans with moneys borrowed from the Bank also for similarly long-term. It was this sort of money-lending in the beginning, without the

strict regard for the repaying capacity of the borrowers, that brought some of the early societies to grief.

The second reason why the long-term finance predominates over the short-term finance is, that even in cases when men who had borrowed for a year or two became defaulters and were unable to pay for a number of years, it was found expedient to allow them to repay their debts, by instalments spreading over from 5 to 10 years. This in its turn increased the amount of loan which the agriculturist had to pay, beyond his ordinary repaying capacity for the year, and led to defaults, and again instalments were to be granted for repayment of the debts due. This will in a way explain the rise in the percentage of long-term loans from the year 1928-29, the beginning of agricultural depression.

But even this was not able to solve the whole of the agricultural problem. If agriculturists are to be freed from the burden of indebtedness under which they are now groaning, it can only be done by supplying them long-term finance on very easy terms of interest, so that they will have only to pay such amounts by way of principal and interest every year, as they would be able to save easily from their annual income.

Great emphasis was laid on this aspect of the problem of rural indebtedness not only in this Presidency, but in various parts of India; and we are glad to note that Government have now come forward to start land-mortgage banks in all parts of the country, the principal object of which is to advance money to agriculturists, on low rates of interest, repayable by such light instalments as the agricultural debtor may be able to pay out of his annual income. It is hoped that the land-mortgage banks to be inaugurated, will bring in an era of real relief to the agriculturists in the country.

The land-mortgage banks are to be started definitely with the object of helping the agriculturist out of his indebtedness. As stated above, the method to be employed to do so would be to advance him the necessary loan on low terms of interest, payment thereof being spread over 20 years. One reason put forward for starting such banks is, that it would not be safe to allow the co-operative district central banks to do this sort of business, they having no long-term capital to fall back upon. It was argued that, as even the fixed-term deposits of a central co-operative bank are not for more than 3 or 4 years, it would not be wise to allow them to advance loans repayable by 20 or more instalments. Apparently it looks quite plausible, but it must also be remembered that most of the deposits in the co-operative central banks have come to lie with them and these deposits are renewed from year to year.

Moreover, if the central banks were allowed to do this sort of business upto the amount of their paid up share-capital plus reserve fund, it would be well within the rule formulated above. If the Surat Bank had been allowed to go in for that sort of finance it would not have been found difficult to get even long-term deposits. It was often pointed out in the case of the Surat District Co-operative Bank, that its long-term finance exhausted the amount of its long-term capital, viz, the paid up share-capital plus reserve fund, and that, therefore, it was *trading on insecure ground*. However, it was not correct to say so, for a large percentage of the amount involved in what is called its long-term loan was money payable within 3 to 5 years and as actual experience shows, never was any practical difficulty presented to the Bank by the policy that it followed. As it is now, the Bank will be deprived of a large part of the finance that it is now doing, and if vigorous attempts are not made to spread the movement widely, a very large percentage of its working capital will have to be employed, as it is now being employed, in investment outside the movement. Its surplus funds can only be invested in certain specified securities.

The Managers of the Bank have, therefore, nothing else to do, but to watch the security market closely and to find out how to make profit out of their investments. Under the circumstances, it is for the Department to decide whether the Central Bank should or should not be allowed to go in for long-term finance at least up to the extent of its paid-up share-capital and reserve fund. Uptil now, Government have only undertaken of guaranteeing capital and interest upto Rs. 10 lakhs. If Government were to accede to the request of the Bombay Legislative Council and guarantee a debenture-loan upto Rs. 50 lakhs, even then the capital collected will be a flee-bite compared to the requirements of the indebted agriculturist and that, therefore, such small assistance as the central banks could give in that direction, should also be welcome.

Finance to Cotton-sale Societies.

Of the agricultural non-credit societies, the co-operative cotton-sale societies occupy a very prominent place in the co-operative movement in this District. We have studied the figures of finance to agricultural credit societies in chapter I and we propose to examine the finance to urban banks and urban credit societies, in the following chapter. It is thought proper to examine the Bank's dealings with the cotton-sale societies here, owing to the prominent situation they occupy, in the economic development of the agricultural population in this District.

A cotton-sale society is registered for an area, where the same quality of cotton is generally grown. Its *modus operandi* is very simple. As soon as the society is formed, it obtains from its members, the figures of area under cultivation for cotton crop, in the beginning of the cultivating season. The society advances from Rs. 2 to Rs. 5 per acre to those of its members for their cultivation expenses, who need money, on bonds with interest, repayment being guaranteed by sureties. The society recovers such advances made together with interest, from the sale-proceeds of the members' crops which he has to bring to the society for sale during the marketing season that follows. If a member sells away his crops and fails to bring it to the society's office for sale, his shares in the society are forfeited or he is fined and the amount due by him is recovered from his property or from his sureties. This advance, the society makes out of the share-capital collected, or out of moneys borrowed from the central bank or from members' or non-members' deposits. The rates of interest on these deposits vary from $2\frac{1}{2}\%$ to 5% per annum. The rate of interest on advances to members varies between $6\frac{1}{2}\%$ to $9\frac{3}{8}\%$ in different societies. It is curious to note that, while these societies expect the Bank to advance them money at varying rates of interest with a margin of 2% or 3% , they themselves lend to their members at much higher rates of interest.

The way in which an individual farmer is financed by a cotton-sale society in this District, is simple. When the cotton season is on, as soon as the cotton crop is harvested, the members begin to bring their cotton into the ginning factory owned by a co-operative ginning society, or where no such factory exists, into a factory selected by the managing committee of the society. The society maintains a record of the quantity of cotton each member brings for being ginned, and advances to him 75% to 90% of the then market value of the cotton, including the advances already made for the expenses of cultivation. Most of the members of the society have to take the benefit of such advances. After a major portion of the crops thus brought into the factory is sold, the committee appointed by the society decides a date from which no interest is charged on advances made to members. All expenses, like charges of ginning and pressing, interest paid to the Bank, insurance premia, salaries and wages of employees, and all other expenses incidental to the management, are first deducted out of the sale-proceeds of the goods sold. An average sale price, having regard to the prices realised during the season, is fixed and at that rate each member is given credit for the amount of the quantity of goods brought by him. Finally, the balance lying to the credit of his account, after recovering the advances made together with interest accrued thereon, is given to him; but if a member has already been paid more than what is found due to him on taking such account, the debit balance is recovered from him.

We shall now see how the cotton-sale society is, in its turn, financed by the Central Bank. On a proper application being made by a society, the Bank advances to it the amount not exceeding double the amount of its paid-up share-capital and its reserve fund. This is done by taking the ordinary bond from the society, with a condition that as soon as the society begins to receive cotton crops for being ginned, the Bank shall have the first charge for all the advances made to it on the goods so received. If the share-capital of the society is invested in fixed-deposits with the Bank, the Bank makes advances on its security. In the beginning of the cotton season, the Bank gets the cotton, both seed and lint, insured in its own name with an insurance company approved by it, and takes possession of the same by placing its agent in charge of the cotton. The salary of the agent and other incidental charges on account of his employment are to be borne by the society, or if more societies than one are working together and get their cotton ginned in one ginning factory, they bear charges on account of the agent, proportionately. The agent keeps the account of the goods taken in possession and sends daily report to the Bank. On the strength of that report, the Bank advances upto 60% of the market-value of the goods given in possession, reserving its right to fix the value according to market-value then prevailing. Limit of maximum advance is fixed in each case. After the cotton is ginned and put into pucca bales, if the bales are not sold during the season, and are in consequence to be ware-housed, the Bank's agent is ordinarily removed and the advances still continue on the security of the said bales, if the gin-owner, in whose godown the bales are ware-housed, undertakes on behalf of the society to act as the Bank's agent and holds himself liable for the same to the Bank. The rate of interest charged by the Bank has varied between 6% & 7½% during all these years. The present rate is 6% during the busy cotton season and 5½% for the slack season from June to September. To the borrowers repaying punctually the amounts borrowed, a rebate of about ½% is allowed by the Bank. In fact the cotton-sale societies get cheaper finance than the ordinary cotton-merchants, who have to pay at the rate of 9% per annum during the time they are financed by the ordinary Shahukar in the town or the city.

Having described the system followed by the Bank, in financing cotton-sale societies, we shall now examine the figures of finance allowed by the Bank to these societies, during the years 1923 to 1934. The table on page 87 shows the number of societies in each year, together with the amount of credits allowed to them and the rate of interest charged.

Credits sanctioned for the Co-operative Cotton-sale Societies by the Surat Bank, from 1923 to 1934.

Year.	No. of societies registered.	Total amounts for which credits were sanctioned. Rs.	Rate of interest percent.
1923	2	Nil	6½ to 8
1924	7	30000	6½ " 7½
1925	11	233000	6½ " 7½
1926	13	108000	6½ " 7½
1927	14	146000	6½ " 7½
1928	14	250000	6½ " 7½
1929	12	458000	6½ " 7
1930	12	763000	6½ " 7
1931	13	511000	5½ " 6
1932	13	530000	5½ " 6
1933	14	803000	5½ " 6
1934	18	862000	5½ " 6

It will not be far wrong to say that, on an average more than 75% of the credits sanctioned have been used. These figures show a steady increase in the amounts of credits sanctioned with the increase in the number of societies. It might have happened that in one particular year a society might not have been obliged to utilise the credit, but as stated above, they have generally utilised the credits from 60% to 80% of the amounts sanctioned. The figures vary owing to the variation in the quantity of crops and the ruling prices in the year. The rate of interest charged has been moderate, even less than what an ordinary merchant has to pay in his current account with the Shahukar during the busy cotton season, and with the rebate allowed to borrowers who discharge their obligations in time, the rate of interest is certainly very favourable. The facilities which societies get at the Bank have helped the development of the societies. They only have to pay interest on daily debit balances in their overdraft accounts, and have not to pay anything on the amounts of the credits sanctioned unless actually utilised. It is usual in such cases for joint-stock banks to charge interest, under what is known as

'half-interest clause'; but the co-operative banks do not do so, though in order to be able to meet promptly, all the requirements of the cotton-sale societies during the cotton season, they have to realise some of their fixed investments and keep the same on hand, and in banks, at low rates of interest. It is no exaggeration to say, that the regular development of the cotton-sale societies to the extent to which they have developed in the District, is largely due to facilities granted to them by the Surat District Co-operative Bank. The moral effect of the success of the cotton-sale societies is tremendous. The agriculturists have begun to realise that they are also competent to do business and do the same in competition with other experienced cotton-merchants. The success of the cotton-sale societies is now inspiring them with an idea to start other sale societies, for the purpose of selling their principal crops.

We shall now study the rates of interest on deposits and loans.

Rates of Interest of the Surat Bank, on Deposits and Lendings, from 1923-24 to 1933-34.

Year.	Rates of Interest on Deposits.			Rates of interest on lendings. %
	Savings. %	Current. %	Fixed. %	
1923-24	4	2	4½ to 6	7 to 8
1924-25	4	2	4½ to 6	7 to 9
1925-26	4	2	4½ to 6	7 to 9
1926-27	3½	2	4½	7 to 9
1927-28	3½	2	4½	6½ to 9
1928-29	3½	2	4½	6½ to 9
1929-30	3½	2	3½ to 4	6½ to 9
1930-31	3½	2	4½	6½ to 8
1931-32	3½	2	3½ to 4½	6½ to 9
1932-33	2½	1½	4½	6 to 9
1933-34	2½	1	2½ to 3½	5½ to 9

Rates of Interest on Deposits.

While discussing the rates of interest on which the Bank received its several deposits in the period ending 1922-23, we observed that the interest on savings-bank deposits had to be increased from $3\frac{1}{2}\%$ to 4% in the years 1921-22 and 1922-23. The same rate of interest was continued for the three years in the beginning of this period. It was, however, reduced to $3\frac{1}{2}\%$ during the three years that followed, and in 1929-30, it was still further reduced to $2\frac{1}{2}\%$ and in the year that followed, it was reduced to $2\frac{1}{2}\%$. This reduction in the rate of interest from time to time has not in the least affected, the inflow of deposits in savings-bank account. They have on the other hand, increased considerably, as the figures in the table on page 67 will show. The rate of interest on current deposits remained unchanged at 2% , from 1920-21 till 1932-33, when it was reduced to $1\frac{1}{2}\%$, and in 1933-34 it was still more reduced to 1% . The deposits in current accounts also have increased simultaneously with the reduction in the rates of interest on savings and current accounts. The rates of interest on fixed-deposits have also been reduced, from time to time, yet fixed-deposits have also increased. The rates of interest on all the three kinds of deposits during the period have been lower than the same in the preceding period, and yet all the types of deposits have increased. It may be stated here that these rates when compared with those of the other six Banks in the city, are either equal to or lower than theirs, except those of the Imperial Bank of India, Surat Branch. That indicates that the public have confidence in the stability and sound management of the Bank.

The following table shows the maximum and minimum limits of the rates of interest of the Surat & the Broach Central Banks, and the Provincial Bank at Bombay, on various kinds of deposits by the public.

Rates of Interest on Deposits of the three Banks, from 1923-24 to 1933-34.

Year.	Surat Bank. %	Broach Bank. %	Provincial Bank. %
1923-24	2 to 6	3 to 7	4 to $6\frac{1}{2}$
1926-27	2 to $4\frac{1}{2}$	2 to 6	2 to $6\frac{1}{2}$
1929-30	2 to 4	$1\frac{1}{2}$ to $5\frac{1}{2}$	2 to 6
1933-34	1 to $2\frac{1}{2}$	1 to $3\frac{1}{2}$	1 to 6

The figures in the above table show that throughout the period under review, the rates of interest on deposits given by the Surat Bank are lower than those of the other two Banks.

Rates of Interest on Lendings.

A look at the table on page 88 shows that the rate of interest on lendings has been reduced from time to time with the reduction in the rates of interest on deposits. Even the minimum of 6% as fixed in the original byelaw was reduced to 5½% with the permission of the Registrar, in the year 1931. At the same time the rate of interest on advances to societies was also lowered. The higher limits in the table are only for those cases, where penal interest had to be charged to recalcitrant defaulters. However, when these figures are compared with those of the last period, they are certainly lower. The lower rates have also contributed to some extent to the rise in the figures of the advances made. It may also be noted that borrowers who were regular in their payments got a rebate of about one anna in a rupee, out of the profit for the year; thus they really got a rebate of about ½% on the interest that they had to pay. The lower rates have been of special benefit to the non-credit societies who are punctual in their payments.

We shall now examine the rates of interest on lendings of the Surat Bank, with those of the other two Banks.

Rates of Interest on loans charged by the three Banks, from 1923-24 to 1933-34.

Year.	Surat Bank. %	Broach Bank. %	Provincial Bank. %
1923-24	7 to 8	8	7½ to 8
1926-27	7 to 9	7½	6½ to 8
1929-30	6½ to 9	7	5½ to 8
1933-34	5½ to 9	4½ to 7	4 to 8

The figures in the table given above are taken from the annual reports of the Registrar. The Surat District Co-operative Bank has been from its start allowed to lend money to individuals, though that has been considerably restricted in late years. The practice with the Bank has been always to charge 1% more with regard to loans to individuals, over the rate of interest charged to societies. It has charged the societies, interest of 7% per annum from 1923-24 to 1926-27, and in 1928 reduced it to 6½%, and still further reduced it to 5½% in 1933-34.

As stated above, the societies who are regular in discharging their obligations get a certain percentage out of the profit, which works out as a rebate of $\frac{1}{2}\%$ on their interest. In light of these observations, one can easily see that the rates of lending maintained by the Surat Bank, compare favourably with those of the Broach Bank and the Bombay Provincial Co-operative Bank upto the year 1929-30. In the year 1929-30, the Bombay Provincial Bank was fortunate enough in being able to reduce its minimum rate to $5\frac{1}{2}\%$. In the year 1933-34, we are glad to note that both the Broach and the Provincial Banks were able to reduce their rates of interest.

We shall now turn to the study of the cost of management, the rate of profit, the dividend declared, and the reserve fund, during this period. The following table is instructive.

Working Capital, Cost of management, Profit, Dividend, and Reserve Fund of the Surat Bank, from 1923-24 to 1933-34.

Year.	Working Capital. Rs.	Cost of management. Rs.	P. C. of the same on W. C.	Annual net profit. Rs.	P. C. of the same on W.C.	Dividend declared. %	Reserve Fund. Rs.
1923-24	945453	6902	0.73	9514	1.0	7 $\frac{1}{2}$	13700
1924-25	991431	7652	0.77	14133	1.4	7 $\frac{1}{2}$	16100
1925-26	1331634	8775	0.65	19192	1.5	7 $\frac{1}{2}$	19640
1926-27	1569664	12189	0.77	22122	1.4	7 $\frac{1}{2}$	24697
1927-28	1795614	13185	0.73	31180	1.7	6 $\frac{1}{2}$	30320
1928-29	1930195	17092	0.88	33967	1.7	7 $\frac{1}{2}$	34402
1929-30	2273165	18394	0.81	27830	1.2	6 $\frac{1}{2}$	41170
1930-31	2654852	23942	0.90	23292	1.1	6 $\frac{1}{2}$	46664
1931-32	2616638	27712	1.10	34001	1.3	7 $\frac{3}{8}$	50815
1932-33	3227610	29883	0.92	46327	1.4	7 $\frac{3}{8}$	71658
1933-34	3899464	35345	0.90	64470	1.6	6 $\frac{1}{2}$	90131

Cost of Management.

The actual cost of management has no doubt increased from Rs. 6902 in 1923-24, to Rs. 35345/- in 1933-34, an increase of more than 412%. It is noteworthy, however, to remark that the percentage of cost of management on working

capital has never gone beyond 1 except in the year 1931-32 when it was 1.1. One percent is considered in business circles to be the minimum cost of management. However, it may be remarked here, that the increase in the cost after 1928-29 is due to employment of a junior and a senior inspector which was considered very necessary on account of the expansion in the Bank's business, the Bank having opened branches in the Talukas which required to be closely looked into. Some of the branches have as yet not been very great success. But the fact that the cost of management has again begun to be reduced, shows that the management has been carried on very economically. Directors of the Bank are all doing honorary work, except during 3 years of 1931 to 1933, when a sum of Rs. 1200/- was distributed each year amongst 13 of its Directors. We shall now compare the figures of percentage of cost of management on working capital of the Surat Bank, with those of the other two Banks:

Percentages of the Cost of management on Working Capital of the three Banks, from 1923-24 to 1933-34.

Year.	Surat Bank.	Broach Bank.	Provincial Bank.
	%	%	%
1923-24	0.73	0.72	1.02
1926-27	0.77	0.95	1.32
1929-30	0.81	1.01	1.54
1933-34	0.90	1.00	1.24

The above figures show that at stated periods, percentages of cost of management on the working capital of the Surat Bank, have been lower than those of the other two Banks throughout the whole period, which proves that the Surat Bank is not erring on the side of extravagance in expenses with the growth and expansion of its business.

Profit.

A glance at the table on page 91 will show that the profits of Surat Bank have increased, from year to year, except in the year 1929-30 when there was a decline due to the fact that the Bank had to exclude from calculation of its profit, a large amount of overdue interest which could not be collected owing to fall of heavy frost in the District. On the other hand, the jump in the profits for the years 1932-33 and 1933-34, is particularly due to extra profit realised by a judicious purchase and sale of government

securities. The rise in the profit from Rs. 8718/- in 1922-23 to the close of the last period to Rs. 64470/- in 1933-34, will be deemed creditable for the people in charge of management. Comparing the percentages of profit with the same in the preceding period, we notice a slight fall in this period. For 8 years between 1913-14 to 1920-21, the percentage varied between 2 and 3.3, while during this latter period it has never gone beyond 1.7. That is not to be wondered at, because while the working capital continued to increase there was not a similar increase in demands for loans. A large portion of the working capital was, therefore, to be invested at much lower rates of return which did not realise a margin of 2%. If the co-operative movement is to continue as a live and vigorous movement, sustained efforts have to be made to extend it practically to every village in the District, so that a larger percentage of the working capital of the Co-operative Bank may be profitably invested, with a larger margin of profit in the co-operative movement itself, and to the benefit of the agriculturists concerned. We shall now compare the percentages of profit on working capital of the three Banks.

**Percentages of Profit on Working Capital of the three Banks,
from 1923-24 to 1933-34.**

Year.	Surat Bank.	Broach Bank.	Provincial Bank.
1923-24	1.6	1.7	0.8
1926-27	1.4	1.5	0.9
1929-30	1.2	1.9	0.6
1933-34	1.6	1.2	0.6

From the table given above, we observe that the percentages of profit made by the Broach Bank, have exceeded those of the Surat Bank throughout the period, except in the year 1933-34. This is mainly due to a large percentage of the Broach Bank's deposits having been utilised in lending to societies as compared with those of the other two Banks. The percentages of profit earned by the Provincial Bank have remained lower than those of the other two Banks.

Dividend.

During the nine years between 1914-15 to 1922-23, of the first period, the dividend declared was 7½%, except in the year 1918-19, when it was 6½%.

During the second period which is now under review, $7\frac{1}{2}\%$ and more have been declared in 5 years, and just a little less than $7\frac{1}{2}\%$ in the years 1931-32 and 1932-33. During the remaining 4 years it has varied between $6\frac{1}{4}\%$ to $6\frac{7}{8}\%$. If the Directors had been minded to declare a larger percentage of dividend they would have safely done so, but since 1929-30 a more cautious policy of strengthening the reserve and other security funds of the Bank have been followed, for it was found that it was not necessary to declare a higher dividend than $6\frac{1}{4}\%$ to $6\frac{7}{8}\%$, having regard to the dividends declared by the several joint-stock companies and having regard to the fact that the dividends declared by a co-operative bank are free from income-tax. The general rate of interest on which money could be invested during the period, was abnormally low and, therefore, investors in the shares of a co-operative bank have nothing to complain of if they got anything above 6%.

The following table will show the dividends declared by all the three Banks at intervals of 3 years.

**Dividends declared by the three Banks,
from 1923-24 to 1933-34.**

Year.	Surat Bank. %	Broach Bank. %	Provincial Bank. %
1923-24	$7\frac{1}{2}$	7	$7\frac{1}{2}$
1926-27	$7\frac{1}{8}$	$7\frac{1}{4}$	8
1929-30	$6\frac{7}{8}$	7	8
1933-34	$6\frac{7}{8}$	6	4

The figures show that all the three Banks have been declaring good dividends throughout the period. It is in 1933-34, that the Provincial Bank could declare a dividend of only 4% owing to a fall in its profit.

During these years the Bank has set apart large sums of money as shown in the table on page 95.

**Share-capital & Reserve Fund of the Surat Bank,
from 1923-24 to 1933-34.**

Year.	Share-capital. Rs.	Reserve fund. Rs.	Percentage.
1923-24	90820	13700	15.0
1924-25	101480	16100	15.8
1925-26	119820	19640	16.4
1926-27	151180	24697	16.3
1927-28	184220	30320	16.4
1928-29	189160	34402	18.1
1929-30	191080	41170	21.5
1930-31	193200	46664	24.1
1931-32	195920	50815	25.9
1932-33	198680	71658	36.0
1933-34	260600	90131	34.5

Reserve Fund.

The above figures indicate that with the increase in the share-capital there has been an increase in the reserve fund also. The share-capital has increased from Rs. 75,980/- in 1922-23 to Rs. 2,60,600/- in 1933-34, but the reserve fund has risen from Rs. 11011/- to Rs. 90131/- and the percentage has increased from 14.5 to 34.5 in those years. It is noteworthy that there has been a rapid increase in the percentage, though section 39 of the Bombay Co-operative Societies Act provides that 25% of the net profit should be carried to the reserve fund. That is due to the fact that, besides the statutory 25% of the net profit, forfeited dividends are also added to the reserve fund from year to year. Yet there are limits on the increase of the reserve fund. While the share-capital can be increased to any extent by a resolution of the Board of Directors approved by the Registrar, the reserve fund cannot be increased in that proportion. The large increase in the figures of the reserve fund in 1932-33, was due to the transfer of the security reserve fund to this fund and a similar increase in 1933-34 was due to the carrying of the premium on the issue of the new share-capital to this fund; and yet the percentage fell

Percentages of Reserve Fund on Share-capital of the three Banks, from 1923-24 to 1933-34.

Year.	THE SURAT DISTRICT CO-OPERATIVE BANK LTD.			THE BROACH CO-OPERATIVE BANK LTD.			THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.		
	Share-capital. Rs.	Reserve fund. Rs.	Percentage.	Share-capital. Rs.	Reserve fund. Rs.	Percentage	Share-capital. Rs.	Reserve fund. Rs.	Percentage.
1923-24	90820	13700	15.0	114000	13372	11.7	741420	314068	42.3
1926-27	151180	24697	16.3	169400	24816	14.6	999920	428199	42.8
1929-30	191080	41170	21.5	230000	42206	18.3	1287750	594738	46.1
1933-34	260600	90131	34.5	247000	66111	26.7	1296900	1213479	93.5

in 1933-34, because of the issue of the share-capital of Rs. 60,000/- in that year which raised the share-capital from Rs. 1,98,680/- to Rs. 2,60,600/-. In order, however, that the reserve fund may maintain some sort of uniform percentage to the share-capital, the Board of Directors have decided in 1928, not to allot more than one share to an individual who is anxious to be admitted as a new member. This will act as a substantial check on the increase in the amount of the share-capital. We need not, however, be sorry at the amount of the reserve fund which we have been able to make up, as we do not compare badly with other joint-stock banks of great repute, having regard to the restrictions under which co-operative banks have to work. Our business is comparatively smaller and so is our margin of profit. Comparing with the figures of the percentage of last period, the rise in the figures of the reserve fund during this period is quite satisfactory.

The reserve funds of the Broach District Co-operative Bank and the Bombay Provincial Co-operative Bank stood as shown in the table on page 96.

Those figures show that the percentages of the reserve fund to the share-capital in the case of the Surat District Co-operative Bank have always stood higher than those in the sister Bank at Broach. The percentage figures of the reserve fund to the share-capital in the case of the Bombay Provincial Bank have stood much higher due to its volume of business.

We shall now turn to a consideration of a few special features of the Surat District Co-operative Bank, which have helped to bring to it a steady income from year to year and has helped to develop its financial resources.

As Bankers to the Surat Electricity Co. Ltd.,

With the good offices of the Bank's present chairman who happens to be a Director of the Surat Electricity Co. Ltd. also, the Bank has been appointed as Bankers to collect payments of the monthly bills issued to its consumers by the Surat Electricity Co. from the year 1924. Not only has this been a source of great convenience to the consumers of the Company but has also been a powerful factor to advertise the Bank and a source of steady extra income to it. In the first year the Bank collected 3664 bills. In 1933-34 it collected 23871 bills, i. e. it collected 1989 bills per month, which is a very large percentage having regard to the fact that there are only about 4000 consumers of the Surat Electricity Co. Ltd.. As the one chief aim of the Bank has always been to look after the convenience and facilities of the people for whom it works, the Bank has also undertaken to collect the bills out of the usual office-hours, i. e. from 8-30 A.M. to 10-30 A.M. in the morning. The Bank's thanks are due to the management of the Surat Electricity Co. Ltd.,

for continuing their patronage of the Bank, despite the fact that later on a rival bank offered to do the same work at practically no gain to itself. This was entirely due to the fact that the Bank had given satisfaction to the Surat Electricity Co. Ltd., and the Directors of the Company thought that the Bank deserved continuance of their patronage, having undertaken to do this sort of business for the convenience of its consumers at an early date.

Development of Branches.

A co-operative central bank has generally to finance co-operative credit societies in rural areas. As observed before, the Surat District Co-operative Urban Union Ltd. was started with the double object of not only financing rural societies, but also artisans of limited means in the City and in the District. As the number of co-operative credit societies affiliated to the Bank increased, the problem of remitting to and of recovering moneys from them, began to demand a more serious consideration, on account of difficulties of dealing with them from a distant place like the district-town of Surat. Side by side, it was found necessary for development of the Co-operative Bank and development of co-operative banking habit among the people of rural areas, that branches of the Co-operative Bank should be established at least in all the principal taluka-towns of the District. As a first step in that direction, in order to get over the difficulty of financing societies in Bulsar, Pardi, and Chikhli Talukas, it was found advisable by the Managing Committee of the Surat District Co-operative Bank to open a branch at Bulsar, the taluka-town of Bulsar. A branch was, therefore, opened there on 1st April 1923, with a local Advisory Committee whose main function was to advise the Managing Committee of the Bank at Surat, on the propriety or otherwise of the loans to be advanced in the Taluka. The experiment soon justified the wisdom of opening a branch at Bulsar. The second object of opening a branch in the taluka-towns was to render usual banking service to the people in the rural areas, and also to attract deposits of money which was lying idle all these years for want of an avenue for investment. Small traders and other people also required banking facilities for easy transmission of money. With these objects in view, the Bank adopted the policy of opening the branches in the taluka-towns even though it knew that it meant some loss in the initial stage of the development of a branch. The success at Bulsar led them to open another branch on 24th June 1923, at Chikhli and a third one at Bardoli, on 9th March 1930. A branch at Jalalpur was opened on 26th February 1933. The Head-office can easily serve both the Olpad and Choryasi Talukas of the District and the Bardoli Branch can serve the Mandvi Taluka also. The Pardi Taluka is now amalgamated with the Bulsar Taluka and the Bulsar Branch is thus now in a position to finance both the Pardi and

Bulsar Talukas. Thus the Bank has afforded facilities practically to all the 8 Talukas of the District. Should, however, any necessity arise for having a separate branch at Mandvi or Pardi, the Bank will be prepared to do so. The Bulsar, Bardoli and Chikhli Branches are paying their way and Jalalpore is on a way to it. The fact that these small co-operative banks have been successful in tapping monies that were lying hitherto idle, and have afforded facilities to the inhabitants of those areas having dealings with overseas dominions and colonies, is a great justification of this policy of developing branches. It may be noted here that, but for its branches, about Rs. 17,60,000 of the working capital of the Surat Bank would not have been available to it. The following table will show the working capital of the branches from time to time.

**Working Capital of the Branches of the Bank, from
1923-24 to 1933-34**

Year.	Bulsar. Rs.	Chikhli. Rs.	Bardoli. Rs.	Jalalpore. Rs.
1923-24	19000	...	...	...
1924-25	88950	...	...	...
1925-26	186000	...	...	...
1926-27	273874	...	...	...
1927-28	474246	...	...	...
1928-29	523120	52168	...	...
1929-30	645661	70479	212	...
1930-31	839059	106860	68196	...
1931-32	862639	138235	83158	...
1932-33	1011085	178931	187182	29514
1933-34	1082934	253235	290141	142618

These figures show that all the branches are doing well. The progress of the Bulsar Branch is greater in comparison to others, because its area of operation covers two talukas, viz., Bulsar and Pardi, and secondly because Bulsar is a commercial town, big both in respect of area and population, and has a growing

population on account of the colony of the employees of the B. B. & C. I. Rly. near the station. The Bardoli Taluka and Valod Mahal are together greater in area and population than the Chikhli Taluka, and a large number of people from that Taluka and Mahal go to Africa and other places overseas, and that is also a reason why the branch has made a more rapid progress there than at Chikhli. The Jalalpore Branch is only two years old, but it has begun well and has justified all the expectations with which it was started. As stated above, more branches may be opened at suitable centres if found necessary in the future. The Provincial Bank has about 30 branches and the Broach District Co-operative Bank has 5, one in each of the 5 Talukas of the Broach District. The Surat Bank has also tried to meet the requirements of all the 8 Talukas it has to serve. We shall now turn our attention to give a general idea of what each one of the 4 Branches of the Surat District Bank, was on the 31st. March, 1934.

Bulsar Branch.

The working capital of the Bulsar Branch on that date, was Rs. 10,82,934. The staff of the Branch consisted of one Agent, one cashier, three clerks, two inspectors, three peons and a night-watchman. The office is situated in the busy quarters of the town, viz., the Bazaar, 45 co-operative societies are working in its area of operation, of which 36 have borrowed loans from the Branch. It has also financed 25 individuals. The area of operation covers both the Bulsar and Pardi Talukas.

Chikhli Branch.

The staff of the Chikhli Branch consisted of one Agent, a clerk, and a peon. It is assisted by one of the two inspectors at Bulsar Branch with regard to the investigation of loan applications of the affiliated societies and recoveries thereof. 27 societies were working in its area of operation which is confined to Chikhli Taluka alone. It advanced monies to 13 out of them including one rice-sale society and 3 cotton-sale societies. Its working capital on 31st March, 1934, was Rs. 2,53,235/-. As there are no peoples' co-operative banks in the taluka-towns where branches of the Surat Bank are opened, they are allowed to finance small traders also, and the Chikhli Branch has financed 12 individuals.

Bardoli Branch.

Its working capital was Rs 2,90,141/- at the end of the financial year 1933-34. Its staff consisted of one Agent, one clerk, and a peon. It is assisted by one of the inspectors working at the Head-office with regard to its work with the affiliated societies. The office is situated at the end of the Bazaar on

a road which is a thorough-fare for people from several neighbouring villages to come to Bardoli. It had in its area of operation 26 societies of which one was a cotton-sale society. It financed in all 14 societies and 11 individuals. Its area of operation extends over Bardoli Taluka and Valod Mahal and a part of the Mandvi Taluka also.

Jalalpure Branch.

As observed before, the Jalalpure Branch is only an infant of 2 years. Its working capital of Rs. 1,42,618 at the end of that period, must be considered satisfactory. The staff consisted of an Agent, a clerk, a peon, and a night-watchman. The office is situated near the Navsari station. It is assisted by one of the two inspectors of Bulsar, in regard to its work with the affiliated societies. There were only seven societies working in the Taluka of which 3 were financed by the Branch. It also financed 9 individuals, its area of operation being confined to the Jalalpure Taluka alone.

Some General Remarks.

We have upto now studied the constitution, the growth, and the development of the Bank during the last 25 years, but the study would be incomplete without a reference to the work of its management and the staff and what has been the opinion of the highest authority in the Department, viz., the Registrar, as to the working thereof. A co-operative bank has not only to work as a mere banking institution, but it has also to provide for inspection and supervision of societies, and for carrying on a vigorous propaganda as regards the spread of the co-operative movement and the knowledge of its principles amongst the people.

We shall, therefore, now turn to the consideration of what the Surat Bank has done for all these matters during the last 25 years.

Bank's Situation.

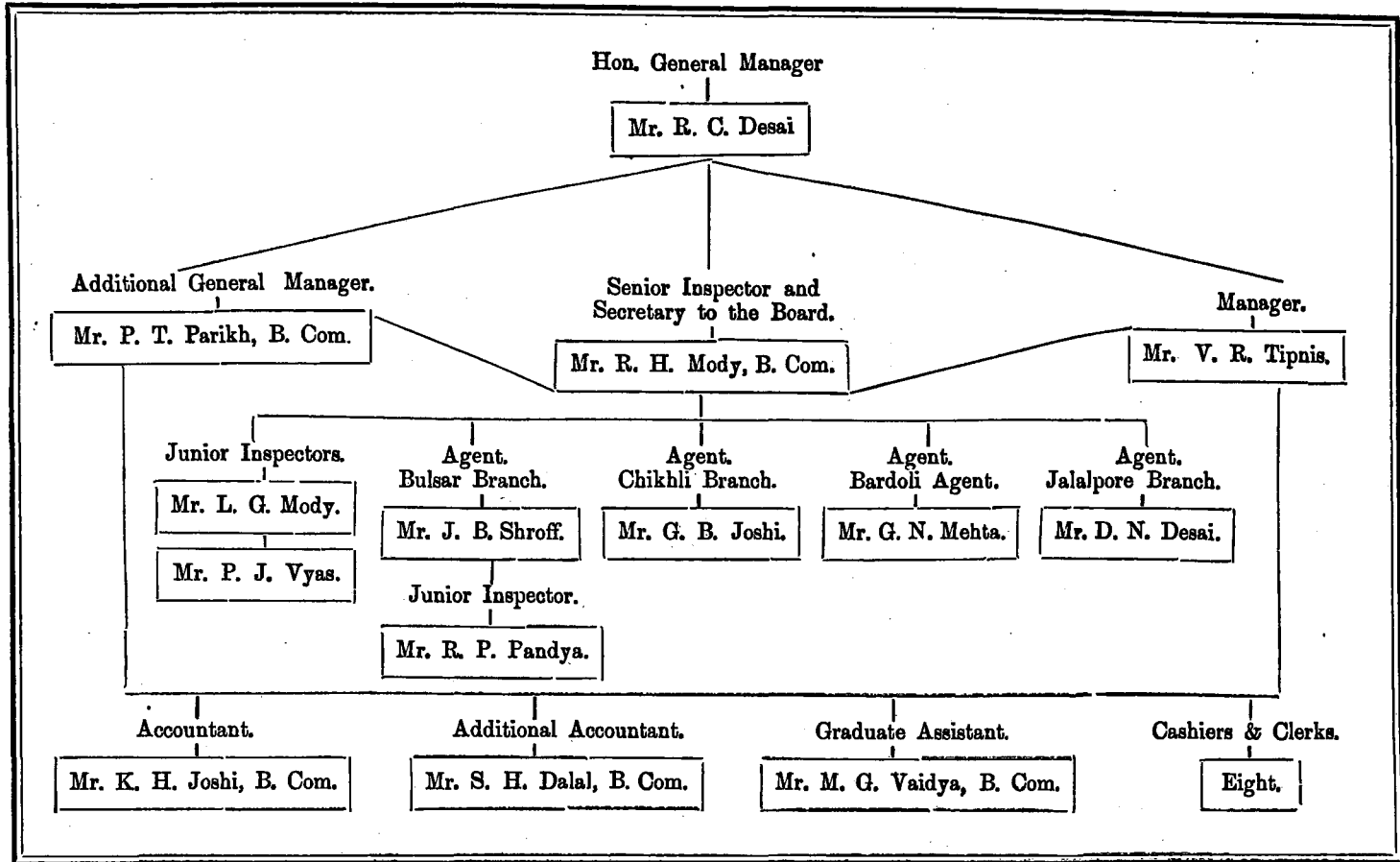
The experience of the Surat District Co-operative Bank with regard to its location, can hardly be said to be satisfactory. During the first twelve years of its existence, it had to change 8 buildings in 5 localities, before it could settle down in Sheth Gangaram Jamnadas's building on the Kanpith-road in the year 1921-22. This locality has now all the important banking institutions of the City, except the Surat Branch of the Imperial Bank of India and the new Banking Corporation that has been recently started. In view of its past experience, the management was desirous of having a building of its own in such an important locality as Kanpith, when in 1930 an opportunity offered

itself for putting that idea into practice. The Bank purchased a building for Rs. 24500/-, and spent about Rs. 4000/- more to make suitable alterations, and in necessary repairs and in providing the necessary fittings for a bank-building, before the Bank could occupy it. The opening ceremony of the Bank's building was performed by Mr. T. T. Kothawala, the Collector of the District at that time, on 16th June 1931, and the Bank is carrying on its operations in that building ever-since. As some open land was available in its neighbourhood, land-acquisition proceedings were started soon after. It is hoped that on acquisition of that land the Bank will be in a position to extend the space area available for the building. The Surat Bank is perhaps the second Co-operative Bank in the Presidency to claim a house of its own.

Bank's Staff.

Sufficient and efficient staff is the back-bone of the success of a banking institution, and we are glad to state that the Surat Bank has always endeavoured to satisfy that essential of the Bank's success. It may be noted here that members of the Bank's staff, past and present, have all contributed their mite in the present prosperity of the Bank. When the Bank was started in June 1909, its staff consisted of a clerk on a salary of Rs. 15/- only. It had no peon, much less an inspector. An inspector was added on its staff in the year 1913 and he was given a peon 2 or 3 years later. It was in 1921 that one more clerk and an additional inspector were added to the Bank's staff. Now the Bank with its four branches in the important towns of Bulsar, Chikhli, Bardoli and Jalalpure, has three Managers, 4 Agents, 5 Inspectors, 3 Accountants, and 16 clerks and 13 peons. For security of tenure and for securing loyalty amongst the staff, a system of provident fund was introduced in 1925, for those holding permanent appointments on the staff of the Bank. The employees are called upon to contribute one anna in a rupee of their monthly salary and the Bank contributes a sum equal to a month's salary of the staff at the end of every year. The Bank also generally gives as bonus, half of the salary of the staff. The salaries are fixed on a time-scale and necessary rules for leave have also been introduced. Special promotions are given to those who pass certain qualifying examinations in co-operation and banking. In case of the very first servants of the Bank, a gratuity was given to their families on their deaths, as they could not claim the benefit of the provident fund rules which came into existence later. The family of the accountant was given a gratuity of Rs. 1000/- in the shape of the shares of the Bank of that value, which would generally bring to the family an income of about Rs. 70/- per annum. In the case of the first inspector also a gratuity of Rs. 500/- was given to the family of the deceased in the shape of 25 shares of the Bank. The provident fund rules provide that the amount withheld from payment to

CHART SHOWING THE DISTRIBUTION OF WORK AT THE HEAD OFFICE AND BRANCHES.



a member thereof, will be taken to the staff benefit fund and provision can be made out of that fund for medical aid in deserving and emergent cases.

Inspection and Supervision of Societies.

Inspection and supervision of affiliated rural credit societies are absolutely essential to keep the agricultural movement on right tract. With that aim in view, the Surat District Co-operative Bank has framed bye-laws for affiliation of societies and their inspection by the Bank. The bank-inspector generally visits a society at least twice a year for rectification of errors and for general guidance. Besides these visits, he visits societies for making inquiry on loan applications and for recoveries thereof, and thus helps to establish a real contact between the Bank and its affiliated societies.

In 1914-15 a system of levying inspection fee of Rs. 4/- per society was introduced. That practice continued to be in force till guaranteeing unions were formed in 1918-19, after which it was given up. The members of the Managing Committee of the Bank also did some inspection work from 1920-21 onwards till 1925 when the supervising unions came into existence and thereafter, this work of inspection by the members of the Managing Committee was given up. The Bank, however, now maintains 5 inspectors for inspection of societies. The societies are inspected and supervised by the supervisors of the supervising unions, the Honorary Taluka and District Organisers and the Departmental Auditors. The Bank in its turn gives substantial grants to supervising unions, in order that the unions may be able to balance their budgets. That is not all. From 1929-30, the Bank has also been aiding schemes of group-secretaries of some societies of the Bulsar, Pardi, Chikhli and Mandvi Talukas, in order that the work of the societies may be done well.

Co-operative Education & Propaganda.

The Surat Bank has never been slow in recognising the need for co-operative education and propaganda amongst the people of the District. It has always been willing to render financial aid to all agencies employed in doing that work. To the District Co-operative Institute, it gives an annual fee varying between Rs. 250/- to Rs. 400/-. It occasionally renders financial help for holding different co-operative conferences and also for the celebration of the Co-operators' Day. For the last three years it has been contributing handsomely towards the cost of maintaining a propaganda officer employed by the District Institute. It also aided the Gujarat Co-operative School by giving annual grants. From time to time it has given grants for the propaganda of not-credit and credit movement in the District. In passing, it may be noted here that out of the balance of profit remaining after

distribution of dividend, it sets apart an amount equal to 15% of the same for co-operative education and propaganda. The following figures give an idea of the same.

**Amounts of Propaganda Fund spent by the Surat Bank,
from 1925-26 to 1933-34.**

Year.	Amount spent. Rs.	Year.	Amount spent. Rs.
1925-26	376	1930-31	649
1926-27	816	1931-32	nil
1927-28	887	1932-33	571
1928-29	nil	1933-34	522
1929-30	955		

But on occasions it was found that these amounts were not sufficient to meet normal requirements of the year. Much larger amounts were needed varying between Rs. 1200/- & Rs. 1500/- per year, and whenever a call was made on the Bank for the same the Bank was never found slow to meet it. Over and above the financial aid described above, the Bank has been for the last 2 or 3 years, setting aside amounts to the extent of 10% of the balance of profit after the usual contribution to the reserve fund, for the purpose of spending the same in charity as laid down in Section 42 of the Bombay Co-operative Societies Act. The amount so set apart has now gone upto about Rs. 4000/-. The fund has been utilised in giving relief on occasions of emergencies. Relief was rendered to the sufferers from the earthquake in Bihar out of the same fund and a grant of Rs. 100/- was made for helping members of the Bharundi C. C. Society who suffered from a devastating fire in the year 1933. We shall now say a few words as regards the general management of the Bank.

Management.

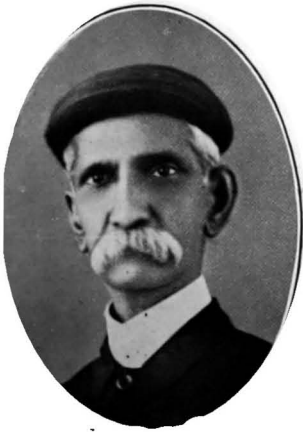
While discussing the question as regards the constitution of the Bank, we have seen that its affairs are conducted by a Board of Directors consisting of representatives of individual-members and affiliated societies, in equal numbers, and a Chairman, all of whom are elected by the general body of members at the time of the annual general meeting. 89 different persons have served as Directors of the Bank during these 25 years either as representatives of



CHHANMUKHRAM K. MEHTA,
Esqr.,
Director from 1919 to 1934.



SHETH DALICHAND VIRCHAND
SHROFF,
Director from 1923 to 1934.



MANSUKHLAL G. VAKIL, Esqr.,
Director from 1915 to 1919 & 1922 to 1931.



The Late Mr. CHUNILAL G. SHAH,
Director from 1910 to 1918.

individuals or as delegates of affiliated societies. The proceedings of the Bank are carried on by a vote of majority, but it gives us great pleasure to note that except on rare occasions the decisions of the Board of Directors have always been unanimous. That is not due to the fact that the Directors do not take any active interest in the proceedings, but it is due to the policy of the Chairman of endeavouring to carry all the Directors with him. He would rather drop a proposition than carry it with the vote of the majority, and would wait till the Board of Directors are brought round to the correct view of the situation. The share-holders of the Bank will ever remain grateful to all its Directors, both past and present, who have contributed not a little to its ever-increasing prosperity by their whole-hearted co-operation and useful advice, sinking all the differences of opinion in the general interest of the Bank. As stated previously, the cost of management of the Bank has been particularly low due to the fact that the Directors have ungrudgingly rendered services without any fee or honorarium for all these years, except three years of 1931 to 1933, when a small sum of Rs. 1200/- per year was distributed amongst all the Directors, in proportion to the days of their attendance. The Bank is also fortunate in having not to pay for any legal advice it gets, as it has a number of lawyers on the Board who have always given their advice free.

Without doing any injustice to the whole body of Directors who have given as stated above, their very best to the cause of the progress of the Bank, it can fairly be stated that the Chairman of the Bank is really the central figure who supplies all the driving force. Language will fail to adequately describe the services that he has been rendering to the Bank year in and year out. He has been the Chairman of the Bank for the last 17 years and has sacrificed a considerable amount of his time for the disposal of the routine work of the Bank from day to day. In fact he has been its Managing Director all these years. With him it has been a labour of love and he has ungrudgingly given it despite failing health of late on account of growing age. His presence at the helm of the affairs has inspired confidence in the public and it is due in no small measure to his personality, his wide knowledge of the District and its people, and his experience of public affairs, that he has been able to successfully steer the Bank's ship during years of depression and difficulties.

The Bank has also been luckily free from any tinge of party politics either of communal, or of parochial, or of political character. During the last twenty-five years it had three Chairmen to preside over its affairs, (1) Khan Bahadur Bamanji Edalji Modi, (2) Rao Bahadur Khandubhai Gulabbhai Desai, and (3) Mr. Chunilal Maneklal Gandhi. The Chairmen have been changed because it was rendered absolutely necessary to do so by death or by retirement. It would be readily conceded that there should be a man in training for

some time, before he is called upon to assume the responsible duties of a chairman. During the two years of Rao Bahadur Khandubhai Gulabbhai Desai's chairmanship, the present Chairman was in training under him, as Rao Bahadur was unable to attend to all his duties owing to failing health. In order that there should be no difficulty in finding a suitable successor to him, well-equipped with the necessary previous training, at the instance of the present Chairman the bye-law was amended in the year 1929, making it obligatory on the Bank to appoint a Vice-chairman along with the Chairman. Since that year, the Bank has been able to secure the services of Mr. Chimanlal D. Clerk as the Vice-chairman of the Bank, and we are glad to note that every succeeding year he has been unanimously elected to the post. Ever-since his appointment, he has been unsparing in his efforts to study the several problems that arise in the working of the Bank, and has given considerable relief to the Chairman. It is hoped that when the time comes to part company with the present Chairman, Mr. Clerk will worthily occupy the place rendered vacant by the Chairman's retirement.

It is with no small gratification to us that we are able to put here on record, that Mr. Ramchandra C. Desai, The Honorary Manager, the worthy grand-son of Rao Bahadur Khandubhai Desai the pioneer of the co-operative movement in Surat, by his stead-fast loyalty and unflinching devotion to the cause, has contributed largely to its continued success. The credit of success of our Silver Jubilee Celebrations & the issue of the souvenir in this attractive form in no small degree belongs to him.

Registrar's Opinions.

It is sometimes useful to learn what others think about us. The Registrar of Co-operative Societies in the Presidency, has unique opportunities of knowing and judging of the work done by the co-operative banks in his charge. The annual audit of the Bank is conducted by him through his band of Departmental Auditors who regularly submit audit-memoes to him. The Surat Bank was fortunate in being classed as an A class society upto 1931. It was in that year that it was reduced from A to B class because of its overdues. It is not our purpose here to discuss whether the overdues were due to any neglect or fault on the part of the Bank Authorities. But now that the Bank has made strenuous efforts to regain the ground lost and the overdues have been reduced, it may well hope again to recover back the A class which it has lost. Besides these annual audit-memoes which give him a clear insight into the working of the financial aspect of the Bank, the Registrar pays annual visits to the Bank and meets the Board of Directors at a meeting and utilises that opportunity for discussing and solving intricate problems affecting the affairs of the Bank by personal discussion. His opinions, therefore,



RAMCHANDRA C. DESAI, Esqr.,
*Director of the Bank and its Hon. Manager from 1915 to 1934
and Chairman, Bardoli Branch, from 1930 to 1934.*

are well worth considering in view of the close contact which he maintains with the banks under his charge, both by reports which he gets from his subordinates and by his personal visits. We propose, therefore, before we close this chapter, to give in brief the extracts of opinions expressed by him about the working of this Bank in the annual reports submitted by him to Government year after year. We need not say that these reports have been very gratifying and encouraging to us. Whether they are deserving or not we leave our readers to judge; but we have no doubt that our readers will give these opinions that consideration which the high authority of the Registrar demands.

**Extracts from the Reports of the Registrar, for the years
1909-10 to 1933-34.**

From the Report ending 31st March 1910, Page 4.

Some of the societies have started specially with the idea of financing others. In such, lending to individual-members may come in incidentally. Khan Bahadur Modi's "Surat Society" is of this kind.

From the Report ending 31st March 1911, Page 5.

"Surat Society" owes its position to Rao Bahadur Khandubhai G. Desai and Khan Bahadur B. E. Modi. It has lent about Rs. 20,000/- to 16 societies. Its work (i.e. money) has reached as far as Kanarese Country.

From the Report ending 31st March 1912, Page 5.

In Surat District K. B. Bamanji E. Modi and R. B. Khandubhai G. Desai continue to take unabated interest in their Bank. They have raised its capital from Rs. 32,350/- to Rs. 53,065/- and during the year have advanced Rs. 22,441/- to other societies.

From the Report ending 31st March 1913, Page 5.

The progress of the Surat District Society under the chairmanship of K. B. Bamanji E. Modi, has again been most satisfactory. The capital has risen from Rs. 53,065/- to Rs. 79,222/- and during the year Rs. 35,850/- have been lent to agricultural societies. R. B. Khandubhai G. Desai who knows the Surat societies well, serves on the Committee and sees that advances are made only to really deserving societies.

From the Report ending 31st March 1914, pages 7 & 9.

The Surat Union under the able guidance of K. B. B. E. Modi and R. B. K. G. Desai has developed and is doing most useful work. Its total

working capital has risen from Rs. 70,223/- to Rs. 1,11,978/- in Surat District the prospect is more encouraging. The District Union under K. B. B. E. Modi and R. B. K. G. Desai, is sympathetic and efficient.

From the Report ending 31st March 1915, page 7.

Of the three Societies classed under the head of 'The Central Banking Unions', the two most important financially are those at Surat and Broach.

"Its business is carefully supervised by R. B. K. G. Desai. The death of Khan Bahadur B. E. Modi in April 1915 has been a severe loss to this Union and to the cause of Co-operation in the Surat District."

From the Report ending 31st March 1916, page 6.

The Surat District Union, which owes much to the constant vigilance and the wide co-operative experience of its Chairman, R. B. K. G. Desai has advanced Rs. 57,298/- to its constituent societies. It employs a whole-time inspector and a manager and is itself very well managed.

From the Report ending 31st March 1917, page 8.

The average quality of societies in Surat District is poor and the Union has not only to finance them but to make special efforts to render them more fit to take and use loans. The Committee under Mr. C. M. Gandhi, the new Chairman is alive to this and through the agency of the Manager Mr. K. C. Desai, is co-operating with the Department in bringing societies upto the mark. The good credit of the Union is due to the influence of the Committee among whom Mr. G. J. Lakhapati and Mr. M. O. Vakil call for special mention.

From the Report ending 31st March 1918 page 19.

Both Banks (at Surat & Broach) tend to regard themselves as the masters of their affiliated societies, a claim which some societies in Surat resent and resist, and to impose rather harder conditions on borrowing societies than are always acceptable.

The Bank has developed out of ordinary Urban Society established at the beginning of the movement with the object of financing individual-members and using their spare funds for the finance of societies. The Bank is well and efficiently managed under the able chairmanship of Mr. C. M. Gandhi and although it has not shown any marked progress during the year it has been successful in retaining the confidence of local investors.

From the Report ending 31st March 1919, page 7.

The Surat Union has throughout the year adopted a very sympathetic attitude towards its societies under the direction of its President Mr. C. M. Gandhi. Arrears in the District are very small and on the whole progress may be regarded as satisfactory.

From the Report ending 31st March 1920, page 10.

Surat, one of the best managed in the Presidency has increased its business steadily though slowly.

From the Report ending 31st March 1921, page 8.

In the Surat Bank arrears increased rather inexplicably from Rs. 22,000/- to Rs. 1,43,000/-, and it seems highly desirable that the Central Bank should take early measures to have the societies thoroughly inspected and supervised.

From the Report ending 31st March 1922, page 22.

The Surat District Bank is another fine institution under the guidance of Mr. C. M. Gandhi M.L.C. It has two inspectors.

From the Report ending 31st March 1923, page 22.

Another figure of overdues that is almost inexplicable is that of the Surat District Bank which in other respects is one of the best managed in the Presidency. Its overdues were Rs. 52,652/- as compared to a working capital of Rs. 5,58,000/- or roughly 9 P. C. I trust that the Surat Bank in any case will very considerably reduce these arrears in the next year. But apparently the disease of non-payment has seized the whole District, for the agricultural societies in it also are inexplicably in arrears with the recoveries payable to their own locally raised funds. In the best of the banks, however, the overdues are now fairly inconsiderable.

From the Report ending 31st March 1924, page 23.

Owing to the propaganda carried on in the Surat District, the percentage of the arrears to the working capital was reduced to 6.2 on 31st March 1924 and it is now reported to be only 3 P. C.

From the Report ending 31st, March 1925, page 22.

Both the Surat and Broach Banks are being efficiently managed. Arrears in the Surat District which were large at the beginning of 1923-24 have now been reduced to the low figure of 2.2 P. C. Most of these District Banks have now been certified as fit to receive Municipal and in some cases Local Board's deposits. Some of them have also been receiving deposits from Public Works Department Contractors.

From the Report ending 31st March 1926, page 21.

All the other Banks continue to make good progress. With one or two exceptions, District Banks are now able to raise practically all the capital that they need for financing the societies affiliated to them.

From the Report ending 31st March 1927, page 33.

The previous year's policy of consolidating the position of the banks and of removing some of the acknowledged weak points was continued with activity and the results are on the whole satisfactory.

From the Report ending 31st March 1928, page 44.

The Surat Bank continues to be progressive under the very efficient and enlightened chairmanship of Mr. C. M. Gandhi, who continues to give his most valuable time and attention to the affairs of this Bank.

From the Report ending 31st March 1929, page 43.

The Surat Bank prospers under the guidance of Mr. C. M. Gandhi and is able to attract deposits at the lowest rates in Gujerat. It has got two branches one at Bulsar and the other at Chikhli. The Bank has engaged five Inspectors and its total cost of working comes to 1.2 per cent. of the working capital.

From the Report ending 31st March 1930, page 54.

The Surat Bank, under the very efficient and capable guidance of Mr. C. M. Gandhi continues to be one of the best managed Banks. It had to find out new outlets for its surplus funds, and has tried to give finance against agricultural produce. The consolidation and the expansion of the movement in the Mandvi Taluka and Valod Mahal is also going on side by side. The Bank has reduced its rate of lending to 7%. This will go a long way in reducing the non-member deposits directly in societies. The Bank has provided Rs. 6000/- for depreciation in the market value of its gilt-edged holdings.

From the Report ending 31st March 1931, pages 4 & 42.

Mr. C. M. Gandhi from Surat continues to spend his valuable time in the cause of the movement in his sphere.

The Surat District Co-operative Bank under the able guidance of Mr. C. M. Gandhi, increased its working capital from Rs. 22.73 lakhs to Rs. 26.54 lakhs. During the year the Bank purchased a building of its own at the cost of Rs. 24,500/-.

From the Report ending 31st March 1932, page 4.

Mr. C. M. Gandhi, D. B. A. U. Malji, Mr. V. N. Jog and R. B. Pritmdas remain outstanding figures in their devotion to the cause and in their enthusiasm for the Movement.

From the Report ending 31st March 1933, pages 4 & 7.

Mr. C. M. Gandhi, chairman of the Surat Central Bank continues to give his valuable time to the movement.

Central Banks have, inspite of adverse circumstances, maintained a steady progress, thus showing the confidence which the public repose in the movement.

From the Report ending 31st March 1934, pages 4 & 25.

Mr. C. M. Gandhi, the chairman of the Surat Central Bank and Rao Saheb V. C. Jadav of Surat Peoples' Co-operative Bank continue to give their very valuable time to the Co-operation in Gujerat.

The policy of opening the Branches at Taluka Centers in order to keep in closer touch with the societies and to tap local resources has been continued and several new branches have been opened even at some sacrifice of profit. More attention is being paid by the Bank on employment of trained and qualified staff.

After reading these opinions of the Registrar, we shall close this chapter. We shall now consider the progress made by the urban credit societies and banks of the District in the chapter that follows.

CHAPTER III

(Urban Credit Societies and Banks)

Urban Credit Explained.

In the preceding two chapters, we dealt with the history of the Co-operative Agencies that supplied credit to the rural—more accurately speaking to the agricultural—population of the District. In this chapter, we shall endeavour to study the history of the agencies that supplied credit to the urban population thereof. Large-scale manufacturers and big merchants are outside the scope of co-operative finance, atleast for the present. It is the co-operative finance which now tries to help the middle-class and small trader, artisan and craftsman of limited means, as well as the poor wage or salary earner, who are in need of credit and who require accommodation for their business, or for meeting special expenditure on ceremonial or other domestic occasions, as well as at the time of unforeseen contingencies, like long illness, unemployment &c. For obvious reasons, the joint-stock banks would not finance them; while the people of such limited means as those described above, have their own difficulties in getting the necessary finance from the money-lender, who would not ordinarily advance money, except on a high rate of interest and on tangible security.

The urban co-operative credit society is, therefore, a boon to the small man residing in the urban areas. Rural credit societies provide the necessary finance for meeting the ordinary needs of the farmer, both as regards his agricultural business and domestic purposes. Similar needs of the small man in the town can be financed by the urban co-operative credit society, and it has now come to be recognised as the best solution of the problem. It helps the thrifty man to invest his savings. It helps the unfortunate to get over his occasional difficulties. It encourages the honest small and middle-class trader to develop his business. It is for these people that co-operative credit societies big and small, have been started in different parts of the Presidency. In brief, co-operative urban credit is the credit created by the co-operative society for the man of small needs residing in the urban areas. The field of work for the co-operative urban credit societies lies in the urban areas. The headquarters of the 8 Talukas of the District, other important towns or villages near the railway stations which have sprung up as the centres of trade, fall within the range of urban areas. In our judgement, there are at least in all 17 places in this District where urban banks can usefully be promoted. Uptil now we have got only 4 urban banks in the District.



**Rao Saheb
BHAGVANDAS B. SHROFF,**
*Director from 1922 to 1934 and Chairman
of the Bulsar & Chikhli Branches.*



Rao Saheb V. C. JADAV, B.A.,
Director from 1918 to 1930 & 1932 to 1934.



**Dewan Bahadur
THAKORERAM K. MEHTA, C.I.E.,**
Director from 1918 to 1924.



**The Late Sardar
ISHWARDAS J. STORE,**
*Director from 1909 to 1910 and 1920 to
1924.*

Types of Urban Societies.

Urban societies can be grouped under two main heads. The societies for the salary-earners which are, in a way, thrift-societies, and the societies for the small and middle-class artisans, traders, and other people, similarly situated. When these societies prosper and their working capital exceeds Rs. 50,000/-, they are classified as urban banks. In the Surat District, there are at present 4 urban banks and 20 urban credit societies. As no separate statistics of the urban credit societies, as distinguished from the urban banks are available, we have to discuss the history of the urban credit societies in general including the urban banks, and then attempt to study the history of the origin and growth of the urban banks so far as special statistics are available for them.

Of the 20 urban credit societies registered upto the end of March 1934, all are societies of the salary-earner type, except the Surat Jilla Vidyarthi Sahayak Sahkari Mandal Ltd.. This society is mainly a semi-philanthropic institution formed for the purpose of advancing loans at cheap rates of interest, to students requiring money for further studies and to young men seeking employments. Of the remaining 19 societies, the Jalalpure and Khergam Christian Societies have a mixed membership, viz., of salary-earners as well as agriculturists, and the Registrar of Co-operative Societies, Bombay, has recently recommended that the two types of members should be separated. We shall first study the special features in the constitution of these urban credit societies and then deal with the working thereof.

Special Features in their Constitution.

While the co-operative rural credit societies are formed on the Raiffeisen model, generally with an unlimited liability of their members, the urban credit societies are formed on the basis of share-capital and limited liability, on the lines of Schulze-Delitzsch model of Germany and the Luzatti types of urban banks of Italy. The reason is obvious. The members of rural areas have generally their lands, houses and cattle, and such other property to offer as security. They are men who live in a very small area, like a village and know one another well. They are willing to shoulder the burden of unlimited liability because of their intimate knowledge of one another and their close personal contact. In urban areas fewer persons own immovable property and being scattered over a larger area, have not their personal contact and intimate knowledge of one another, as members of the rural societies are expected to have. These people will, therefore, be induced to join in such societies if their liabilities are only limited and it is, therefore, that such societies are generally started on the basis of share-capital. Members subscribe regularly to the share-capital out of their savings, according to a scale fixed in

proportion to their earnings, and the share-capital is a guarantee for the public deposits. In case, where members are not able to subscribe for the requisite number of shares by paying a lump sum for their purchase, they are allowed to put in monthly contributions which are converted subsequently into fully paid-up shares, when the contributions amount to the value of the shares to be purchased. Every member has to purchase shares at least of the total value of $\frac{1}{10}$ th of his borrowing. The maximum limit of the borrowing is also fixed, as in the case of the rural society. The loans are generally advanced on the security of two sureties, or on the first-mortgage of immovable property, or on the assignment of a life-policy, and are recovered in monthly instalments not exceeding 30 in all, out of the salaries of the borrowers. In such cases the employers of the members of the society generally render some help to the society, in the work of recovering instalments, by deducting the amount of the monthly instalment out of the salary of the borrower with his consent. The salary-earner societies further undertake to supply goods to their members on indent-system which generally works out as financing the members in kind. This is being done in some of the societies in the Surat District also. In case of societies other than salary-earner societies, small traders or artisans subscribe to the share-capital in lump and not by instalments as in the case of the salary-earner societies. In other respect they resemble those societies.

Urban Credit Societies in General.

The Surat District Police Urban Co-operative Credit Society was the first urban credit society started in the District in the year 1921. In 1923, the Bulsar Christian Co-operative Credit Society was formed. In 1924, the Surat Municipal Office Employees' Co-operative Credit Society and the Surat Municipal Health Department Employees' Co-operative Credit Society saw the light of the day and then followed a series of Taluka Teachers' Co-operative Credit Society at periodical intervals. They predominate in number over other urban credit societies in the District. All the Talukas in the District have their Teachers' Credit Societies except Bulsar. The Municipal areas of Surat and Bulsar have their Teachers' societies. Rander is the only exception. The employees of the Registration Department, like the Police Department, have also their society. It is unfortunate that the employees of the Revenue and other Departments of Government have not seen the benefits arising from such societies with regard to their members. Perhaps, they do not need them. It is more correct, however, to suppose that as no serious efforts have been made in those directions, no such societies have been started for the members of those Departments. They are more or less in the nature of thrift-societies and are a great help to the members thereof, not only as affording a means of saving but as affording an institution for financial help when needed. They

are all working more or less on one uniform system and all have worked well. The Surat Jilla Vidyarthi Sahayak Sahakari Mandal has been, no doubt, a society of a different type. It works for the whole District and has, in the short time it has been at work, done splendid work of which its managers can well be proud. It helps students to further their studies by giving them pecuniary help at critical times of their studies at cheap rates of interest.

We shall now examine the figures of the working capital and numbers of the urban credit societies and banks given in the following table:—

**Membership and Working Capital of the Urban Credit
Societies and Banks in the Surat District
from 1921-22 to 1933-34.**

Year.	No. of Societies.	Membership.	Working Capital. Rs.
1921-22	2	93	510
1922-23	2	284	53685
1923-24	4	438	175323
1924-25	7	738	225985
1925-26	11	1174	464946
1926-27	12	2207	650770
1927-28	12	2491	1101537
1928-29	12	2657	1235763
1929-30	19	3127	1406189
1930-31	19	3521	1802683
1931-32	20	3832	2054704
1932-33	23	4141	2783847
1933-34	24	4485	2987175

The above table includes the figures of urban banks as well as of urban credit societies, as no separate statistics for the latter are available in the published reports of the Registrar. From the table we observe that there has been a steady and continuous increase in the number of societies, their members and their working capital. A major portion of the increase in the working capital is mainly due to the increase in the working capital of the Surat Peoples' Co-operative Bank Ltd.. Its membership and working capital are

rapidly increasing, year after year, as we shall see later on. Deducting the number of members and the amount of working capital of The Surat Peoples' Co-operative Bank from the total number of membership and working capital given in the table on page 115 progress of the urban credit societies in the District cannot be said to be satisfactory, having regard to the fact that the total urban population of the District is 142603 but this unsatisfactory progress is primarily due to the absence of propaganda and organisation in other areas of the District. Areas of operations of the societies other than urban banks are limited, and their membership has been restricted to a particular type of salary-earners, and so the rise in the membership of such societies cannot be very great. As these societies are more or less thrift-societies, the test of their progress lies in the amount of the members' deposits, and their paid-up share-capital and in the smallness of their overdues, as the recoveries in such societies are more or less automatic.

— We shall now examine the figures given in the following table:—

Working Capital & Owned Capital of the Urban Credit Societies of the Surat District, from 1921-22 to 1933-34.

Year	Working Capital	Members' Deposits	Share Capital	Reserve Fund	Total Owned Capital
1921-22	510	nil	510	nil	510
1922-23	53685	21396	11999	nil	33395
1923-24	175323	72180	21976	457	94613
1924-25	225985	171292	35142	3193	209627
1925-26	464946	362466	56692	3756	422914
1926-27	650770	518692	93157	6927	618776
1927-28	1101537	796477	144465	14471	955413
1928-29	1235763	1032661	159342	22057	1214060
1929-30	1406189	1162014	195903	31162	1389079
1930-31	1802683	1382820	226797	39295	1648912
1931-32	2054704	957526	268237	49992	1273755
1932-33	2783847	1047110	315246	56614	1418970
1933-34	2987135	1407465	367163	73030	1847658

The figures in the table on page 116 also include those for urban banks. They, however, show that the amount of members' deposits, share-capital and reserve fund have all been steadily and continuously increasing year after year. But we perceive an unaccountable fall in the amount of members' deposits in the year 1931-32. The ground lost in that year has been recovered gradually in the next two years. Owned capital of the urban societies was also steadily growing with the growth in their working capital, and at the end of the year 1933-34 the owned capital formed 61.8% of the total working capital of the societies. That proves that the urban societies did succeed in developing the habit of thrift amongst their members and also in creating a habit of investing their savings with the societies rather than allowing the funds to lie idle with them.

The following table gives at a glance figures of total deposits, total lendings and overdues as well as rates of interest of deposits and lendings.

Deposits & Lendings with their rates of interest and the overdues of the Urban Credit Societies and Banks from 1921-22 to 1933-34.

Year.	Total deposits secured. Rs.	Rate of interest on borrowings. %	Total lendings. Rs.	Rate of interest on lendings. %	Overdues. Rs.	Percentage of overdues, on total loans.
1921-22	nil	nil	nil	nil	nil	nil
1922-23	41686	6½	39634	9½	200	0.5
1923-24	152890	3 to 6	97429	9 to 10	2327	2.3
1924-25	187650	3 to 6	187360	9	724	0.3
1925-26	404498	3½ to 6½	60906	7½ to 9½	686	1.1
1926-27	550686	2 to 6½	535427	4 to 12½	10113	1.8
1927-28	942601	4 to 7½	759852	4 to 12½	7329	0.9
1928-29	1054364	2½ to 7½	405236	8 to 12½	41746	10.3
1929-30	1179124	6½ to 8	881915	9 to 9½	56853	6.4
1930-31	1536591	2 to 6	570158	9½ to 12½	16174	2.4
1931-32	1738475	2½ to 5	1042188	8 to 9	132708	12.7
1932-33	2411987	1½ to 6½	1197988	6½ to 12½	182096	15.1
1933-34	2546982	1 to 6	1335456	7½ to 9½	105375	7.8

Deposits & Loans.

From the figures in the table on page 117, we find that there has been a steady increase in the figures of deposits secured by the urban societies and banks throughout. The figures of deposits, however, also include the temporary borrowings by the societies from the Co-operative Central Bank in their overdraft accounts with the latter. The high figure of Rs. 25,46,982/- in 1933-34 is mainly due to the remarkable growth of the Surat Peoples' Co-operative Bank Ltd. during the period. The rate of interest on borrowing has been varying throughout the period between 2 to 8% except that it has tended to diminish during the last three years. These variations need not surprise us at all. They are primarily due to the market conditions and competition of other joint-stock banks of which there is quite a large number in the City. Similarly the amount of lendings to members have also increased year by year, thereby showing that the urban societies and banks are becoming popular amongst their members.

The fluctuations are to some extent due to the uneven nature of discounting of hundies by the urban banks and partly due to drawing of large funds by traders and merchants out of their overdraft accounts at particular periods.

Coming to the rates of interest on lendings we find that they have also been varying from time to time simultaneously with the variations in the rates of interest on borrowings. The maximum of 12½% has been considered too high, but that is not the ordinary rate, but penal rate of interest for defaulters. The low rate of 4% proves that traders who can offer first-class securities do get advantage of cheap rates from the banks. Except for three years, it has gone above 6½%. It would not be amiss to compare here the rates of interest on deposits and lendings of the urban banks and credit societies with those of the District Central Bank.

The figures in the table on page 119 show that the urban banks and credit societies advanced money to their members at rates of interest higher than those of the District Central Bank and consequently they could pay higher rates of interest to their depositors. This also enables us to draw the natural inference that the District Central Bank with its established credit could attract deposits at lower rates of interest and was, therefore, in a position to supply finance to agriculturists and to small industrialists and traders in the urban areas at a comparatively lower rate of interest than the urban banks and credit societies could do.

**Rates of Interest on Deposits and Lendings of the District
Central Bank and the Urban Credit Societies and Banks.**

Year.	District Central Bank.		Urban Banks and credit societies.	
	Deposits. P. C.	Lendings. P. C.	Deposits. P. C.	Lendings. P. C.
1922-23	2 to 6	7½ to 8	6½	9½
1923-24	2 to 6	7 to 9	3 to 6	9 to 10
1924-25	2 to 6	7 to 9	3 to 6	9
1925-26	2 to 6	7 to 9	3½ to 6	7½ to 9½
1926-27	2 to 4½	7 to 9	2 to 6½	4 to 12½
1927-28	2 to 4½	6½ to 9	4 to 7½	4 to 12½
1928-29	2 to 4½	6½ to 9	2½ to 7½	8 to 12½
1929-30	2 to 4	6½ to 9	6½ to 8	9 to 9½
1930-31	2 to 4½	6½ to 9	2 to 6	9½ to 12½
1931-32	2 to 4½	6½ to 9	2½ to 5	8 to 9
1932-33	2 to 4½	6 to 9	1½ to 6½	6½ to 12½
1933-34	1 to 3½	5½ to 9	1 to 6	7½ to 9½

Overdues.

The figures of overdues, as given on page 117, have shown a tendency to increase after the year 1928-29. They do not, however, give any cause of anxiety looking to the fact that percentages of overdues to total lendings are not very large. So long as advances were made on the personal security of the borrower and of his sureties, these overdues may be regarded, as a weak spot in the affairs of urban banking; but in the case of lendings which are fully secured by tangible immovable property, these overdues, though no doubt undesirable as representing to some extent a weak spot in the affairs of these societies, should not be made much of, and the borrowers should be allowed time to dispose off their properties and clear off the bank's dues, especially in cases where the borrowers have fared well in their business. In case of societies

of salary-earners the overdues must be as low as possible and that has been so in the case of such societies in the District, the overdue figures are primarily those of urban banks but as they have not risen beyond 15.1% in 1932-33, they need not at all frighten us. Comparing the figures of deposits and lendings, we find that the urban banks and credit societies have succeeded to a large extent in utilising a very large portion of their deposits in lending moneys to their members, and thus rendering very useful service to the cause of co-operation.

Let us now study the figures as regards the cost of management and annual profit as well as dividend declared from time to time.

Cost of Management, Profits & Dividends Declared by the Urban Credit Societies & Banks from 1921-22 to 1933-34.

Year.	Working capital.	Cost of Management.	Percentage between 3 & 2.	Annual profits.	Percentage of the same on W. C.	Dividends declared percent
1921-22	510	30	5.8	-7	1.3	...
1922-23	53685	479	0.89	289	0.53	...
1923-24	175323	1610	0.91	3386	1.9	...
1924-25	225982	2519	1.1	6559	2.9	7
1925-26	404446	4025	0.86	10291	2.2	7½
1926-27	650770	5130	0.78	18279	2.8	5-7
1927-28	1101537	7747	0.70	26040	2.3	5-9
1928-29	1235763	10883	0.88	31003	2.5	31-9
1929-30	1406189	21400	1.5	28092	1.9	5½-9
1930-31	1802683	18451	1.01	30565	1.6	21-8½
1931-32	2054704	31649	1.5	30086	1.3	5-8
1932-33	2783847	34688	1.2	38394	1.3	31-7½
1933-34	2987175	40457	1.3	39601	1.3	51-7½

From the above table we find that as in the case of the Central Bank, the increase in the working capital of the urban societies is also accompanied by an increase in the cost of management. But looking to the percentages of cost of management, we find that it was 5.8% in 1921-22 and was 1.5% in the years 1929-30 and 1931-32. The cost of management during the remaining years in

this period has throughout been maintained on a very low level, because even in other concerns, the cost ordinarily always rises above 1%. In 1924-25 the cost of management was 1.1%, and was very much below that in the four years that followed. The low cost of management means proportionate increase in the figures of profit. A look at the table shows that the urban societies have succeeded in making good profits throughout except in the first year when there was a loss of Rs. 7/-. Percentages of profit to working capital also show that the results have been satisfactory. They have gone slightly beyond 2 for the years between 1924-25 to 1928-29, showing that the urban societies and banks did benefit by the prosperity of the boom years.

Looking to the figures of dividends we find that no dividends were declared in the first three years. During the remaining years the urban banks and credit societies have succeeded in giving a fair return to the share-holders on their investments.

So far we have been discussing the position and affairs of the urban credit societies which include urban banks, from available statistics which report the combined figures of both of them. They are not likely to give us as clear an idea as regards urban credit societies as distinguished from urban banks. We have, therefore, collected all the figures that are available for urban credit societies as such for the year 1933-34 in the table on page 122 and now we proceed to consider the same.

Working of Certain Classes of Urban Societies.

(A) Amongst the urban credit societies, Teachers' Societies, as observed before, occupy a very important position. The Surat Municipal Primary School Teachers' Co-operative Credit Society was the first to be established in the year 1925. It had 232 persons as its members in the year 1933-34 with a share-capital of Rs. 24655/- and a working capital of Rs. 33098/- being the highest recorded in that class of societies. It leads all other societies of its class in respect of (1) Share-capital, (2) Reserve fund, (3) Members' deposits, (4) Lending to members, (5) Working Capital, (6) Net profit and (7) The rates of interest on deposits and lendings. The other teachers' societies also show satisfactory progress in that year except those at Bardoli, Mandvi and Jalalpure which have been registered in the year 1932, and have not yet developed for want of good workers.

(B) Next to teachers' societies come the societies of the employees in other departments, both of Government and Municipalities. The Surat District

Position of the Urban Credit Societies of the Surat District, as on 31st March, 1934.

Name of the Society.	Year of registration.	Membership.	Share-capital Rs.	Reserve fund Rs.	Members' deposits Rs.	Non-members deposits. Rs.	Bank's Loan. Rs.	Advances to members. Rs.	Overdues. Rs.	Rate of interest on deposits. %	Rate of interest on lendings. %	Working Capital Rs.	Dividend declared. %	Net profit. Rs.
Bombay Regis. Depart. Employees' C. C. S.	1925	119	15312	757	5570	...	130	10772	1132	3-1/2	9	17799	5 1/2	801
Bulsar Christian	1923	95	1980	2238	4250	3733	...	1163	8128	3-1/2	9	11701	9	914
Bulsar Muni. Primary School Teachers' "	1926	47	5002	379	...	...	...	5278	...	...	12 1/2	5381	7 1/2	381
Bulsar Municipal Employees' C. C. S.	1930	47	1631	151	...	500	...	2278	...	...	...	2238	7 1/2	197
Chikhli Taluka Teachers' "	1930	41	1700	61	400	...	...	1814	...	5-1/2	...	2117	5 1/2	127
Choriasi Taluka Teachers' "	1929	59	2276	72	...	...	...	1343	...	6	...	2348	4 3/8	86
Olpad Taluka Teachers' "	1925	64	3730	210	1189	...	...	3385	...	6 1/2	...	4255	...	196
Pardi Taluka Teachers' "	1930	107	3931	130	...	...	...	4327	...	...	9	4061	...	214
Surat Muni. Primary School Teachers' "	1925	232	24655	2337	9913	3	...	24077	...	3 1/2	7 1/2	33098	6	1737
Surat Muni. Urdu, School Teachers' "	1929	50	4388	252	...	...	...	4948	...	6	9	4640	7 3/8	443
Mandvi Taluka Teachers' C. C. S.	1932	14	181	14	50	...	...	140	...	6 1/2	...	195	...	14
Bardoli Taluka Teachers' "	1932	10	18	10	...	...	...	...	...	...	...	28	...	15
Jalalpure Taluka Teachers' "	1932	36	635	39	50	...	...	606	...	...	9 3/8	674	...	7
Khergam Christian Church	1929	78	1193	478	1121	2172	140	6204	...	4-5	...	5910	7 1/2	266
Jalalpure Christian Church	1931	56	810	56	1365	300	750	4307	10	5-6	...	4277	...	107
Surat District Police Urban	1921	572	7240	1452	1913	889	...	12504	70	...	...	12897	6 1/2	323
Surat Municipal Office Employees' "	1924	156	15064	900	...	...	...	9212	...	...	...	15664	5	825
Surat Muni. Health Depart. Empl. "	1924	350	10887	1767	...	...	...	16767	...	6	...	17882	6 1/2	834
Surat Jilla Vidyarthi Sahayak Sahkari Mandal Ltd.	1925	162	10300	454	...	201	...	9451	31	4	4-9	10955	3	348
Total.		2296	110933	11757	26821	7798	1010	129049	9371			156470		8435

Police Urban Co-operative Credit Society is the first urban society registered in the year 1921. It progressed well. Its membership was 572 in the year 1933-34, being the highest in the case of urban credit societies in the District. Its share-capital in that year was Rs. 7740/- and it had a reserve fund of Rs. 1452/-. That cannot, however, be considered to be satisfactory at the end of 13 years, looking to its record of membership. The Surat Municipal Health Department Employees' Co-operative Credit Society registered in the year 1924 is a society of sweepers and has been very successful. It had 350 members on its register in the year 1933-34, with a share-capital of Rs. 10887/- and a reserve fund of Rs. 1767/-. It had no overdues. It has saved a large number of sweepers from the clutches of the Pathan creditors, and has thus been a great boon to them all.

(C) The Christian Co-operative Credit Societies have also made satisfactory progress, the prominent among them being the Bulsar Christian Co-operative Credit Society registered in 1923, having a membership of 95, a share-capital of Rs. 1980/- and a reserve fund of Rs. 2238/- the last figure being the second highest in the reserve funds of the other urban credit societies of the District; but the overdue arrears of Rs. 8128/- are a very disappointing feature of that society which requires to be cleared off as quickly as possible.

(D) The Surat Jilla Vidyarathi Sahayak Sahakari Mandal Ltd., registered in 1925, is another important urban credit society. At the end of ten years it had a membership of 163 and had collected a share-capital of Rs. 10300/-. Its reserve fund was Rs. 454/-. The Society had been formed with the primary object of rendering financial help to students in need of money for further studies at cheap rate of interest. Students studying in India are allowed a loan upto Rs. 600/- per year and those studying outside India are allowed a loan upto Rs. 2500/- per year. The rate of interest charged is 4% per annum and the money is advanced on the security of two good sureties and a life-policy assigned in favour of the Society. The student has to pay interest at the rate of 6% per annum after he begins to earn. The Society also advances loans at 6% per annum to those who need money for being well-settled in business. Those loans are repayable by 10 annual instalments after the borrowers begin to earn. During the course of 10 years of its existence the Society has advanced loans to 14 students of a total amount of Rs. 12130/-. The Society is proud to record that one of the students helped by it has passed the Indian Civil Service Examination held at London. Four other students have, with the help rendered by it, graduated in Arts & Science. The expenses of the Society are kept at a very low level and have not gone beyond Rs. 111/- per annum. It does not, naturally,

make big profits, and has not declared a dividend of more than 3% to shareholders. It owes its progress to its enthusiastic and honorary secretary Mr. Dayashanker B. Shukla. Its first Chairman was Mr. P. J. Taleyarkhan, retired District Judge, Surat, who has been succeeded by Mr. C. M. Gandhi. Under his guidance and advice, it is hoped that the Society will make still further progress, and will help the poor students of the District.

Before we close the discussion as regards the growth and development of the Urban Credit societies, it may be mentioned here that most of these societies have been working without any financial help of the Central Co-operative Bank. Very few of them have to go in for an overdraft arrangement with the Bank. Some of the teachers' societies have recently undertaken to supply some ordinary necessities of life to their members by purchasing and distributing the same on co-operative basis on the indent-system. Let us now turn to the more interesting and hopeful study about the growth and development of the four urban banks working in the District.

Urban Banks.

The Surat Peoples' Co-operative Bank Ltd., the most prominent of the urban banks in the District, was established in April 1922, at Surat. It is the pioneer of urban banks started in Gujarat, and at the end of 12 years is the leading Urban Bank of the Province. Besides this, there are, three more urban banks established in the District, one in 1923 at Rander, another in 1925 at Bulsar, and the third one at Pardi in 1929. There are many important centres of trade in the District which still offer a promising field for organising more urban banks in the District.

The Gujarat Divisional Co-operative Conference held in Surat in 1921 under the presidentship of Mr. (Now Sir) Chunilal V. Mehta, the-then Minister of Agriculture, Co-operation and Excise in the Government of Bombay, was the direct cause of the promotion of the Surat Peoples' Co-operative Bank. The late Mr. Otto Rothfield, the-then Registrar of Co-operative Societies, spoke on the occasion on the necessity and utility of starting urban banks in the Presidency. Soon after the conference was over, Mr. (Now Rao Saheb) V. C. Jaday, one of the prominent co-operators of the District, seriously took up the question of starting an urban bank in Surat, and soon brought it to a successful issue. The preliminaries were gone through as expeditiously as could possibly be arranged, and the Surat Peoples' Co-operative Bank Ltd. was started on 21st April 1922. We are grateful to Mr. D. A. Shah, the-then Assistant Registrar of Co-operative Societies, for Gujarat, for an early establishment of this Peoples'

**Membership, Share-capital & Working Capital of the Urban Banks of Surat,
From 1922-23 to 1933-34.**

Year.	SURAT PEOPLES' CO-OPERATIVE BANK LTD.			RANDEER PEOPLES' CO-OPERATIVE BANK LTD.			BULSAR PEOPLES' CO-OPERATIVE BANK LTD.			PARDI PEOPLES' CO-OPERATIVE BANK LTD.		
	No. of members.	Share-capital. Rs.	Working Capital. Rs.	No. of members.	Share-capital. Rs.	Working Capital. Rs.	No. of members.	Share-capital. Rs.	Working Capital. Rs.	No. of members.	Share-capital. Rs.	Working Capital. Rs.
1922-23	160	11324	53010	...	...	...	...	...	...	...	...	...
1923-24	243	18778	163554	...	...	...	...	...	...	...	...	...
1924-25	333	27630	196017	...	...	...	...	...	...	...	...	...
1925-26	450	40960	382253	...	...	...	...	...	...	...	...	...
1926-27	560	57080	502162	147	10000	61587	...	...	...	...	...	..
1927-28	664	91205	851106	217	16350	129739	140	8400	58096	...	...	...
1928-29	773	94650	951017	246	17600	110510	180	10300	96170	...	..	...
1929-30	940	110915	1037885	274	20000	178218	227	12250	80777	...	...	...
1930-31	1046	124415	1360071	352	22550	180293	246	12850	95602	78	8910	68382
1931-32	1170	148320	1463850	392	22850	265208	244	13525	108535	78	11035	103170
1932-33	1253	168875	2017743	322	23800	349428	266	1 350	115602	163	16980	161696
1933-34	1351	192755	2105764	331	24050	408516	258	16225	121926	249	23290	194999

Bank; but for his prompt and sympathetic support, it would not have been established so easily as it was really done. The success of the Surat Peoples' Co-operative Bank coupled with the initiative and guidance of Rao Saheb V. C. Jadav is mainly responsible for the three more Banks that came into existence later on. We shall now study the figures of the membership, share-capital and working capital of these Banks from time to time as given on page 125.

Membership, Share-Capital & Working Capital.

In order that we can have a correct perspective of the course of progress of each Uaban Bank, we have to take into consideration its location, population of the area of its operations and its other features which distinguish one bank from the other. The Surat Peoples' Co-operative Bank works in a City with a population of nearly 1,50,000 people. The area of operation of the Rander Bank is considerably restricted in that it only caters to the want of a population of 12,344. The Bulsar Bank works within the Municipal limits of the town of Bulsar which has a population of 19,540. The area of operation of the Pardi Peoples' Bank is scattered over more than one business centre viz., the town of Pardi with a population of 5,729, the village of Udwada with a population of 3,218, and the growing business centre of Vapi alias Daman Road with a population of 4,939. The Surat Peoples' Co-operative Bank had formerly two branches, one at Haripura and another at Begampura, two important business centres in the City. These two Branches have now been amalgamated and a new branch has been opened at Parsi Gali also known as Choksi Bazar. The Pardi Peoples' Bank has a Branch working at Vapi. The figures of the Surat Peoples' Bank and the Pardi Peoples' Bank, under the circumstances, necessarily include the figures of their branches also.

The Surat Peoples' Bank at the end of 12 years has a total membership of 1351. Its share-capital and working capital have also risen rapidly. The progress is eminently satisfactory and is in a great measure due to the business capacity of its Managing Director, Rao Saheb V. C. Jadav. In fact, he is the very life and soul of the Bank which is popularly known as "Jadav's Bank". A share-capital of about Rs. 2,00,000/- and a working capital of Rs. 21,00,000/- at the end of a period of 12 years, is an achievement to be proud of. Its large membership proves that its activities are reaching an increasing class of clients, to whom it has really been a very helpful financing agency.

The Rander Peoples' Bank registered in 1923 was not as successful as the Surat Peoples' Bank during its early years. Its working capital did not go

**Deposits and Their Rates of Interest of the four Urban Banks of the Surat District,
from 1922-23 to 1933-34.**

Year.	SURAT PEOPLES' CO-OPERATIVE BANK LTD..		RANDEER PEOPLES' CO-OPERATIVE BANK LTD..		BULSAR PEOPLES' CO-OPERATIVE BANK LTD..		PARDI PEOPLES' CO-OPERATIVE BANK LTD..	
	Deposits. Rs.	Rates of interest. %	Deposits. Rs.	Rates of interest. %	Deposits. Rs.	Rates of interest. %	Deposits. Rs.	Rates of interest. %
1922-23	41686	6½	...	...	...	...	...	...
1923-24	144360	2½ to 6	...	...	...	...	...	...
1924-25	165487	6½ to 7	...	...	...	...	...	...
1925-26	338245	6	...	...	...	...	...	...
1926-27	439651	4 to 5	51176	5	...	...	...	...
1927-28	749733	5	111621	4½ to 6	49130	4½	...	...
1928-29	841321	4½	90149	2½ to 6	84911	2 to 5	...	...
1929-30	905817	5	154590	2 to 5½	67094	2 to 4½	...	...
1930-31	1209628	4½	152874	3½ to 5½	80824	2 to 4½	59393	2 to 4½
1931-32	1284645	2½ to 5	236013	2 to 5	92465	2 to 4½	91785	4½
1932-33	1813255	2 to 4½	317267	1 to 3½	98358	2 to 4	143840	½ to 4
1933-34	1865777	1 to 3½	375511	1 to 2½	102441	1 to 3	167926	1 to 4

beyond Rs. 50,000/- and therefore, we have no figures of its working capital as an urban bank during the first three years. Its membership rose to 331 in the year 1933-34 which, having regard to its small population, may be considered satisfactory. Its share-capital stood at Rs. 24,050/- at the end of nearly 10 years; while the working capital which stands at Rs. 4,08,516/- may not be quite to the mark having regard to the fact that Rander is a wealthy town. Its progress has not been as rapid as it should have been otherwise.

The Bulsar Peoples' Co-operative Bank registered in 1925, was also during the first year, classed as an urban society, as its working capital did not come to the level of Rs. 50,000/-. Its membership at the end of nine years rose to 258 and the share-capital to Rs. 16,225/-. The figures of the working capital rose to Rs. 1,21,926/-. The Bank which is presided over by Mr. Bhanabhai K. Deasi, a well-known leading lawyer of Bulsar, is working well under the guidance of Rao Saheb Bhagawandas B. Shroff. It has not been able to show as rapid a progress as was expected. That is probably due to lack of enterprise and overcautiousness in business. The Pardi Peoples' Bank registered in 1929 attained the status of an urban bank the very next year of its commencement, as it succeeded in collecting working capital beyond Rs. 50,000/- in one year. The fact that in the course of only five years and with a smaller population in the area of its operation it could succeed in enrolling 249 members, could collect a share-capital of Rs. 23,200/- and could raise its working capital to Rs. 1,94,999/- is certainly creditable. It is working under the able guidance of Sardar Khan Bahadur V. P. Bhiladwalla. Unlike other urban banks, the Pardi Peoples' Co-operative Bank has the rare distinction of having its area of operations not confined to one village or town, but extending over four rural business centres. All these urban banks of the District are doing well in the matter of their membership, share-capital and working capital. We shall now study the figures of their progress in other directions.

Deposits and Their Rates of Interest.

The table on page 127 gives us the figures of deposits secured by these Banks and the rates of interest which they paid for those deposits for the years 1922-23 to 1933-34. The progress of the Surat Peoples' Co-operative Bank has been surprisingly rapid in the matter of deposits. The total deposits of Rs. 18,65,777/- at the end of 12 years is a record of which its managers can well be proud. When compared to the rates of interest on which the Surat District Co-operative Bank obtained its deposits, the rates of the Surat Peoples' Bank were certainly higher, but it could well afford

to do so, as its lending rates were much higher than those of the former. Though its lending rates were higher than those of the Surat District Co-operative Bank, they were the rates which ordinarily prevailed in the market.

The progress of the other three Urban Banks cannot be said to be rapid. They also have been progressing well though more slowly. The rates of interest offered by these Banks for deposits, have been lower than those of the Surat Peoples' Co-operative Bank. They are even lower than the rates of interest which many other banks of the Presidency offered for their deposits during the period. The rates of interest on deposits have always a tendency to adjust themselves to the prevailing rates of interest in the local money-market. They have enabled the Urban Banks to advance money to their members at cheaper rates as we shall show hereafter.

Lendings & their Rates of Interest.

The Urban Banks are primarily established to meet the financial requirements of the small and middle-class trader and manufacturer and other men of more limited means. The loans in such cases are advanced on the personal security of the borrower with one or two sound sureties, or on the pledge of gold and silver ornaments, shares and debentures of joint-stock companies, government paper, agricultural and industrial produce, or on the mortgage of immovable properties and also by discounting trade bills of customers according to the credits fixed by the Board of Management. In each case the rate of interest varies with the type of security offered, and the financial position of the borrower. Efforts are, however, made to maintain uniformity of practice. The volume of business done by such a bank will no doubt be determined by the rates of interest on which advances are made. The greater the facility offered in the matter of interest, the larger is the volume of business done.

The table on page 130 shows that the Surat Peoples' Co-operative Bank began with a total loan-advance of Rs. 39,019/- in the year 1922-23, and reached the highest total of loans advanced in 1933-34 to Rs. 9,65,424/-. This is certainly a creditable record. The rise has been steady and continuous, but there was a sudden drop from Rs. 5,48,738/- in 1927-28 to Rs. 2,16,532/- in 1928-29. Probably that was due to the fact of that year being a year of unprecedented depression. It is not easy, however, to account for another similar fall from the total loan of Rs. 6,50,696/- in 1929-30 to only Rs. 3,74,902/- in 1930-31. In the matter of lending, the Bank has surpassed the other Urban Banks in the District as was expected. Its rate of interest on lending for the first 6 years was 9%, while it was reduced to 8% in the next 4 years. It has

Lendings of Urban Banks in the Surat District, from 1922-23 to 1933-34.

Year.	SURAT PEOPLES' CO-OPERATIVE BANK LTD.				RANDEER PEOPLES' CO-OPERATIVE BANK LTD.				BULSAR PEOPLES' CO-OPERATIVE BANK LTD.				PARDI PEOPLES' CO-OPERATIVE BANK LTD.			
	Total lending Rs.	Rate of interest %	Over-dues. Rs.	P.C. of over-dues	Total lending Rs.	Rate of interest %	Over-dues. Rs.	P.C. of over-dues	Total lending Rs.	Rate of interest %	Over-dues. Rs.	P.C. of over-dues	Total lending Rs.	Rate of interest %	Over-dues. Rs.	P.C. of over-dues
1922-23	89019	9	240	0.6	...	...	...	...	...	...	...	...	...	...	...	...
1923-24	86551	9	2327	2.6	...	...	...	...	...	...	...	...	...	...	...	...
1924-25	160162	9	572	0.3	...	...	...	...	...	...	...	...	...	...	...	...
1925-26	295746	9	*	*	...	...	...	...	...	...	...	...	...	...	...	...
1926-27	412696	9	9835	2.3	52509	9	nil	nil	...	...	...	...	...	...	...	...
1927-28	548738	9	nil	nil	106432	9	nil	nil	46152	9	nil	nil	...	...	...	...
1928-29	216532	8	25819	11.8	80074	9	30325	37.8	46775	9	7703	16.4	...	...	...	...
1929-30	650696	8	17756	2.7	92060	9	27435	29.8	45215	9	6831	15.3	...	...	...	...
1930-31	374902	8	nil	nil	93150	9	13339	14.2	38901	9	nil	...	21246	9½	nil	nil
1931-32	784237	8 to 9	107427	13.6	82107	8 to 9	15517	18.8	41137	9	8907	21.6	41666	9	nil	nil
1932-33	890386	7½	165867	18.6	77910	7½ to 9	2805	3.6	45827	9	9875	21.1	71201	9½	750	1.0
1933-34	965424	7½	62370	6.4	83629	7½	29538	35.3	46234	7½	3367	7.3	111120	7	729	0.6

*Figures are not available.

been still further reduced to $7\frac{1}{2}\%$ in the years 1932-33 and 1933-34. A study of the percentages of overdues to its total lendings, is rather a puzzling proposition. The highest recorded percentage of overdues was 18.6 in 1932-33 when the total loan advanced was Rs. 8,90,386/-. It was 11.8 in the year 1928-29 with a total loan advance of Rs. 2,16,532/-. It was 13.6 in 1931-32 when the total loan advanced was Rs. 7,84,237/-. In 1933-34 the percentage of overdues was 6.4 while during the rest of the years it has never gone beyond 3%. That shows that its management has been on the whole, carried on sound and cautious lines.

The Rander Peoples' Co-operative Bank is the second in order of importance. From statistics available, we are able to see that it advanced a total loan of Rs. 52,509/- in the year 1926-27 and Rs. 83,629/- at the end of the year 1933-34. It jumped upto Rs. 1,06,432/- in 1927-28. Its lending rate was 9% from 1926-27 to 1930-31. It was reduced to $7\frac{1}{2}\%$ in the years 1932-33 & 1933-34. The percentages of overdues of the Rander Bank have been highest of all the Urban Banks in one given year and have remained very high in many years. Perhaps the policy of lending money on very costly residential buildings not let out on rent, is the cause of these very high overdues, for repayment in such cases is never so regular as in cases of moneys advanced on properties fetching rent. Its percentage of overdues went down to a surprisingly low figure of 3.6 in 1932-33 which again jumped up to 35.3 in the year following. There is, no doubt a great potentiality for development in the Rander Peoples' Co-operative Bank if properly handled. As it is, the overdues had a deterrent effect on the further development of this Bank.

The Bulsar Peoples' Co-operative Bank was the third to be strated in the chronological order. Its figures of lending show that it has remained stagnant throughout in that direction. The total advances in 1927-28 amounted to Rs. 46,152/- and at the end of 1933-34 the amount rose to Rs. 46,284/- an increase of Rs. 82/- only. It is perhaps due to a policy of over-cautiousness and lack of enterprize, otherwise Bulsar Peoples' Bank ought to have been lending even more than 6 to 7 times this amount having regard to the fact that the town has been growing both in population and in trade. The rate of interest has also remained stagnant at 9% up to the year 1932-33, and has been reduced $7\frac{1}{2}\%$ in 1933-34. The percentages of overdues have been slightly lower than those of the Rander Peoples' Co-operative Bank and the overdues have never gone beyond Rs. 9675/- the highest recorded in the year 1932-33. It is hoped that the management of The Bulsar Peoples' Bank will take a little risk and push on its activities and bring it upto the level to which it is expected to come, having regard to its growing population and trade.

The history of the Pardi Peoples' Co-operative Bank is very short but at the same time very hopeful. It started its work in 1929. In the course of 5 years it has surpassed both the Rander and the Bulsar Peoples' Co-operative Banks. It began with a total loan advance of Rs. 21,246/- in 1930-31 which has gone upto Rs. 1,11,120/- in 1933-34. It is probably due to the fact that its area of operation extends over 3 business rural centres near the railway stations. The rate of interest on lending was $9\frac{3}{8}\%$ to begin with in the year 1930-31. It was reduced to 9% in the year following, but was again raised to $9\frac{3}{8}\%$ in 1932-33. It was finally reduced to 7 p. c. in 1933-34. New brooms sweep clean and new societies always show clean working for a few years in the beginning. There are small overdues in the business of the Pardi Peoples' Co-operative Bank, and if the same state of things continues, the management will have to be complimented. Its overdues are certainly lower than those of the Rander and the Bulsar Peoples' Banks. This finishes our study of the working of the 4 Urban Banks in the District in respect of their membership, share and working capitals, deposits, lendings and the rates of interest. Let us now study their cost of management, profits, reserve funds, and dividends declared from year to year.

Cost of Management.

As we have seen in the case of the Central Bank and other urban credit societies, the increase in the working capital and the figures of cost of management almost go together. A glance at the table on page 133 shows the same state of affairs with regard to the Urban Banks also. The total cost of management of the Surat Peoples' Bank during the course of 12 years rose from Rs. 477/- in 1922-23 to Rs. 30,426/- in 1933-34, its working capital having risen from Rs. 53,010/- to Rs. 21,05,764/- during the period. But the figures of the total cost of management cannot give a correct idea as to whether the management has been economic or extravagant. The highest recorded percentage of the cost of management on working capital was 1.68 in 1931-32. It has been lower than 1 in 7 years, and in the remaining years it has varied between 1.03 and 1.68. Thus it can be said that the cost of management of the Surat Peoples' Bank has been quite economic. In comparison with the Rander and Pardi Banks it has been sometimes higher and sometimes lower, while it has been always higher than that in the Bulsar Peoples' Co-operative Bank.

The cost of management in the Rander Peoples' Co-operative Bank has risen from Rs. 803 in 1926-27 to Rs. 3320/- in 1933-34. It reached the highest figure of Rs. 3461/- in 1932-33. The working capital has also

**Cost of Management of the Urban Banks of the District,
from 1922-23 to 1933-34.**

Year.	SURAT PEOPLES' CO-OPERATIVE BANK LTD..			RANDEER PEOPLES' CO-OPERATIVE BANK LTD..			BULSAR PEOPLES' CO-OPERATIVE BANK LTD..			PARDI PEOPLES' CO-OPERATIVE BANK LTD..		
	Working Capital.	Total cost of management.	Percentage of the same on W. C.	Working Capital.	Total cost of management.	Percentage of the same on W. C.	Working Capital.	Total cost of management.	Percentage of the same on W. C.	Working Capital.	Total cost of management.	Percentage of the same on W. C.
	Rs.	Rs.	W. C.	Rs.	Rs.	W. C.	Rs.	Rs.	W. C.	Rs.	Rs.	W. C.
1922-23	53010	477	0.90	...	...	...	...	...	...	...	...	...
1923-24	163554	1384	0.84	...	...	...	...	...	...	...	...	...
1924-25	196017	2024	1.03	...	...	...	...	...	...	...	...	...
1925-26	382253	3280	0.85	...	...	...	...	...	...	...	...	...
1926-27	502162	3717	0.73	61587	803	1.30	...	...	...	...	...	...
1927-28	851106	5760	0.67	129739	1014	0.78	58096	370	0.63	...	...	...
1928-29	951017	7780	0.81	110510	1911	1.72	96170	487	0.50	...	...	...
1929-30	1037885	16495	1.58	178218	2434	1.36	80777	779	0.96	...	...	...
1930-31	1360071	13239	0.97	180293	2003	1.11	95602	846	0.88	68382	763	1.11
1931-32	1463850	24718	1.68	265208	2882	1.08	108535	746	0.68	103170	1523	1.47
1932-33	2017743	25298	1.25	349428	3461	0.99	115602	877	0.75	161696	2271	1.40
1933-34	2105764	30426	1.44	408516	3320	0.81	121926	954	0.78	194999	3130	1.60

increased from Rs. 61,587/- to Rs. 4,06,516/- during the period. Except in the year 1927-28 the percentage of the cost of management on the working capital has been over 1 upto 1931-32. After that it has gone below 1. We hope that beginning has been made for effecting possible economies. As compared to Bular, its percentage of the cost of management has always been higher. There is no room for any precise comparison between the Rander Bank and the Surat and Pardi Banks.

To the Bular Peoples' Co-operative Bank is the credit due of having its percentage of the cost of management on working capital, maintained at the lowest figures of all the Banks in the District. It has never gone beyond 0.96; but even in that case the cost of management has risen from Rs. 370/- in 1927-28 to Rs. 954/- in 1933-34, but the working capital has risen from Rs. 58,096/- to Rs. 1,21,926/- during the period. While giving credit to the Bular Bank for its very low percentage of cost of management, we would hope that the management would consider the advisability of investing a little more money to earn larger profits in their business. The progress of the Bank has been much slower than one would have expected of its management.

The Pardi Peoples' Co-operative Bank has begun well and has been continuing to do good work. Its cost of management has risen from Rs. 763/- in 1930-31 to Rs. 3130/- in 1933-34, but the working capital has gone up from Rs. 68,382/- to Rs. 1,94,999/- during the same period. Its percentage of the cost of management has been 1.11 in the year 1930-31 and has gone on increasing from that figure to 1.60 in the year 1933-34. So long as it does not go beyond 2, one need not worry about it.

Annual Profits.

The smaller the cost of management, the higher the profits, and the higher profits help the institutions to build up larger reserve funds and also simultaneously declare higher dividends. We have noted that the management of all the Urban Banks in the District has been on the whole economic. We now turn to see whether their profits have been satisfactory.

A glance at the table given at page 135 will show that profits of the Surat Peoples' Bank have risen from Rs. 248/- in 1922-23 to Rs. 21,783/- in 1928-29. Since then the profits have varied between Rs. 16587/- and Rs. 18659/-. The highest percentage of profit on working capital was recorded in the year 1924-25 being 3.1. It was 2.8 in 1926-27, 2.3 in 1925-26, 2.2 in 1928-29 and 2.0 in 1923-24. The percentage of profit has fallen from 1929-30 and it was 0.88 in the year 1933-34.

Annual Profits of the Urban Banks of the District, from 1922-23 to 1933-34

Year.	SURAT PEOPLES' CO-OPERATIVE BANK.			RANER PEOPLES' CO-OPERATIVE BANK.			BULSAR PEOPLES' CO-OPERATIVE BANK.			PARDI PEOPLES' CO-OPERATIVE BANK.		
	Working Capital. Rs.	Annual Profits. Rs.	Percentage of the same on W. C.	Working Capital. Rs.	Annual Profits. Rs.	Percentage of the same on W. C.	Working Capital. Rs.	Annual Profits. Rs.	Percentage of the same on W. C.	Working Capital. Rs.	Annual Profits. Rs.	Percentage of the same on W. C.
1922-23	53010	248	0.46	...	...	...	...	...	...	...	...	...
1923-24	163554	3353	2.0	...	...	...	...	...	...	...	...	...
1924-25	196017	6123	3.1	...	...	...	...	...	...	...	...	...
1925-26	382253	8920	2.3	...	...	...	...	...	...	...	...	...
1926-27	502162	14365	2.8	61587	1581	2.5	...	...	...	...	...	...
1927-28	851106	16595	2.1	129739	3419	2.6	58096	2211	3.8	...	...	...
1928-29	951017	21783	2.2	110510	4392	3.9	96170	1722	1.7	...	...	...
1929-30	1037885	16799	1.6	178218	4769	2.6	80777	1934	2.3	...	...	...
1930-31	1360071	18659	1.3	180293	4006	2.2	95602	2354	2.4	68382	839	1.2
1931-32	1463850	16587	1.1	265208	4126	1.5	108535	2100	1.9	103170	1827	1.7
1932-33	2017743	17398	0.86	349428	9027	2.4	115602	1981	1.6	161696	3417	2.1
1933-34	2105764	18597	0.88	408516	3380	0.82	121926	5014	3.1	194999	4200	2.1

With regard to the percentage of profit on the working capital, the figures in the case of the Rander Peoples' Co-operative Bank are more satisfactory. Upto 1932-33 it has always been above 2 except in the year 1931-32, when it went down to 1.5. Its percentage of profit was 0.82 the lowest recorded in the year 1933-34, while the highest was 3.9 in 1928-29.

During the seven years of its existence the Bulsar Peoples' Bank had a profit below 2 percent in the years 1928-29, 1931-32 and 1932-33. Its percentage of 4.1 in the year 1933-34 is the highest recorded in the case of any other Bank in the District.

The Pardi Peoples' Bank shows a progressive increase in the percentage of profit. That is in a way satisfactory feature of the working of that Bank.

Let us now study the figures of the reserve funds and dividends declared by them. The table on page 137 supplies the requisite figures.

Reserve Fund and Dividend.

Their study shows that the reserve fund of the Surat Peoples' Bank has risen from Rs. 416/- in 1923-24 to Rs. 47,332/- in 1933-34. When compared to its paid-up share-capital of Rs. 1,92,755/- in 1933-34, this figure is quite satisfactory. During the twelve years of its existence it has been able to give a return of 8 percent to its share-holders on their capital invested for five years, $7\frac{1}{2}$ % for one year, $7\frac{1}{2}$ % for two years, and 7 % for the remaining three years. It was not able to declare any dividend in the first year. This shows that the Bank has been able to give to its share-holders who have extended their co-operation to the Bank, more than a fair return of interest on the capital invested. Under the able and expert guidance of its Managing Director Rao Saheb V. C. Jadav, the Bank has yet a brighter future before it.

The Rander Peoples' Bank claims a second place in order of importance so far as the amount of its reserve fund is concerned. It has risen from Rs. 411/- in 1926-27 to Rs. 8955/- in 1933-34. Thus on a paid-up share-capital of Rs. 24050/- it is quite satisfactory and is even slightly better in proportion to the same of the Surat Peoples' Bank. While the Rander Peoples' Co-operative Bank has built up a good reserve fund it has not declared as good dividends in favour of its share-holders as the Surat Peoples' Bank.

The Bulsar Peoples' Bank is steady even in the allowance of its dividends. It has remained 7% throughout. The reserve fund has risen from Rs. 366/- in 1927-28, to Rs. 3260/- in 1933-34. On a paid-up share-capital of Rs. 16225/- the figure is satisfactory.

**Profit, Reserve Fund, and Dividend declared by the Urban Banks of the District,
from 1922-23 to 1933-34.**

Year.	SURAT PEOPLES' CO-OPERATIVE BANK LTD..			RANDER PEOPLES' CO-OPERATIVE BANK LTD..			BULSAR PEOPLES' CO-OPERATIVE BANK LTD..			PARDI PEOPLES' CO-OPERATIVE BANK LTD..		
	Profits. Rs.	Reserve fund. Rs.	Percentage of dividend declared.	Profits. Rs.	Reserve fund. Rs.	Percentage of dividend declared.	Profits. Rs.	Reserve fund. Rs.	Percentage of dividend declared.	Profits. Rs.	Reserve fund. Rs.	Percentage of dividend declared.
1922-23	248	...	...	...	...	...	...	...	...	...	...	...
1923-24	3353	416	7	...	...	...	...	...	...	...	...	...
1924-25	6123	2900	7	...	...	...	...	...	...	...	...	...
1925-26	8920	3048	7½	...	...	...	...	...	...	...	...	...
1926-27	14365	5431	8	1581	411	5	...	...	...	...	...	...
1927-28	18595	10168	8	3419	1768	5	2211	366	7	...	...	...
1928-29	21783	15046	8	4392	2761	6	1722	959	7	...	...	...
1929-30	16799	21153	8	4769	3628	6	1934	1433	7	...	...	...
1930-31	18659	26028	8	4006	4869	6½	2354	1928	7	839	79	nil
1931-32	16587	30885	7	4126	6345	7½	2100	2545	7	1827	350	5½
1932-33	17398	35613	7½	9027	7419	7	1981	2894	7	3417	879	6½
1633-34	18597	47332	7½	3380	8955	7½	5014	3260	7	4200	1826	6½

The Pardi Peoples' Co-operative Bank has been progressing. Its reserve fund has risen from Rs. 79/- in 1930-31 to Rs. 1826/- in 1933-34. On a share-capital of Rs. 23200/- the figure is slightly lower. But the Bank is in its infancy and let us hope it will make up the same in the years to follow. It could not declare any dividend in the first year. It began with a return of $5\frac{1}{2}\%$ and has declared $6\frac{1}{2}\%$ in 1933-34. We shall now discuss the general progress of all these Banks.

General.

To sum up, we have found that of all the urban credit societies, the Teachers' Societies lead the way in all directions. It is necessary that sustained efforts should be made to start credit societies for artisans and other wage-earners, viz., factory-workers etc.. Intensive propaganda in that direction is necessary.

The poor artisans are unable to look ahead and they are completely in the hands of their master-employers, and unless heroic efforts are made, it will be difficult to get them out of the hold of their employers who retard their progress. No doubt, there are many difficulties in the way, but we hope, now that when Rao Saheb V. C. Jadav has undertaken to take active steps in this direction, something tangible will be the result. There is a wide scope for organising such societies, but there is a lack of enthusiastic workers.

Of all the Urban Banks, Rao Saheb Jadav's Bank naturally is the predominating Bank in all respects and no wonder that it should be so, when it is under the expert guidance of such a great financier and a veteran co-operator. It has always been pointed out as a model to copy by other co-operators intending to start co-operative peoples' banks, and its Directors have always been ready and helpful in that direction.

The Bank has succeeded in establishing a Supervising Union of Urban Banks and Societies in Gujarat, for the purpose of conducting the supervision and auditing accounts of the member-banks and societies in Gujarat. It has also established an emporium where samples of handi-crafts of Surat artisans are kept, both for exhibition and for sale. The management of the Bank has always been ready to give help and advice to those who need them. The other Urban Banks have also been doing well though they have yet to do much more, having regard to the work done by the Surat Peoples' Bank. Let us hope that in years to come, the urban credit movement will progress much further than what it has hitherto done, having regard to its potentialities for the good of the trade of the country. We shall now consider the work done by the Supervising Union of the Urban Banks and Credit Societies of Gujarat.

The Supervising Union of Gujarat Urban Banks and Credit Societies Ltd.

This Union was registered on 19th. December 1927, as the "Supervising Union of Gujarat Urban Banks ", and six banks were affiliated to it in the first instance. It commenced its working with Diwan Bahadur A. U. Malji as Chairman and Rao Saheb V. C. Jadav as the Vice-Chairman and Managing Director. The area of operation of the Union extends to the whole of Gujarat.

The chief objects of the Union are, (1) To organise, to develop, and to guide urban co-operative banks within the area, (2) To control its constituent banks and societies by careful and close supervision, (3) To settle matters of common interest and (4) To represent the view of the affiliated banks before the Department. Its first attempt was to introduce a uniform system of accounts, and in order to carry out this object the Union undertook to supply the necessary account books. A common system of accounting was introduced amongst all member-banks who were asked to balance their general ledger accounts once a week and to prepare a trial balance and forward it to the Union. It also aimed at watching that the affiliated banks were conducting their business on sound lines.

The Managing Board of the Union attempted to find out means of developing the business of the affiliated banks. This work was entrusted to a sub-committee which considered the ways and means to tackle the problem. Necessary instructions were issued to banks from time to time. The Union also directed the member-banks regarding investing their surplus funds profitably and also pressed on them the necessity of developing hundi business. In the second year, one more urban bank joined the Union.

With a view to increase its income, attempts were made during the period to affiliate small urban credit societies, and so the necessary amendments to the bye-laws were made, and the words " And Urban Credit Societies " were added to the Union's name. The scale of fees was also reduced so as to enable small societies to join the Union. The authorities of the Union approached the Department with a request to reduce the Government audit fees in case of those banks which were affiliated to this Union. Affiliated banks were advised to invest their surplus funds in the Government treasury bills and a joint-account also opened for this business in the Surat Peoples' Co-operative Bank Ltd. In this way some of the member-banks earned more on their surplus funds.

The reduction in fees, brought in five more societies in the fifth year. In the year 1933, there arose certain problems with the Amod Nagric Bank

Ltd., the Broach Urban Co-operative Bank Ltd., and the Anand Roman Catholic Society Ltd., which were tactfully solved with the help of the Union and thus the affiliated Banks realised the influence by which the Union could help them in time of need. During the year 1934, attempts were made to increase the scope of the working of this Union, so as to increase its utility to urban banks and to facilitate the investment of surplus funds of member-banks. It is now proposed that the Supervising Union should pool the surplus funds of member-banks and invest them in securities approved by the Registrar.

At present there are nineteen societies affiliated to this Union, out of which nine are urban banks with a working capital of more than Rs. 50,000/- and the rest are urban credit societies.

The policy of the Department regarding the affiliation of urban societies to this Union has been recently changed and it is recommended by the Department that the urban credit societies should get themselves affiliated to the supervising unions of the rural credit societies.

In the early stage the Union was not able to make both ends meet without grants from the Central and Provincial Banks, but at present it is in a position to prepare a balanced budget. There are other activities such as developing and organising urban banks in certain areas which the Union can undertake with efficiency, but owing to the paucity of funds the progress of the Union in this direction is retarded.

The present Chairman of the Union, Sardar Khan Bahadur Bhiladwala takes keen interest in developing the Union and as a result of his untiring zeal, it is hoped that the Union has a bright future. One cannot help saying that the present position of the Union is attained only because of the sincere services rendered by Rao Saheb V. C. Jadav as its Managing Director from the very commencement of the Union.

We shall now examine, in the following chapter, the work done by the different types of non-credit societies that have been registered in the District from time to time.





**PURSHOTTAM ICHCHHARAM
PATEL, Esqr.,**
Director from 1914 to 1934.



BALUBHAI K. PATEL, Esqr.,
Director from 1932 to 1934.



**VASANJI KHANDUBHAI DESAI,
Esqr.,**
Director from 1926 to 1934.



KUNVERJI RATANJI DESAI, Esqr.,
Director from 1932 to 1934.

CHAPTER IV.

(Non-Credit Co-operation)

Origin of the Non-Credit Co-operative Movement.

We have already seen that the first Co-operative Societies Act, (Act No. X of 1904) only provided for the formation of credit societies, both rural and urban. As observed before, this policy was deliberately adopted not because the vital importance of other kinds of co-operation was not fully realised, but because it was held that among a relatively backward population, the difficulties involved in the management of productive and distributive business were likely to prove a stumbling block in the way of progress. It was further felt that a failure in the early stages of the movement may lead to disheartening amongst the workers and may thus deal a heavy blow to the movement. But as years rolled on, and the co-operative credit movement made headway, it was felt that if co-operation was to have its beneficent effects on the economic life of the people, then it was expedient to provide further facilities for the formation of co-operative societies of all credit and non-credit types, for the promotion of thrift and self-help amongst the agriculturists, artisans and persons of limited means. Act No. II of 1912 was, in consequence, enacted.

Its passing on 1st March 1912, made the registration of non-credit societies possible. Between 1912 and 1915 when the Maclagan Committee sat to examine whether the movement had been progressing on sound lines, there were already in existence in India 82 non-agricultural and 167 agricultural non-credit societies. Information about such societies in the Surat District is rather scanty, but it appears from the administration report of the Department for the year 1914, that some agricultural stores for buying wholesale and retailing the common necessities of agriculturists, were in existence in Mandvi in the Surat District during the period, and were doing useful work. We further find that in the year 1913-14 co-operative stores were also organised by the-then auditor Mr. (now Rao Bahadur) Gunvantrai Desai at Kim and Sayan, in the Olpad Taluka. These stores, however, had a very short existence. They failed because of the absence of efficient management. The Maclagan Committee strongly emphasised the necessity of starting non-credit societies of all types, as being not only inevitable but as being essential to the balanced development of the movement tending to the improvement of the economic condition of the people as a whole. Nothing, however, appears to have been done during the three years that followed.

It was in 1919 that a hopeful beginning of the non-credit movement was made in the Bulsar Taluka, when the Bulsar Railway Co-operative Association was started. It is a co-operative stores for consumers, has been conducted on sound and efficient lines and has continued to do good work upto now. The Surat Co-operative Stores Ltd., was registered in the middle of the year 1921. But the real beginning of the non-credit movement which has profoundly affected the rural population of the District was the starting of the first Co-operative Cotton-Sale Society at Sonsek in the Olpad Taluka. Thus we see that though the seeds of the non-credit movement were attempted to be sown as early as 1914, the movement did not grow and develop till 1921, when the first cotton-sale society was started.

Of all the non-credit societies of different types in the District, the co-operative cotton-sale society is the most predominant, and we shall, therefore, deal with that branch of the development of the non-credit movement in fuller details hereafter. It would suffice here to say that in the year 1919 and in the year 1922, still-born attempts were made to start a Cattle-Breeding Society at Sadadvel in Chikhli, and a Vegetable Growers' Sale Society at Kumbharia in the Choryasi Taluka. In 1923 a Co-operative Printing Press was started in the Surat City, and a Book-Store in the Maganlal Thakordas Balmukunddas College in Surat in the year 1925. A Power-Pump Society at Tukwada in Pardi Taluka was started in 1924, but after a miserable existence of some years, the Printing Press Society and the Power-Pump Society, both came to grief and the College Stores, though nominally in existence, is hardly conducted on co-operative lines.

The success of the cotton-sale societies led to the formation of a ground-nut sale society in the Olpad Taluka in 1928, and a rice-sale society in the Chikhli Taluka in 1932, and the Olpad Toor-Sale Society and the Dharasana Salt-Sale Society were started in the year 1933. A Milk-Supply Society owes its existence to the laudable effort of Rao Saheb V. C. Jadav in the year 1927. The energetic secretary of the Surat District Co-operative Institute, Mr. Nanabhai Lalbhai Vakil, started a Better-Living Society in his caste in the year 1929. The same year saw the formation of a Taluka Development Association in the Pardi Taluka, which was followed by another in the Choryasi Taluka in the year 1930. The Sonsek (now Purshottam) Co-operative Ginning Society was formed in year the 1925 and the Farmers' Cotton Ginning and Pressing Society was founded at Nawagam in Surat, in the year 1934. In 1930 was formed the Gujarat Co-operative Cotton-Sale and Ginning Societies Union in Surat, and a Co-operative Motor Service Society was started at Chikhli in the same year.

Different Types of Non-Credit Societies.

The credit movement is not likely to succeed unless it is duly backed up by the agricultural non-credit societies, viz., those relating to the supply and marketing. Prof. H. L. Kaji, Vice-President All India Co-operative Institutes' Association, has in his Presidential Address at the Mysore Provincial Co-operative Conference, held at Mysore on 15th October 1934, observed:— "Of the four important stages in the agriculturists' cycle, finance, supply, production and sale, each is important enough and unless all the four are efficiently organised, the full benefits of our endeavours cannot be expected." Of these however, production and sale form the most important stages and require to be more closely attended to, if the agricultural co-operative movement is to succeed as it should. Cheaper finance and organised supply connote lower cost of production, but organised marketing means greater income. It is, therefore, that co-operative societies dealing with production and sale are of greater importance both to the agriculturist as well as to the small industrialist or a trader. The non-credit societies are, therefore, classified into (1) Agricultural and (2) Non-Agricultural, Non-Credit Societies. In the former, can be included societies for supply of seed, manure and agricultural implements, societies for consolidation of holdings, and fencing, irrigation, cattle-breeding and cattle-insurance societies as well as societies for purchase and supply and societies for marketing different crops. Cotton ginning and pressing societies also fall within the same category. To the category of non-agricultural non-credit societies belong the housing and producers' societies, weavers and other artisan societies, consumers' stores etc.

A majority of the non-credit societies that have been organised during the last 20 years in the Surat District belong to the former class and just a few to the latter class. Of those few, only five now survive. In order that we may have a clearer conception of how both the sides of the non-credit movement have progressed in the District, it is better to examine them per each one of the eight Talukas of the District. We hope that such an examination will enable us to find out more clearly the lines on which the future development of the movement in different Talukas should be organised.

Olpad Taluka.

The first co-operative cotton-sale society in the Olpad Taluka was the result of a partnership of thirteen pioneer agriculturists of the little village of Sonsek, under the leadership of Mr. Purshottam Ichchharam Patel, District Honorary Organiser of the northern sub-division of the Surat District. Being himself a farmer, he knew the different ways in which the agriculturists were

**Figures Showing Development and Growth of the Sonsek Co-operative Cotton-sale
and Seed-Supply Society Ltd., from 1922 to 1932.**

Year.	No. of members.	Share-Capital. Rs.	Reserve Fund. Rs.	Seed-cotton received. Bengali Maunds. Rs.	Cotton-Lint sold in Bengali Maunds. Rs.	Price realised. Rs.	Cotton-seed sold in Bengali Maunds. Rs.	Price realised. Rs.	Total Sales. Rs.	Price per Bhar to members. Rs.	Price per Bhar to Outsiders. Rs.
1922	164	13580	nil	6828	2237	129673	4412	17442	147818	247	227
1924	298	24440	1039	15961	5742	389876	10104	39957	429833	311	292
1926	445	32920	4735	30588	10921	450224	20448	50632	500857	186	175
1928	563	36760	9087	32940	10520	455609	22205	62550	518159	180	175
1930	667	38740	11464	42630	15005	473591	27721	60105	533696	144	134
1932	463	12720	12635	17739	5970	139705	11606	26008	165713	103	100

being exploited either by the dalals or by the merchants engaged in the cotton trade. He felt that if a partnership could be successfully worked and satisfactory results of joint-selling be demonstrated to his brother farmers, they would be easily induced to join in a co-operative organisation for mutual benefit of them all. He, therefore, started in 1919, a partnership of a band of pioneer workers selling their cotton of the total value of Rs. 9539/- and realising thereon, Rs. 50/- per bhar (12 bengalee maunds) more than the other farmers in the Taluka, who sold their cotton individually to the owners of the cotton-ginning factories in the neighbourhood. That raised the membership of the partnership to 34 in the next year. It sold cotton of the total value of Rs. 36,825/- in the year, and realised Rs. 3100/- more over the price which other farmers realised for the same quantity of cotton sold by them separately. In 1921 the partnership claimed a membership of 121. It sold cotton of the total value of Rs. 1,10,231/- and made a distinct profit of Rs. 18,044/- over others who were not organised for joint-selling of their cotton. The growing profits in three successive seasons paved the road for organising a co-operative cotton-sale society and the Sonsek Group Co-operative Cotton-Sale and Seed Supply Society Ltd. was registered on 9th May 1921, under Act II of 1912. As the Co-operative Department has all throughout recognised this as a model co-operative cotton-sale society to which promoters of other cotton-sale societies were often referred as a model to follow, we think it would not be amiss to give a detailed statistical table regarding the working and progress of this society from 1922 to 1932, when some of its prominent members including the founder Mr. Purshottam Ichchharam Patel retired from it.

The figures in the table vide page 144 show that ever since the society was started, it has shown continued progress in its membership, share-capital, reserve fund and the quantity of cotton and cotton-seed sold, thus showing the popular support which the society enjoyed. That was mainly due to the fact that the farmers who joined the cotton-sale society as members invariably got better prices for their cotton than those who did not, the difference varying from Rs. 5/- to Rs. 20/- per bhar. The moral gain by the successful working of the society was, however, more valuable than the material gain it brought to its members. Farmers began to feel that if they co-operated in organising a joint-sale of the produce, they were quite able to meet the cotton traders on a footing of equality after some experience of business. That has led to the formation of similar societies for joint-sale of other agricultural commodities in the different parts of the Taluka.

The example of Sonsek was followed, at short intervals, by other villages in the Taluka and the Gothan, Asnad and Kim Cotton-Sale Societies were

Position of Co-operative Cotton-Sale Societies in the Olpad Taluka, as on 31st December 1933.

Name of the Society.	Year of Registration.	No. of Villages served.	No. of members.	Share-capital. Rs.	Reserve Fund. Rs.	Kapas received for sale. Bengali Maunds.	Lint. Cotton Sold. B. M.	Price realised. Rs.	Cotton seed Sold. B. M.	Price realised. Rs.	Price per Bhar	
											To Members.	To Outsiders.
Sonsek	1921	30	516	15800	12665	51648	18070	390375	33000	50856	95	88
Asnad	1924	25	378	7140	3399	19060	6557	137385	12000	13796	92	85
Gothan	1922	15	248	6900	4439	18806	6323	136310	12450	19108	92	88
• Kim	1926	12	55	1160	377	3838	2486	28017	2568	5426	94	90
† Talad	1934	13	450	13553	119	18264	...	164897	...	...	102	97

• Figures are for 1932.

† Figures are for 1934.

formed in the years 1922, 1924 and 1926 respectively. The statistical table given at page 146 will show that these societies are doing well except the Kim Society which became stagnant from the year 1932. The reason for this stagnation is the slackening of the spirit of co-operation amongst the pioneers who helped to start that Society. It is rather difficult to find out definitely the reasons which led to its early stagnation. So far as one can judge from hearsay reports, it is partly due to want of honest and efficient management and partly due to the fact that some of its workers found it more profitable to deal with owners of ginning factories rather than as leaders of the Co-operative Society. As we are apt to disintegrate, the year 1932 showed obvious indication of disintegration in the Sonsek and Gothan Cotton-Sale Societies. Different reasons are assigned in different quarters as to how members of the Sonsek Cotton-Sale Society came to separate. Allegations are made against persons in power as to their placing their own men in position of profit and gain, while those in power charge others with jealousy. Whatever may be the real cause, the year 1932 showed that some of the leading and prominent members of the Sonsek Co-operative Cotton-Sale Society with their leader Mr. Purshottam Ichchharam Patel separated and began to sell their cotton as an unregistered association for about 2 years. They formed themselves into the Talad Co-operative Cotton-Sale Society in the year 1934 and some of the malcontents of the Gothan Society formed themselves into another unregistered association called the 'Bharundi Khedut Mandal.' There is another unregistered association at Sandhier the members of which sell their cotton jointly. Both the Bharundi and Sandhier Associations have hitherto not thought proper to form themselves into either a joint-stock company or a co-operative society, but now under the new Partnership Act, they will have to form themselves into a registered partnership either of the joint-stock or of the co-operative type.

We hear that another co-operative cotton-sale society is in the process of formation at Mulad in the Olpad Taluka.

From the statistical table printed at page 146 we see that the total number of villages served by the cotton-sale societies which are still in existence, are about 95 out of a total number of 116 villages of the Taluka. The three unregistered associations serve a few more villages. It is, therefore, safe to assert that the Olpad Taluka has been sufficiently well organised, so far as the sale of cotton on co-operative basis is concerned. The organisation, however, cannot be said to be either complete or satisfactory, because only 1644 farmers have joined the societies and many more are still selling their cotton individually. There is no doubt, that the successful working of the

existing societies attract more and more people every year within the co-operative fold. The figures of the selling prices, at which the co-operative cotton-sale societies are able to sell their cotton, are sufficient to demonstrate what the farmers can achieve by organising themselves in the matter of the joint-sale of their produce. The figures of membership, the share-capital, the reserve fund as well as the quantity of cotton sold, are enough to show that the societies are working well, and are, therefore, able to attract more and more people to become their members. While their good work brought more profit to the agriculturists, it created a spirit of jealousy amongst the capitalist owners of ginning factories.

They began to form associations and secret pacts amongst themselves and raised the charges for ginning cotton, and thus reduced the profit which the agriculturists would have realised by the joint-sale of their cotton. It was then felt and felt very keenly that, if the agriculturists were to retain the profit which they have been hitherto making, they should have a ginning factory of their own; and with the help and co-operation of the cotton-sale societies of Pal and Kosad in the Choryasi Taluka, and Asnad & Sonsek in the Olpad Taluka, the "Sonsek Co-operative Ginning Society Ltd." was started in the year 1925. When the farmers had a ginning factory of their own, the capitalists owners of cotton-presses began to raise charges for pressing bales of cotton. Good often cometh out of evil. The members of the cotton-sale societies of the 4 villages mentioned above had, even before the formation of the Sonsek Co-operative Ginning Society, been thinking of having a press of their own, but they had to defer their idea to a later date for want of funds. The opposition of the owners of the pressing factories soon brought home to them the necessity of having a pressing factory of their own and a ginning and pressing society was organised in 1934.

The Sonsek (now the Purshottam) Co-operative Ginning Society Ltd. was registered on 4th November 1925, with an authorised capital of Rs. 1,00,000/- divided into 400 shares of Rs. 25/- each. Its membership was open to all cotton-sale societies and individual farmers of Olpad and Choryasi Talukas. With a subscribed capital of Rs. 30,000/- and with a loan of the like amount from the Surat District Co-operative Bank Ltd., the Society started its factory at Jehangirpura in the Choryasi Taluka. The site selected for the factory is suitable in more ways than one. It is central, is situated on the main road from Olpad to Surat, is not very distant from the cotton-market of Surat, and being on the bank of the River Tapti, enjoys a pleasant and cool atmosphere. Its regular work began in the year 1927. It gave great impetus to the movement of co-operative sale of cotton in the Olpad and Choryasi

Talukas. It made steady progress year after year and showed an increase in its capital and reserve fund, and by the end of the year 1933, the Society had a paid-up share-capital of Rs. 37,876/-, a reserve fund of Rs. 9,146/- and a depreciation fund of Rs. 44,973/-. It had a membership of 492 and it ginned cotton to the extent of 9654 bhars in that year. It has been distributing a dividend of 10% per annum on the paid-up share-capital every year from its very beginning.

The most interesting feature of the Society is that its management is entirely in the hands of practical farmers, and even the most important members of their working staff viz., the Manager, the Engineer and the Secretaries come from the same class. It has been recognised by persons competent to form their own opinion, as a model for others to copy. Its working is said to be the best and the most successful throughout the whole of India. But till the members of the cotton-sale societies had their own factory for pressing their cotton bales, the organisation for the sale of cotton cannot be said to be complete. That has now been done in the year 1934, when with the financial help of the neighbouring cotton-sale societies of the Talukas and the Surat District Co-operative Bank Ltd., the "Farmers' Co-operative Cotton Ginning and Pressing Society Ltd." was formed with a capital of Rs. 1,00,000/-. The Union of all the Cotton-Sale Societies of the District for the sale of their cotton had already been formed in the year 1930, and therefore, now with the formation of the Farmers' Co-operative Cotton Ginning and Pressing Society Ltd., the organisation of sale of cotton on co-operative basis in the District has now become complete.

Encouraged by the success of the Purshottam Co-operative Ginning Society and by the successful floating of the Farmers' Co-operative Cotton Ginning and Pressing Society Ltd., members of the Gothan Co-operative Cotton-Sale Society have also begun to move in the direction of starting a ginning factory of their own at Sayan, an important centre for cotton ginning, where there are already three cotton ginning factories. They have already succeeded in collecting a part of the necessary share-capital and it is hoped that they will soon be able to have their own co-operative ginning factory in the near future.

One important reason why the Olpad cotton-sale societies have been realising better prices than others who have remained outside the movement, is the fact that they all grow the same kind of cotton, the society undertaking to supply the necessary cotton-seed, and it may be safely asserted that it is very necessary that the cotton-sale societies should supply good seed of cotton and insist on their members' sowing the same sort of seed in order to inspire

confidence in the buyers. It is because the buyers now feel that the cotton sold by the Union of the Cotton-Sale Societies is practically of one standard quality that the societies easily realise better prices in the market.

The Sonsek Cotton-Sale Society has made a beginning of introducing 1027 A. L. F. type of cotton-seed to be grown by all its members. The same Society was responsible for taking further steps for the benefit of its members in the direction of supplying the common necessities of life to them on the indent system. We regret to have to state that the movement did not achieve success it should have. That was mainly due to want of loyalty amongst the members. But members of a co-operative society ought to realise that occasions might arise when after purchases are made by their organisers, prices may fall and that they may have to pay higher prices than those prevailing in the ordinary market. But such occasions are few and far between and therefore, even when such occasions should arise, they should remain loyal to their co-operative society. Another reason assigned for its failure to achieve the success it deserved is that those who were entrusted with the work of supplying these necessities on the indent system were over-worked in other fields of co-operative activity, and had not sufficient time to devote to it. It is necessary that there should be sufficient decentralisation when the work is to be undertaken on a large scale.

The other crop which has in recent years attained the position of a money-crop in the Taluka is the ground-nut. After it was introduced in some parts of the Taluka near Sayan and neighbouring villages, a Ground-nut Sale society was started at Sayan in the year 1928. At the end of March 1934, its membership stood at 54, share-capital at Rs. 539/-, reserve fund at Rs. 304/- and working capital at Rs. 858/-. It sold in that year, 2750 bengali maunds of ground-nut for Rs. 6008/-. It is thus clear that it has not attained that development which it should have. That is due to the fact that the workers of the Society require proper and better guidance for developing the production and sale of that crop. There has not been sufficiently wide propoganda and people have not begun to see that necessity which the importance of the crop as a money-crop demands.

The third crop that is being sold on co-operative basis is the Toor (Pulse). The Olpad Co-operative Toor-Sale Society has been started in the year 1933, and is therefore, in its infancy. Its membership stands at 33, paid-up share-capital at Rs. 257/- and the reserve fund at Rs. 3/- only. In the last year it sold 1785 maunds of toor-pulse of the value Rs. 5,500/-. The leading workers in the Society are old and experienced

co-operators and it is hoped that they will be able to develop it as well as the cotton-sale societies.

Wheat and Juwar are two other important crops of the Taluka. It is desirable that efforts should be made to sell them on a co-operative basis. Attempts are being made to organise a wheat-sale society in the Olpad Taluka by the Olpad Supervising Union, and it is hoped that the efforts will meet with the success it deserves. It is high time now that the members of the Managing Committees of the Ginning and Pressing factories should turn their attention to putting the machinery of their factories, which is lying idle for about 8 months, to other uses, viz., extracting oil from cotton-seed and ground-nut etc. At present the cotton-sale societies sell their cotton-seed, but it is possible for them to develop another paying industry if the above factories utilise the seed sold away for the purpose of extracting oil. Oil cakes then produced can serve as manure and food for cattle, and oil can also be used for manufacturing soap. These are some of the potentialities of economic uplift of the agricultural classes if they concentrate on these different activities.

The vegetable growers of the Taluka badly require a co-operative organisation. Everybody who has anything to do with the vegetable market, knows how they are exploited by the Dalals in the trade. It is a pity that no such societies have as yet been attempted. Olpad Taluka has also lagged behind in other directions of agricultural non-credit. It can easily have a good cattle-breeding and a cattle-insurance society, a society for the supply of seed and manure and implements and other domestic needs of the agriculturist.

Choryasi Taluka.

Next to Olpad, the Choryasi Taluka is the best organised Taluka in the matter of joint-sale of cotton on co-operative basis. There are at present 4 cotton-sale societies working in the Taluka viz., the Pal, the Kosad, the Nana Varachha and the Vanz Societies. The Pal and the Kosad Societies get their cotton ginned with the Purshottam Co-operative Ginning Society at Jehangirpura, while the Nana Varachha and Vanz Cotton-Sale Societies get their cotton ginned at Surat and Navsari respectively. Besides these 4 co-operative cotton-sale societies there are some unregistered associations, one at Chhapra-Bhatha and the other at Athva, who also sell their cotton on a joint basis. The Athva Association is an association of those who grow the seed selected by the Government Agricultural Department and they also sell their cotton under the supervision of the Officers of the Department who issue to them a certificate

of their cotton having been produced out of that seed. It is high time that these unregistered associations begin to realise the difficulty of selling their cotton as partners without being members of a partnership either registered under the Indian Companies Act, or under the Co-operative Societies Act, or under the recent Partnership Act of the year 1931. Such an association cannot sue its members or other persons dealing with it if there should arise an occasion to do so. We understand that members of these associations have also begun to realise the difficulties and are taking steps to have their associations registered. When that is done, a very large portion of the Taluka would be co-operatively organised for the sale of cotton.

The figures on page 153 show the general position of the co-operative cotton-sale societies as on 31st December 1933. They serve 55 villages out of 74 in the Taluka. The total membership consists of 847, with a share-capital of Rs. 27,410/-, reserve fund of Rs. 5360/-, and the total value of the cotton sold amounted to Rs. 5,46,032/-. Like the societies in the Olpad Taluka members of these Societies also get better prices for their cotton.

The figures further indicate that the Pal and the Nana Varachha Societies are doing better than the other two. This is mainly due to good workers in these two societies. The Kosad Society is now in a bad way. Its secretary misappropriated a large sum of money out of funds in his custody. He was prosecuted and convicted, but that led to needless apprehension in the minds of its members, and the society is now on the verge of a precipice, unless somebody comes forward to save it from a complete collapse.

The successful organisation and working of the co-operative cotton-sale societies in the Olpad and Choryasi Talukas affected the business of the cotton dealers and the successful working of the Purshottam Co-operative Ginning Society at Jehangirpura reduced their profits yet further. Big merchants' profit which they used to get hitherto began to disappear. They, therefore, began to form private associations for charging high rates for the baling of cotton, thereby depriving the cotton-sale societies of what they saved in the ginning and in selling by the system of pooling their goods together. The members of the cotton-sale societies then saw the necessity of organising themselves with a view to get favourable rates for pressing their bales of cotton, the rate for which in the year 1931 was Rs. 5-4-0 per bale. In 1932 they managed to enter into a contract with one of the local press-owners at Surat to get their bales pressed at a flat rate of Rs. 2-8-0 per pacca bale. The effect of this favourable contract with the press-owner at Surat tended to lower down the rates of pressing in the other centres of cotton trade, such as Bardoli, Madhi, Sayan and Navsari, which

Position of Co-operative Cotton-Sale Societies in the Choryasi Taluka, as on 31st December 1933.

Name of the Society.	Year of Registration.	No. of Villages served.	No. of members.	Share-capital. Rs.	Reserve Fund. Rs.	Kapas received for sale. Bengali Maunds.	Lint-cotton sold. B. M.	Price realised. Rs.	Cotton-seed sold. B. M.	Price realised. Rs.	Price per Bhar.	
											To Members. Rs.	To Outsiders. Rs.
Pal	1924	25	480	10100	2422	33017	11534	246941	21095	33061	97	89
Nana Varachha	1926	15	242	14800	1231	22197	7689	164387	14329	23484	96	89
Vank	1927	10	53	1060	435	8761	1231	26455	2496	3769	89	85
Kosad	1925	6	72	1450	1272	4579	1579	37221	298	6714	99	95

• Figures are for 1932.

ranged between Rs. 4 to 6 per bale prior to this date. The other cotton-sale societies situate round about the centres of cotton mentioned above, also succeeded in getting their bales pressed at a low rate of Rs. 2-4-0 per bale. The total number of bales which the cotton-sale societies in the neighbourhood of Surat had to get pressed, annually, was about 8900. Encouraged by their success in getting the aforesaid agreement in 1932, the Purshottam Co-operative Ginning Society, for and on behalf of the societies that got their cotton ginned at its factory, entered into an agreement with a press-owner at Surat to get all their kachcha or half-pressed bales of cotton pressed in pacca or full-pressed bales at the rate of Rs. 2-8-0 per bale. That man, however, turned round and refused to carry out the contract. It is reported that that was due to the undue pressure which was brought to bear on him by other interested press-owners. This breach of contract on the part of the press-owner late in the year when the time for pressing was fast approaching and the formation of the private association amongst the press-owners to pool their profits together, made the workers of the cotton-sale societies helpless. The only alternative left to them was to start immediately a pressing factory in time, to enable them to press their own bales therein for the year. They were not unnerved by the adverse situation in which they were placed.

Emboldened by their previous successes in the field of ginning and selling their own cotton on co-operative basis, they unanimously decided under the leadership of Mr. Balubhai K. Patel, to erect their own pressing factory in the short time which was left at their disposal. They were confident of doing so, as co-operation was forthcoming from all directions. The Co-operative Cotton-Sale Societies, the Ginning Society and other farmers subscribed the needed capital, and the Surat District Co-operative Bank on being approached, promised all the financial help that the new enterprize needed. The bye-laws were soon prepared and the papers for registration were submitted to the Registrar, and the Society was registered on 5th February 1934, with a share-capital of Rs. 1,00,000/- divided into 4000 shares of Rs. 25/- each. The Society commenced working from 5th March 1934, and at the end of the season it pressed 8540 bales of cotton. The following figures show its position as on 30th September 1934. Its membership stood at 741, paid-up share-capital at Rs. 55,215/- with a net profit of Rs. 12,500/- by the working of the factory in that season. The cost of the factory-building, machinery and other out-houses was Rs. 67,800/-. The working expenditure for the year came to Rs. 27,755/-. It was necessary to have a ginning factory also at Surat if the Pressing Factory was to be run profitably from year to year, and therefore, the Society purchased the Bamansha Ginning Factory with 40 gins for Rs. 27,803/-. Thus the farmers of the Clpad and Choryasi Talukas have been able

to successfully meet the unfair competition of the association of the press-owners, and their well-earned success has emboldened them to march forward.

Choryasi Taluka.

The history of the development of the non-credit movement in the Choryasi Taluka is much the same as that in the Olpad Taluka. A Vegetable Growers' Society was started in the year 1922 at Kumbharia but it failed to get on because of the stronghold the pastagias or brokers in the sale of vegetables had over the agriculturists. In the first impulse of the moment the Society ordered out cabbage-seed worth Rs. 400/- from England, but the experiment proved a failure. The soil was found unsuitable for the seed. The early failure acted as a damper on the enthusiasm of its pioneers, but it dragged on a poor existence for about 2 years and finally it had to be cancelled.

A Consumers' Co-operative Stores, on a large scale, was organised in the year 1921. It had in the City of Surat, the head-quarter of the District, shown great enthusiasm and members had stood loyally for sometime. But the enthusiasm soon languished and their loyalty evaporated when there was a sudden fall of prices in the year 1923. The Stores was started at a time when prices of cotton stuffs, which were high in previous years, were showing a heavy decline. The Co-operative Stores started with good sales which compared favourably with regard to other traders in the business. But when a sudden fall in prices came, it could not stand in competition with the traders who could rapidly adjust themselves to changing conditions, while the Executive Committee of the Stores was bound to be slow in its movement on account of limitations under which it had to work.

The Stores was started with an authorised capital of Rs. 1,00,000/- divided into 5000 shares of Rs. 20/- each. It succeeded in enrolling on its register 437 members at the end of 18 months, and in securing a subscribed capital of Rs. 30,000/- and paid-up share-capital of Rs. 21,910/-. The total sales in the first 6 months of the venture came to Rs. 34,821/-, but in the second half-year they dwindled down to Rs. 25,792/-. Of the total sales of Rs. 60,613/- for the year as stated above, goods sold to members amounted to Rs. 24,303/- and to non-members to Rs. 36,310/-. In the third half-year the sales fell down yet lower to Rs. 18,347/-, of which goods worth Rs. 7745/- were sold to members and goods of the value of Rs. 10,602/- were sold to non-members. The fall in sales continued and the loyalty of the members evaporated. That was the main factor which brought the Stores to grief and at the end of 4 years it was thought prudent to close it down. Want of

loyalty on the part of members, as stated above, was the principal cause of the failure of the Stores. Another cause of the failure was that it tried to cater to the wants of the members in a general way, purchasing a large number of articles without there having been any special indent for them from the members. The selection of articles purchased turned out to be not of the taste of the purchasing members. The important reason of its failure was the absence of a wholesale society in a central place like Bombay. Men not familiar with the Bombay-market were deputed from Surat to make purchases, naturally failed to make good bargains. The charges on account of their going to Bombay for making the purchases were also found to be heavy. All those and some other causes combined together, to bring about the failure of the Stores. However, it is some consolation to be able to record that the liquidator did succeed in distributing a dividend of 75% to the share-holders on their paid-up share-capital. That was due to the fact that the principal organisers of the Stores were good and honest men.

A non-credit society of another type viz., the Surat Co-operative Printing Press Ltd., was started and registered on 21st May 1923, with a membership of 11. The Society was started as a Producers' Society, because all its members were workers in the Printing Press. Its authorised share-capital was Rs. 10,000/- divided into 500 shares of Rs. 20/- each. The Society did not succeed in securing a share-capital of more than Rs. 2000/- and as that amount was not adequate for the purchase of machinery for starting the press and other necessary equipments, it had to borrow loans from the Surat District Co-operative Bank Ltd., Government also helped it with a loan. Unfortunately from the very beginning the Society failed to secure good orders for printing work, and as its members did not fully realise the principles of co-operation, it failed to work profitably despite the patronage of the Surat District Co-operative Bank, the Surat Peoples' Co-operative Bank and other co-operative institutions. The members working in the press and its manager did not know how to run a printing press on business lines, and so it began to incur losses year after year, and in 1927 the whole share-capital was wiped out by the losses incurred. Attempts were made to reconstruct the Society by reducing the value of the original share of Rs. 20/- to Rupee 1/-. Proposals were made to convert the Society into a Consumers' Society, and to revive its affairs by fresh borrowings, but they did not materialise. The Society was cancelled on 10th November 1927, putting the Surat District Co-operative Bank Ltd., to a loss of Rs. 3631/-.

Another Consumers' Society registered in the Taluka on 5th January 1925, is the Maganlal Thakordas Balmukunddas Arts College Co-operative Stores Ltd.. It was primarily a Book-Stores. It commenced work with 26 members and a share-capital of Rs. 72/-, each share being of the value of

Rs. 2/-. Its sales for the first year amounted to Rs. 1156/-, which gradually rose to Rs. 12,192/- in the year 1932. On 31st March 1934, it had on its roll 63 members with a paid-up share-capital of Rs. 156/- and a reserve fund of Rs. 218/-. The total sales at the end of the year amounted to Rs. 25,250/- and the net profit to Rs. 3288/-. These figures speak well for its working, but neither the students nor the professors took genuine interest in its affairs for working it as a co-operative institution. The interest of the members has now languished so far that they are thinking of winding it up.

The supply of good and pure milk to the citizens of Surat was and still continues to be a desideratum, and it is due to the efforts of Rao Saheb V. C. Jadvav that the Surat City Co-operative Milk-Supply Society Ltd. was started and registered on 11th April 1927, with an authorised share-capital of Rs. 10,000/- divided into 2000 shares of Rs. 5/- each. It is primarily a consumers' society, although some producers of milk have also joined it. It started work with a very modest capital. However, at the end of the first year it sold 1553 maunds of milk. The Society continued to progress year by year and has become a very popular society amongst its members. It not only sells milk, but also other allied products. At the end of 7 years its membership rose to 194 of which 17 are producers and the rest consumers. The share-capital now stands at Rs. 1155/-. The reserve fund stands at Rs. 915/- on 31st March 1934. It sold 1860 maunds of milk worth Rs. 7732/- in the year 1933-34 and made a net profit of Rs. 938/-. It is a matter of regret, however, that the example of this flourishing Society has not been followed by others, in other localities of the City.

Mandvi Taluka.

The Mandvi Taluka inhabited as it is, by illiterate, ignorant and backward classes, hardly affords a good ground for organising non-credit societies in the Taluka, and yet no other Taluka needs them more in the interest of the people themselves. The stores that were started in the year 1914 for supply of necessaries to the agriculturists, have all been closed. An attempt was made to register a cotton-sale society at Godsamba on the road between Kim and Mandvi in the year 1924. The Society worked only for one cotton season of the year 1925, when its membership stood at 16. It sold 301 bengali maunds of lint-cotton worth Rs. 13,066/- and 513 bengali maunds of cotton-seeds for Rs. 1746/-. It ceased to work in the season that followed, mainly due to the fact that good workers were not available, and people failed to take interest in its affairs. It had to be cancelled in the year 1929.

The year 1934 saw one more effort made for starting a cotton-sale society in that Taluka. The Society is now registered at Bodhan which is a good centre of cotton trade. In the cotton season of 1934, with a membership of 52, it sold 1920 bengali maunds of seed-cotton for Rs. 17126/. It is hoped that it will continue to develop like other societies and would thus give an impetus to the movement in the Taluka. It may be noted here that the farmers of Bhatkol, Karanj, Varethi and Tadkeshwar have decided to organise a cotton-sale society which is proposed to be formed at Karanj in this Taluka. These villages are on the eastern side of the railway station at Kim.

We have observed above that Mandvi Taluka affords a very suitable centre for starting purchase and sale societies. In fact the credit movement in the Taluka cannot succeed unless either the credit societies are authorised to act as purchase & sale societies or purchase & sale societies are started side by side with them. The people of the Taluka are hopelessly in the hands of the money-lenders and have been habituated by years of tradition, to depend on the money-lenders for everything they need. The money-lender is the friend, philosopher and guide, of the farmer. He supplies him with seed, money and even grain as well as other necessities of life, and collects all the crops that the agriculturist harvests. In order that the co-operative movement can, therefore, succeed, the co-operative credit society should take completely the place the money-lender occupies at the present moment. We feel that if any attempts are to be made to improve the lot of the poor people of this Taluka, Government should come forward to organise this Taluka on the same basis as the Bhil tract of the Panchmahals. The Surat District Co-operative Bank has been urging on the Department the necessity of that step being taken, and has offered even to bear the total cost of a Special Officer to be appointed for the purpose. It is hoped that Government would see their way to accord sanction to the scheme proposed by the Bank at an early date.

Bardoli Taluka.

The Valod-Mahal and a few villages of the Bardoli Taluka mostly inhabited by the Raniparaj people like the Mandvi Taluka, require an organisation similar to the one proposed for the Mandvi Taluka. The Bardoli Taluka is a good field for the development of non-credit movement and the movement will spread apace if a proper organisation is set up. As early as 1925, a cotton-sale society was registered in Sarbhon about 7 miles away from Bardoli with an authorised capital of Rs. 50,000/- divided into 2500 shares of Rs. 20/- each. It started work with a membership of only 25 and with a paid-up share-capital of Rs. 500/- only. It was able at

the end of the first season to receive 870 bengali maunds of cotton for sale and sold 290 bengali maunds of lint-cotton of the value of Rs. 16,117/- and 555 bengali maunds of cotton seed of the value of Rs. 1727/-. It continued to work well for three cotton seasons. Its membership rose to 50, share-capital to Rs. 680/-, reserve fund to Rs. 65/-. But the whirlwind of the non-co-operation movement in the Bardoli Taluka in 1928 enveloped the Society, and it stopped working from the year 1929, and had, therefore, to be cancelled on 19th May 1934, after repeated efforts were made to revive it, both by the Agricultural Organiser of the Co-operative Department, and the Surat District Co-operative Bank Ltd..

It is satisfactory to note, however, that a cotton-sale society has been started at Vedchhi in the Valod-Mahal in the year 1933, which is likely to serve the Kaliparaj people of the neighbourhood. It started its work with 33 members from a group of 8 villages, with a paid-up share-capital of Rs. 660/-. By the end of the first season of its work it received 19.92 bengali maunds of cotton for sale, sold 615 bengali maunds of lint-cotton of the value of Rs. 12,743/-, and 1356 bengali maunds of cotton-seed for Rs. 2,141/-. It made a net profit of Rs. 102/- in the year. The membership rose to 63 in the next season of 1934. It received 2544 bengali maunds of cotton for sale; thus in a short period of 2 years, the Society has made a fairly satisfactory progress and it is hoped that further propaganda will ensure its continued success. It would be interesting here to note that in the year 1927, 480 Patidar farmers of about 25 villages of the Bardoli Taluka, formed themselves into an association for the sale of their cotton jointly. Each member of the association purchased a share of Rs. 100/-, and thus was collected a share-capital of Rs. 48,000/-. The same they invested in purchasing lands with a factory and other buildings appertinent to it. The factory has been working well under the name and style of the "Patidar Ginning Factory, Bardoli," from that year. In the first season it ginned about 3250 bhar (12 bengali maunds) of cotton which went up as high as 6400 bhars in the season of 1933, but came down to 5700 bhars in the year 1934, perhaps because of a shortage of the cotton crop owing to the falling of frost in some parts of the Taluka. Their 'modus-operandi' is simple, but secures to them a more equitable return for their cotton. The villages are grouped in different groups according to the quality and the quantity they produce and the cotton is stocked in different heaps according to that classification. During the 7 years of its existence, the association has succeeded in adding to its assets by purchasing properties of the value of Rs. 14,000/-, and has collected a reserve fund of Rs. 30,000/-. Out of the funds so accumulated the association proposes to set apart Rs. 14,000/- by way of depreciation on the machinery, buildings etc. Attempts were made on more occasions than one, to persuade the principal

workers in the association to get their association registered, but they would not do so. They felt no necessity for doing so, as their working was smooth, and they, therefore, did not realise the necessity of having a corporate existence. Difficulties have now arisen with the owner of a pressing factory at Bardoli which necessitated their going to a court of law. 338 out of the 425 of the existing members have now decided to get the association registered under the Bombay Co-Operative Societies Act. The necessary papers have been already sent to the Registrar for the registration of the Society.

Now that the ginning factory workers have seen the necessity of their association being registered under the Co-operative Societies Act, it is well to point out to the groups of farmers, who have been hitherto stocking their heaps of cotton separately according to their particular group, and sell the same jointly, that it would be advisable for them also to form themselves into co-operative cotton-sale societies.

Propaganda is required for getting cotton-sale societies formed in other areas of the Taluka, the farmers of which have not as yet learnt the benefits of joint-selling. Rice, juwar and pulses of different sorts, are other staple crops of the Taluka, which also require separate organisations for their joint-sale; but above them, all stands the desirability and necessity of having a good co-operative association for the purpose of joint disposal of ghee of the Taluka. Agriculturists of the Taluka have, it may be safely asserted, a very good subsidiary occupation in the bringing up of buffaloes and selling their ghee in the City of Surat. Those who have had the difficulties in coming to Surat with their small quantities of ghee and selling them in the market can easily realise the great advantage of forming an association for collecting all the ghee at Bardoli and selling it in large quantities jointly at Surat. Some intelligent and educated man, however, is required to take the initiative. It is hoped that the Agent of Bardoli Branch of the Surat District Co-operative Bank will take the lead in this matter, and will thus confer lasting benefit on the agriculturists of the Taluka.

Jalalpore Taluka.

The only Taluka which has not seen any tangible proofs of the non-credit co-operative movement in the District, is the Jalalpore Taluka. Its soil is fertile and the people are comparatively better-off than those of the neighbouring Talukas, because of their going for business overseas. The chief crops of the Taluka are cotton, juwar, sugar-cane mango-fruit and vegetables, mango-fruit being the most valuable of them all. They can be more profitably exported and sold in the market of Bombay and other cities, if proper associations are

set up. But no particular attention seems to have been paid to this Taluka, so far as the co-operative movement is concerned; but there is no doubt that if concentrated efforts are made and continuous propaganda carried on, they will bear fruit.

The one solitary effort to start a co-operative cotton-sale society, if an effort of that sort be called an effort, was an attempt to start a cotton-sale society at Munsad. The Society was registered in 1930 with just a dozen members. But it did not make any progress beyond registration. The first general meeting could not be called inspite of repeated attempts, and the Society had, therefore, to be cancelled before it was actually born.

That was due to the interested efforts of influential gin-owners in the Taluka. It is up to the co-operators that they should not have allowed the matter to rest as they did. Now that the Surat District Co-operative Bank has started its branch at Jalalpore in February 1933, it is hoped that the Agent of the Branch, with the help and co-operation of other influential citizens as well as members of the Taluka Development Association, would endeavour to introduce non-credit co-operative activities in the Taluka.

Chikhli Taluka.

With regard to Chikhli, we have a more cheerful tale to record. It is the third Taluka in the District where non-credit co-operation has developed to a fairly satisfactory extent. In the matter of co-operative organisation with regard to sale of cotton, it is progressing well. There are at present three co-operative cotton-sale societies working in the Taluka, one at the village of Endhal, second at the village of Ranveri-Khurad and the third at the town of Chikhli. The last is the most recent cotton-sale society formed by some members who thought it proper to secede from the membership of the Ranveri-Khurad Society. These societies at Endhal and Ranveri-Khurad with one at Sadakpore were all registered in the year 1924. Of them the Sadakpore has been cancelled; while the Chikhli Group Co-operative Cotton-Sale Society has been registered in the year 1933, its members having worked as an unregistered partnership for 2 years viz, 1932 and 1933.

The Sadakpore Society worked only for two seasons of 1924 and 1925. In the first year it sold 600 bengali maunds of cotton worth Rs. 15,564/- and cotton-seed worth Rs. 2,234/-. Its membership in that year was 23. It worked for a year more, and then stopped its work. But that was due to the fact that the enthusiasm of its members fizzled out. They even did not care to accept the Government grant of Rs. 71/- for the year 1926-27, and finally

Position of Co-operative Cotton-Sale Societies in the Chikhli Taluka, as on 31st December 1933.

Name of the Society.	Year of Registration.	No. of Villages served.	No. of members.	Share-capital, Rs.	Reserve Fund, Rs.	Kapas received for sale, Bengali Maunds.	Lint-cotton sold, B. M.	Price realised, Rs.	Cotton-seed sold, B. M.	Price realised, Rs.	Price per Bhar.	
											To Members, Rs.	To Outsiders, Rs.
Endhal.	1924	8	63	1220	338	12488	3690	86059	8779	15084	90	80
Ranveri-Khurad.	1924	15	158	4660	2276	14999	4532	104820	10389	17083	90	82
Chikhli.	1933	23	101	1640	55	16232	4918	114499	11280	18593	92	80

thought it better to go into voluntary liquidation in the year 1928, when the share-capital stood at Rs. 760/- and the reserve fund at Rs. 75/-.

The figures given at page 162 will show that these societies are doing satisfactory work. They serve in all 46 villages of which 6 are in the Baroda and Dharampur States. These societies serve 40 out of the 64 villages of the Chikhli Taluka proper. Of the remaining 24, there are some villages which do not grow cotton. It is thus possible that if the Chikhli Group Co-operative Cotton-Sale Society continues to work as energetically and well, as it has been doing during the two years of its unregistered and one year of its registered existence, it is possible that all the cotton growing villages of the Chikhli Taluka will come within the co-operative fold. It is note-worthy that when cotton-sale societies continue to work well for some-time and when the volume of the work and the number of their membership increase, a tendency to disintegrate is visible. The Chikhli Group Co-operative Cotton-Sale Society is the result of such disintegration amongst the members of the Ranveri-Khurad Group Co-operative Cotton-Sale Society. It has not only begun well, but as the figures in the table will show, has out-grown the two older societies, mainly due to the energy and business capacity of its chairman, Mr. Vasanji Khandubhai who is also the Chairman of the Chikhli Taluka Co-operative Supervising Union. Of the three, the Endhal Group Co-operative Cotton-Sale Society has been the least fortunate. We think we are doing injustice to none concerned when we say that it is mainly due to the factions prevailing among some of its members. Rivalry for position, of power and prestige is always to the good of all parties concerned, but when it degenerates into a mere desire to boss, it tends to create an atmosphere in which the society begins to deteriorate. We are glad to note, however, that the three Societies are thinking of combining together for the purpose of starting their own ginning factory, for getting over the difficulties that they experience similar to those which the farmers of Olpad experienced in the matter of getting their cotton ginned. All these societies are affiliated to the Union of Cotton-Sale Societies at Surat and they sell their cotton through the same. It is hoped that they will soon be able to start their ginning factory.

The second most important crop of the Taluka is rice and through the efforts of the Chikhli Taluka Co-operative Supervising Union, a Co-operative Rice-Sale Society has been organised in the Taluka in the year 1932. It commenced work in the season of 1933 with 38 members from 15 villages, with a share-capital of Rs. 351,-. It sold nearly 4,350 bengali maunds of rice of different varieties, in the very first year of its existence, of the total value

of Rs. 9745/-. It has realised on an average Rs. 2/- to 3/- more per 15 bengali maunds of rice than what other people realised on the sale of their rice. While on the sale of the variety known as Colam No 1 it has realised something like Rs. 10/- more on 15 bengali maunds. In the initial stage of its effort, as the Society started with a very small capital, it had to depend on the Surat District Co-operative Bank for all kinds of financial help, during the stage of marketing the rice collected by it, and the Bank willingly rendered all such help. The success of the Society in the very first year has attracted more members to it, and the work increased in the year 1934, but as the final accounts have not as yet been published, the figures of the year's working are not available.

It may be interesting to note here that Chikhli has a Co-operative Motor Service Society which is a consumers' society. It was registered in the year 1930. The Society purchased two motor buses for plying between Chikhli and Billimora Station on the B. B. & C. I. Rly. a distance of 6 miles, as a regular service arrangement; but on account of want of loyalty on the part of its members and on account of severe competition of other proprietary concerns, it has not been able to make good profit. On 31st March 1934, it had a membership of 132, with a share-capital of Rs. 5,530/- and it made a net profit of Rs. 623/-. As it worked in losses in the beginning of its existence it has not been able to have any reserve fund. The outlook for its successful working is not bright; perhaps it is not easy for a society to run a motor bus service in competition with private owners in absence of loyalty.

There are other products like ghee, sugar-cane, mango-fruit and grass which afford a good field for co-operative organisation for sale. The Chikhli Taluka Co-operative Supervising Union and the Surat District Co-operative Bank, are considering over a scheme for making an experiment in the direction of starting a purchase and sale union for the Taluka.

We have stated above that a Cattle-Breeding Society was registered at Sadadwel in the Chikhli Taluka in the year 1919, but that it had to be cancelled for want of support. Though the Taluka affords a good field for many varieties of non-credit movement, it is desirable that the attention of the co-operative workers in the Chikhli Taluka should be concentrated for some time to come in the organisation for sale of cotton and rice, the two principal money-crops of the Taluka, till the Taluka is able to train up more energetic co-operative workers. It is hoped that many more workers will be forthcoming in the Taluka, as the Supervising Union is putting forth good work.

Bulsar Taluka.

The Bulsar Taluka resembles the Chikhli Taluka in many respects as regards its agricultural conditions, except that the growing of cotton is limited to a

few villages. Uptil now no work has been done in the field of non-credit co-operation as regards the sale of agricultural produce in the Taluka. Yet the Bulsar Taluka can claim to have a good consumers' society in the Bulsar Railway Co-operative Association. It is a consumers' stores for the railway servants, started on the lines on which similar stores are working in England. It was registered in 1919. It had a membership of 162, and a share-capital of Rs. 17,203/- in the year 1921. In that year the sales amounted to Rs. 27,345/-. At the end of March 1934, it had a membership of 240, a share-capital of Rs. 13,396/- and a reserve fund of Rs. 8,665/-. The sales during the year amounted to Rs. 81,465/- and the profits to Rs. 3,026/-. Loyalty of members is the principal cause of its successful working. The membership is composed of both Indian and European railway servants which perhaps accounts for the very large growing sales which the Association is making.

Very recently i.e. in the year 1933, a Salt-Sale Society has been started at Dharasna. The Society is composed of 345 *agarias* or producers of salt. The Salt Department has been granting all facilities to the society which has begun well, and is progressing well under the fostering care of the Salt Department, the Agricultural Organiser and of the District Honorary Organiser Rao Saheb Bhagwandas B. Shroff. On 31st March 1934, it had a share-capital of Rs. 3,700/- and the net profit at the end of the year amounted to Rs. 2,386/-. It sold 2,16,542 bengali maunds of salt of the total value of Rs. 22,736/-, besides securing Rs. 20,186/- as cart-hire for its members which has now become a monopoly of the Society.

The success of this Society must prove an eye-opener to the other farmers for the joint-sale of their produce. But we have nothing further to record in the field of non-credit co-operation in the Bulsar Taluka. That is entirely due to the absence of any efforts in that direction in the Taluka. Sugar-cane and rice are the two principal money-crops of the Taluka which call for an organisation for joint-sale on co-operative basis. The services of Rao Saheb Bhagwandas B. Shroff, the District Honorary Organiser, are freely available, and over and above that, there is a Branch of the Surat District Co-operative Bank Ltd. at Bulsar, with a very substantial working capital. Propaganda is the only thing needed. Government, unfortunately, have restricted the amount of money to be spent on travelling allowance by the District Honorary Organisers, and have thus crippled the beneficent activities of Rao Saheb Bhagwandas. It is hoped that Government will soon be in a position to spend more on the propaganda of non-credit co-operation in the Taluka and the movement shall have the benefit of the sage advice of Rao Saheb Bhagwandas, to develop this branch of the co-operative movement in the Taluka.

Pardi Taluka.

With regard to the development of non-credit societies the Pardi Taluka even lags behind its neighbour, the Bulsar Taluka. No doubt a Power-Pump

Society was started, as early as 1924 in the little village of Tukwada, but that was mainly with the financial help from the Surat District Co-operative Bank Ltd. and the Government of Bombay. It was registered with an authorised share-capital of Rs. 10,000/- divided into 400 shares of Rs. 25/- each. It began to work with a membership of 13 and with a paid-up share-capital of Rs. 1000/- in the year 1925. It failed because of lack of co-operative spirit amongst its members and in the very earliest stage, it became evident that one or two more influential members of the Society had joined in the venture, in order that they could have their own lands irrigated at cheaper cost. Signs of mismanagement became visible from the very first year. Proper accounts were not kept. It could not work with profit, as the initial cost was out of all proportion to the cost estimated. It is not right at this stage to endeavour to apportion blame, but there is no doubt that the help which the Government of Bombay gave in the initial stage of supplying a Mechanical Engineer was not as satisfactory as it should have been. The initial cost having thus been heavy, it failed to work with profit, and also because only 5 members took advantage of the power-pump, and one of them used the water specially for irrigating his own lands. Machinery went out of repairs for want of funds, and the pump actually stopped working in the year 1926. It was good that the auditor began to recommend its cancellation from that year, otherwise if the Society had been continued longer, it would have landed its members in more heavy losses. It was actually cancelled in April 1928, and thus the only non-credit effort that was made in this Taluka came to a miserable end.

It may be remarked here that rice, sugar-cane and grass and babul-wood are the 4 principal agricultural products of the Taluka, which could be profitably brought to market on a co-operative basis. An experiment in the manufacture of sugar out of sugar-canes to find out if it could be profitably sold in the market on a commercial basis, is being tried at Pardi by Sardar Khan Bahadur Bhiladwala, Chairman of the Pardi Taluka Co-operative Supervising Union. He actually held a demonstration in the presence of leading gentlemen of the Taluka at Pardi last year, and its results are awaited. It is hoped that the experiment will prove successful, and that will encourage the Pardi Taluka Co-operative Supervising Union, under the Chairmanship of Sardar Khan Bahadur Bhiladwala, to take steps towards developing other non-credit societies in the Taluka, for the co-operative sale of babul-wood, grass, rice, etc.

Conclusions.

Besides the non-credit societies already described, there are two Taluka Development Associations for the Talukas of Choryasi and Pardi

registered under the Co-operative Societies Act and working for the benefit of the agriculturists. Their activities are primarily concerned with the propaganda for improvement of agriculture on the lines of modern scientific researches, instead of with co-operation and its principles, and so we have not described their activities in our present study.

We have examined the different directions in which non-credit co-operation has worked in the different Talukas, and have also endeavoured to state what further efforts can profitably be undertaken in each one of them. But we cannot conclude this chapter without referring to one of the most interesting organisations in the non-credit sphere viz., the Gujarat Co-operative Cotton-Sale and Ginning Societies Union. The Union has been registered in the year 1930 with the distinct object of selling the cotton of all the different co-operative cotton-sale societies registered in South Gujarat. It is an association similar to the Wheat-Pools of Canada. The Union tries to keep itself in touch with the cotton-markets of Surat and Bombay, and tenders advice to its members as to the proper time for the sale of their cotton.

It sells not only cotton of all the societies affiliated to it, but also does similar service for other associations which are still not registered under the Co-operative Societies Act. For this service it levies a small fee from 4 annas to 6 annas per bale of cotton. It also helps the affiliated societies by conducting audit of their accounts. It has secured the Agency of the New India Insurance Co. of Bombay, and the rebate of commission that it earns on the insurance of cotton of the affiliated societies through it, is passed on to them. This is as it should be in a co-operative organisation and is a distinct gain to the societies affiliated to it.

The figures in the table sub-joined in the margin will show that the

Year.	No. of Cotton Bales Sold in the Surat Market.	No. of bales sold through the Union.	Percentage of business captured by the Union.
1931.	166300.	8223.	5.
1932.	147324.	10466.	7.
1933.	198000.	18837.	9.5.
1934.	148000.	14027.	9.5.

Union has been successful for 3 years running, to sell larger and larger number of bales than those sold in the previous year, showing the increase in the percentage of business captured by the Union. The number of bales sold by the Union in the year 1924 shows a decline, but that is due to the fact that the decline was general owing to the crop having partially failed on account of frost. The percentage

of work done is the same, and though the percentage may seem very small it is not even 1/10th of the total number of bales sold in the Surat market. Yet now that the Union has established its reputation for sound advice and efficient manipulation of the market, there is no doubt that it has a bright future before it, and continuous efforts in the direction of capturing the whole of the business in the local market should be made by the Union as years roll on. We have no doubt that if the Farmers' Co-operative Cotton Ginning & Pressing Society with the co-ordination of the Purshottam Co-operative Ginning Society and other cotton-sale societies endeavour to reach that goal, it will be soon reached.

Endeavours are already on foot to start co-operative ginning factories at Sayan in the Olpad Taluka and at the Taluka-towns of Bardoli and Chikhli and if they fructify, all these co-operative ginning societies may combine to have their goods sold by the Surat Central Association. If that is done, as they would command a large percentage of bales available for sale in the market, it would not be difficult for the Surat Union to capture practically the whole of the cotton-sale business of the District.

We find that the cotton-sale movement has been making a distinct advance from year to year. On 31st December 1933, the number of societies registered in the District was 16, their membership 2836, the total quantity of lint-cotton sold by them came to 185432 bengali maunds and its value was Rs. 15,33,640/-. The total working capital of the cotton-sale societies in the District is Rs. 1,33,953/- and the reserve fund is Rs. 30,797/-. The progress evidenced by these figures is satisfactory.

We have already dwelt on the desirability and necessity of starting co-operative sale organisations for crops like juwar, rice, sugar-cane etc. But above all these activities, it is essential that very active efforts should be made towards consolidation of holdings and use of improved seed and modern labour-saving implements of agriculture. Of the total number of agricultural holdings in the District, 64 percent are below 5 acres, and it is easy to imagine how difficult it is for a family of an agriculturist consisting of himself and his wife and 2 children to live on the income of such a small holding. People competent to pronounce their opinion have already stated that an average holding of 5 acres is absolutely uneconomic, and unless efforts are made for introducing cottage industries on co-operative lines, there is no hope for the farmers even to live in ordinary comforts. It is a matter of regret that financial stringency has compelled Government to reduce their expenditure even on this the most important of the nation-building departments. Government have no definite policy either

for improvement of land or agriculture. There should be a definite policy, and a plan to work up to that policy. The Agricultural Department should after an experiment, ascertain the best seed suitable for a particular soil with regard to the staple crops of a particular district and Government should insist on that seed alone being used in that district. Government should also have a definite policy for improvement of land. If a definite policy is adopted, and Government help in examining different schemes for improvement of agriculture or land is forthcoming, then it should not be difficult for Co-operative Banks to finance these schemes. In fact so far as Gujarat is concerned, many of its Co-operative Central Banks are in a position to advance fairly large sums of money both for improvement of agriculture and land.

We shall now turn our attention in the next chapter for the study of the history of the work that has been done in the District, in the matter of organisation, propaganda, education, and supervision, by the different institutions registered with those objects.



CHAPTER V.

(Organisation, Propaganda, Education, and Supervision.)**Introduction.**

In the foregoing chapters we endeavoured to review as best as we could, the growth and development of the Agricultural Credit Societies, the Central Financing Agency, the Urban Credit Societies and Banks, and the Non-Credit Societies, the principal visible manifestations of the co-operative activities in the Surat District. There are no housing societies, nor are there any other prominent types of consumers' and producers' societies in the District, as are to be found in other parts of the Presidency.

A study of the history of the movement in the District will, however, be incomplete without our endeavouring to review the work of the Surat District Co-operative Institute, the now defunct Guaranteeing Unions, and the Supervising Unions which exist to-day, and all of which are formed for the purpose of looking after the work of co-operative propaganda and education as well as organisation and supervision of registered societies. In the chapters of the Urban Credit Societies and Banks and of the Non-Credit Societies, we have reviewed the work done by their Unions. Now we shall describe the work of the District Co-operative Institute, and the Guaranteeing and Supervising Unions for the credit societies.

To develop the co-operative movement both intensively as well as extensively and at the same time to develop it on the right lines, these institutions are very essential. They are necessary not only for development, but for rectification, and for consolidation. They are necessary for forming public opinion in the co-operative movement and they are the channels through which public opinion can be expressed to Government in an authoritative manner. They are useful in chalking out correct lines of policy and working out those policies. These institutions, as we shall see later on, would also help in establishing closer contact between the workers and the working units in the District. Their importance has now been admitted by all workers in the co-operative movement, both Official and Non-Official.

The Surat District Co-operative Institute.

The Surat District Co-operative Institute is a branch of the Bombay Provincial Co-operative Institute. The Bombay Provincial Co-operative Institute was formed in 1918 to *inter alia* further the spread of the co-operative



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Director from 1916 to 1919.

movement, to promote the study of problems connected with co-operation and to strengthen and improve societies by supervision, to ascertain and represent the views of co-operative institutions on questions of general or public importance affecting the movement, and to bring about the moral and material improvement of members of co-operative institutions, and of co-operative societies. To carry on all these objects from Bombay is a very difficult, even well-nigh impossible task, and so the work is carried on through the Branches of the Institute in each Linguistic Division. As the present is a study of the history of the movement in the Surat District only, we shall confine ourselves to the study of the constitution of the District Branch and its various activities.

The Surat District Co-operative Institute was formed on 28th January 1924, at a meeting of some of the leading citizens and co-operators of Surat, held under the chairmanship of the late Sardar Ishverdas Jaggivandas Store. It was unanimously resolved at that meeting to open an Institute as a Branch of the Bombay Provincial Co-operative Institute, in Surat. The constitution of the Branch is governed by the rules made by the Provincial Co-operative Institute for all its Branches.

Constitution & Functions.

The main functions of the District Branch of the Institute are as under:-

- (1) To hold co-operative training classes under the guidance of the Central Education Board.
- (2) To promote the organisation of new societies on co-operative and allied subjects.
- (3) To maintain a Reading Room and a Library.
- (4) To organise District & other Conferences.
- (5) To arrange for supervision of member-societies and assist in developing supervising unions.
- (6) To communicate the resolutions of a Conference held within the District to the Divisional & Provincial Institutes and take action on such resolutions.
- (7) To carry on general propaganda.
- (8) To assist in the provision of facilities for adult-education and
- (9) Generally to promote and further the cause of co-operation in its area.

The District Institute is composed of individual-members and society-members. They have to pay annual fees of membership according to a scale

fixed by the Provincial Institute. Out of the total fees recovered during a year $\frac{1}{4}$ goes to the Divisional Institute, $\frac{1}{4}$ to the Provincial Institute & $\frac{1}{2}$ remains with the District Institute. Besides these fees, donations, grants and subscriptions received from different institutions like the Central Bank, Local Bodies, and the Divisional & Provincial Institutes form the other sources of income to the District Institute. A budget is made by the Managing Committee and submitted for approval of the General Meeting every year. It provides for expenditure according to the requirements of the programme of work to be carried out during the year, and expenditure is incurred according to the budget provision. The management of the Institute is in the hands of a Committee of not more than 15 persons who are representatives of the affiliated societies and the individual-members, elected at the annual general meeting. To carry on the day to day work, a secretary is appointed who works under the guidance of the Chairman or the Vice-Chairman. A small Executive Committee of not more than five members is appointed to dispose of urgent matters. The Secretary is assisted by a clerk and a Propaganda-Officer whose duty is also to move about in the District for carrying on the propaganda as regards the objects of the Institute.

Membership, Fees, and Finance.

The principal source of the Institute's income is the fees that it receives from its members. Individual-members are classified as patrons, vice-patrons and life-members who pay special fixed fees in lump, and associates of class A. B. C. who pay annual subscriptions according to a fixed scale. Ordinary members pay a fee of Rs. 5/- annually and in return they get a copy of the "Bombay Co-operative Quarterly" and a copy of the Gujarati "Sahakar Patrika" free of charge. The member-societies have to pay on the amount of their working capital fees varying from Re. 1 to Rs. 100/- and over.

We shall now study the figures of membership and the annual income and expenditure of the Surat District Branch of the Institute.

A perusal of the table on page 173 will tell us that there are more society-members than individuals. The total number of membership varied between 224 to 274 during these years. The individual-members have tended to fall in later years. The income of the Institute has, however, increased from Rs. 772/- in 1924-25 to Rs. 2437/- in 1933-34, and the expenditure has also increased from Rs. 535/- to Rs. 2119/- during the same period. Except in the years 1925-26 and 1930-31, the Institute had always a surplus budget. At the end of the year 1933-34, the Institute had a large surplus of

**Progress of the Surat District Co-operative Institute,
from 1924-25 to 1933-34.**

Year.	Membership.			Annual Income. Rs.	Annual Expenditure. Rs.
	Affiliated Societies.	Individuals.	Total.		
1924-25	159	65	224	772	535
1925-26	175	63	238	969	1135
1926-27	180	76	256	1444	1230
1927-28	198	76	274	1783	944
1928-29	188	69	257	1418	768
1929-30	190	69	259	1742	1351
1930-31	196	59	255	1776	2151
1931-32	195	61	256	2205	2071
1932-33	192	50	242	2255	2233
1933-34	195	55	250	2437	2119

Rs. 1545/- besides other funds of donations &c. of about Rs. 1500/-. Thus the position of the Surat Branch of the Institute is financially sound. The question as to whether the Head of the Central Bank should also be the Head of the Co-operative Institute has been a debatable one. But there is no doubt that if these two offices were combined in the same person, the financial position of the Institute is bound to improve. Since Mr. Chunilal Maneklal Gandhi, the Chairman of the District Central Bank was appointed a Chairman of the Institute also, a large amount of fees in arrears has been recovered and thus the income has risen during the last few years.

Education.

We shall now turn our attention to various other activities of the Institute during the last 10 years. Of all the functions of the Institute, education of the men engaged in the co-operative movement is the most important. For a successful working of a society it is quite essential that members of its managing committee must be trained for discharging their duties properly.

Not only knowledge of co-operative principles and practice but also the knowledge of how to keep accounts must be imparted to them. Besides, it is equally important that a secretary of a society must be given suitable training, before he is called upon to undertake his responsible duties. In this important branch of its functions the Surat Institute has done satisfactory work. It has held not less than 49 training classes for the managing committees and five for the secretaries at different places in different Talukas. These classes have been well attended to. That shows that people also realise the importance of this sort of training. After 1928, the Provincial Co-operative Institute founded the 'Gujarat Co-operative School' at Surat. It was conducted under the auspices of the Surat District Co-operative Institute. Nearly 125 students from all parts of Gujarat took advantage of the School, where they had been trained up for a number of co-operative examinations. Mr. Chunilal Maneklal Gandhi was the Principal of the School during these years.

Organisation of Societies.

The second object of the Institute is to organise societies. The work done by the Institute in this direction is far from satisfactory. About ten societies have been organised under its direct control and a few more have been registered with its assistance. It is difficult to assess the exact value of the work done by the Institute in that direction because the registration work of non-credit societies is always made through the Agricultural Organiser and of the credit societies through the Honorary District and Taluka Organisers. In areas of supervising unions, the supervisors naturally work for organising new societies. They submit the papers for registration to the Registrar through the Honorary Organisers. There is a considerable scope for organising new societies particularly in the Bardoli and Jalalpore Talukas, where supervising unions do not exist and the Institute would do well in taking up this work through its Propaganda Officer.

Reading Room & Library.

For the spread of co-operative knowledge, the Institute is maintaining a small but useful library, wherein books on co-operation, agricultural economics and other allied subjects are kept. It also subscribes for a few co-operative magazines and journals, but there is a considerable scope for expansion in this direction also. It may be noted here that the Surat District Co-operative Institute had carried on an investigation into the conditions of the gold and silver thread, silk and other industries of the City of Surat, under the able guidance and expert advice of Professor H. L. Kaji

L. B. S., the Vice-President of the Bombay Provincial Co-operative Institutes, in the year 1929, and the report was submitted to the Bombay Provincial Banking Inquiry Committee.

Conferences.

Holding of conferences is another method of spreading the gospel of co-operation. It is the common platform where co-operators meet not only for exchange of views formed in light of experience, but for solution of difficult co-operative problems that might have arisen during the interval and for removing difficulties lying in the way of co-operative development. It is in such conferences that policies for the future are chalked out. A conference is therefore, held for consolidating the movement and for expanding it further. The Surat District Co-operative Institute has upto now organised 11 conferences in the different Talukas of the District. The first Taluka Conference was held at Bhatha in the Choryasi Taluka in 1924, and another was held at Mandvi in the same year. In 1925-26, a similar conference was held at Amalsad in the Jalalpore Taluka. In 1931, a second conference was held at Mandvi under the Chairmanship of Mr. V. L. Mehta, the Managing Director of the Bombay Provincial Co-operative Bank Ltd. In 1932, another Taluka Conference was held at Chikhli and a second one was held at Sayan in the Olpad Taluka in 1933, both of which were presided over by Mr. C. M. Gandhi, Chairman of the Surat District Co-operative Bank. In 1934, one was held at Bardoli at which Mr. B. R. Pawar, the Registrar of Co-operative Societies, Bardoli State, presided. Two conferences of the Co-operative Cotton-Sale Societies were held in Surat, one in 1927 and another in 1929. In 1928 the Sixth Gujarat Divisional Co-operative Conference was held at Surat. In the same year a conference of the secretaries of all societies of the District was also held at Surat. This was a unique conference in itself, in as much as it was the first of its type. The various conferences were presided over by distinguished co-operators and their deliberations helped to give a correct lead to the workers.

Supervision of Societies.

The Surat District Co-operative Institute has done valuable work in the matter of supervision of societies. This important function of the Institute has devolved upon the Supervising Unions after their establishment in the year 1925; still, the Surat District Co-operative Institute has also been carrying on the work in this direction. Its Managing Committee Members used to do that work before the Propaganda Officer was appointed. After the Officer was appointed he is doing that work regularly. He visits about 50 societies.

during a year and also attends the managing committee and general meetings of some of the societies. He tenders the necessary advice, rectifies errors in accounts and in other procedure, suggests remedies for improvement of C. & D class societies and thus carries on supervision effectively.

General Propaganda.

The seventh object of the Institute is to carry on general propaganda. This is one of its most important functions, that is carried out by arranging public lectures, speeches on the 'Co-operators' Day, publication of a journal, organisation of magic-lantern shows, accompanied by short talks on subjects of co-operation, thrift, temperance &c.

During the period, the Surat District Co-operative Institute organised 12 public lectures at which eminent Co-operators from different Districts were invited to deliver them, on a variety of co-operative subjects like, The Peoples' Banks, Weaving as a Subsidiary Industry, India's Place in the World, Co-operation and What It Stands for, Rural Reconstruction, Co-operation in Europe and America &c.. It also organised about two hundred magic-lantern lectures in different villages of the District. As a means of propaganda, these magic-lantern lectures are very popular, for they attract large audience to follow the moral of the lectures more clearly when presented to them in pictures. The Institute has undertaken from the year 1932, the publication of a co-operative journal, "Sahakar Patrika"—on behalf of the Central Education Board. Thus the Surat District Co-operative Institute has been carrying on co-operative propaganda by different well-recognised methods and as a result of the same, Surat District is considered to be one of the most co-operatively advanced districts in the whole of the Bombay Presidency. Surat has, as a matter of fact, succeeded in giving to the Presidency Eminent Co-operators and a lead in the matter of Cotton-Sale Societies.

General.

We have reviewed in brief, the work done by the Surat Branch of the Provincial Co-operative Institute and expressed our general satisfaction as regards the nature of the work done by it. It would be but fair to say that a large part of the success of the work of the Institute is mainly due to its good fortune in securing a succession of good Chairmen like, Sardar Rao Bahadur Bhimbhai B. Naik, M. L. C., Mr. P. J. Taleyarkhan, Retired District Judge, Surat, and Mr. C. M. Gandhi a leading Advocate of the Surat Bar. The Institute is also lucky in having on its managing committee, devoted co-operators,

men of status and considerable influence over the rural areas of the District who have always brought their wide experience of the District to bear on the discussion and solution of the questions coming before it.

It has been further lucky in having Mr. Nanabhai Lalbhai Vakil as its Secretary from the beginning till now. In the matter of finances its position has always been sound, but it is but a truism to say that more men and more money are needed not only to consolidate and strengthen the existing movement, but to spread it further, and the Institute cannot be said to have done its work till every important village is included within the co-operative fold. The Provincial Institute and the Divisional Branch should, therefore, forego their share of the income which the District Institute collects for them, or should return all that they get in shape of grants back to the District Institute.

Supervision.

We have seen the work done by the Branch of the Institute in the matter of organisation, propaganda and education. We shall now turn our attention to the most important part of its work viz., supervision of societies. As explained by the Supervision Committee of the Government of Bombay, "Supervision properly comprehended transcends what the government auditor or the bank inspector can do for the society. It not only connotes the examination of the working of the society according to the Act, Rules and the Bye-laws, or the security offered to the Financing Institution, but trains the members and the office-bearers in co-operative principles and the meaning of rural credit and unlimited liability. It alone can give that constant and expert advice and guidance and exercise timely and adequate control which can build up the efficiency of the societies. It has not only to be content with pointing out defects, but has the more difficult task of getting them rectified or remedied. Supervision involves constant administrative assistance in routine work, advice on financial matters and general guidance both from business and co-operative aspects." A very large rural population is illiterate and ignorant. There are very few people found efficient in a village to conduct successfully the working of a co-operative credit society without external help. The Supervision Committee have rightly further observed in their report, "Lack of suitable persons to act as office-bearers in rural areas, the prevailing illiteracy and the indifference and apathy to personal interest, the lack of courage to oppose selfish interest and the absence of a spirit of self-sacrifice for the larger good, have necessitated the provision of close and continuous supervision over societies. Supervision at the time of sanctioning the loans, supervision to see that the moneys advanced are not misapplied, supervision to ensure punctual repayments and to check habits

of extravagance and wastefulness, have become increasingly necessary." Thus the necessity of the constant supervision of the rural credit society has been recognised from all quarters especially when the member of the managing committee are not properly trained, undesirable persons dominate them, dishonest people get in and qualified secretaries are not available. With the object of securing suitable supervision of the agricultural Credit Societies, different agencies were employed from time to time. In the beginning, Departmental Auditors and Organisers, used to carry out that function and to some extent the Central Financing Agencies also did the same, but with the growth of societies in number these agencies proved inadequate. From the year 1915 onwards Guaranteeing Unions on the Burma Model came to be registered for the purpose. They were a link between the primary Societies and the the Central Financing Agencies. We shall now examine briefly their working in the District.

Guaranteeing Unions.

Guaranteeing Unions were started in the Bombay Presidency on the model of the Burma Guaranteeing Unions. They were intended to serve the following objects :—

- (1) To develop Co-operative Societies within the area of the Union.
- (2) To provide a means of assessing and guaranteeing the credit of each Co-operative Credit society admitted into it.
- (3) To control its constituent societies by careful and regular Supervision.
- (4) To settle matters of common interest, to advice and assist its members and to further their interest in every way, and
- (5) To organise the sale of agricultural implements on commission only.

The Constituent societies of the Union had to pay according to a scale fixed on its working capital and from that income the expenses of the Union were met. The Union as a whole secured its credit sanctioned by the financing agency for all its member-societies, so that delay might be caused in obtaining loans. The Union was managed by a committee consisting of representatives of the affiliated societies elected out of their respective Managing Committee members. The Union gave a guarantee to the Financing Agency for an amount not more than 6 times the total liability guaranteed by each member of the affiliated societies. The limit of each member's liability for the guarantee was fixed from Rs. 30 to Rs. 100 per member according to local conditions and requirements. The following were the principal features of these Unions :—

- (1) Restricted area with a compact group of constituent Societies.

(2) Mutual guarantee of borrowings by the affiliated societies upto the limit fixed for each member.

(3) Internal control by mutual supervision.

(4) Cash credit facilities to affiliated societies. But the powers of the Union were misused. Members neglected their duties and avoided their mutual responsibilities. Difficulties were soon found in enforcing the responsibilities undertaken, and so the whole system failed, and efforts to resuscitate them proved ineffectual. Some of the Guaranteeing Unions were liquidated and others came to be converted into Supervising Unions. The objects of the Supervising Unions were more or less the same as those which the Guaranteeing Unions were intended to serve. During the period of transition the Central Banks used to examine and assess the credits of these societies, through their Inspectors.

Working of the Unions.

As statistics and other details about the working of these guaranteeing Unions are not published, we have to rest content with recording such information as is available to us about them. Only three unions were registered in the District, one at Sukhesh, in the Pardi Taluka and two in the Olpad Taluka, one at Sonsek and the other at Midhi-Kamroli.

Sukhesh Guaranteeing Union.

Sukhesh Guaranteeing Union was the first to be registered in 1918 in the District. It had five societies affiliated to it viz., Dasvada, Velparva, Sonvada, Parvasa, and Sukhesh. At the end of the first year of its working the following was the position of these societies.

Name.	Membership.	Guarantee per Member. Rs.	Credit Sanctioned. Rs.	Total Liability to the Bank. Rs.
Sukhesh	120	30	21,600	5,600
Sonvada	56	30	10,080	3,408
Dasvada	15	30	2,700	2,678
Velparva	94	30	16,920	3,200
Parvasa	21	30	3,780	6,627
Total	306		55,080	22,513

From the figures given above we find that the affiliated societies had a total membership of 306 with a liability of Rs. 30/- per member. The total credit sanctioned which was 6 times the guaranteed liability came to Rs. 55080/- while the borrowing from the Bank amounted to Rs. 22,513/-. The system worked for about three years, but overdues began to increase, and the difficulties in enforcing the guarantees led to the cancellation of the Union in 1922. The Pardi Taluka Co-operative Supervising Union was registered in its place in 1925, as we shall see later on.

The Sonsek Guaranteeing Union.

This Union was registered in 1919 with 9 societies affiliated to it, viz., Sonsek, Ambheta, Isanpore, Masma, Selut, Dihen, Talad, Nana Kasla, and Saras. Its first general meeting was held under the chairmanship of Rao Bahadur (now Dewan Bahadur) Malji at which nearly 30 people attended. The table given below shows the position of the societies affiliated to it at the end of the first year.

Name.	Membership.	Liability per Member. Rs.	Sanctioned Credit. Rs.	Bank Loan. Rs.
Sonsek.	72	30	12,960	Nil
Ambheta.	53	30	9,540	"
Isanpore.	48	30	8,640	"
Masma.	81	30	14,580	"
Selut.	40	30	7,200	"
Dihen.	20	30	3,600	"
Talad.	20	30	3,600	"
Nana Kasla.	54	30	9,720	"
Saras.	36	30	6,480	"
Total.	424		76,320	Nil

The figures show that at the end of the first year the affiliated societies had a total membership of 424 with a guaranteed liability of Rs. 30/-

per member and a guaranteed credit of Rs. 76,320/-. These societies had not borrowed anything from the Central Bank, but were working with members' and non-members' deposits, and even to-day a majority of them are doing so, though a few of them have borrowed from the Central Bank. The total outside borrowings in the year 1919 was Rs. 36,803/- but gradually the overdues began to increase and the same difficulties which prevented a smooth working in the Sukhesh Union, also appeared in the working of the Sonsek Union. Some societies in course of time were expelled and eventually the Union was cancelled in 1923. The Sonsek Co-operative Supervising Union was registered in its place later on.

Midhi-Kamroli Guaranteeing Union.

This Union was registered in 1920 with 5 societies affiliated to it viz., Asnad, Mandroi, Midhi-Kamroli, Mirzapur and Pardi Jhankhari. The following was their position at the end of the first year.

Name.	Membership.	Liability per member, Rs.	Total Credit Sanctioned, Rs.	Bank's Loan, Rs.
Asnad.	29	25	4,350	Nil
Mandroi.	53	25	7,950	"
Midhi-Kamroli.	46	25	6,900	"
Mirzapur.	56	25	8,400	"
Pardi Jhankhari.	64	25	9,600	"
Total.	248		37,200	Nil

The table shows that the affiliated societies had a total membership of 248 with a guaranteed capital of Rs. 37,200/- and a guaranteed liability of Rs. 25 per member. They did not borrow from the Central Bank, but worked with deposits from members and non-members amounting to Rs. 7679/- and Rs. 14,603/- respectively. They later on borrowed from the Bank, also. The amount of loans borrowed began to increase, and so did the overdues. Difficulties were found in enforcing the guarantee when the question of repaying the Bank loan came up. That led to the cancellation of the Union in 1928, though it had ceased to be functioning much earlier.

Supervising Unions.

The main causes of the early failure of the Guaranteeing Unions were, absence of straight dealing by the members of the Managing Committee of the Guaranteeing Union. Loans advanced on the credit of the Union were not properly and justly distributed, and the injustice of enforcing mutual guarantee was obvious. The whole question as regards the working of the Guaranteeing Union was discussed at the Provincial Co-operative Conference of 1922, and the matter was then referred to a Special Committee. That Committee decided that these guaranteeing Unions had failed to fulfil the expectations that were entertained of them, and they recommended their cancellation. The Guaranteeing Credit was suspended, but those that still desired to continue in the Guaranteeing Union were required to adopt a new set of revised bye-laws which attempted to remove the difficulties discovered. The Provincial Institute was asked to organise, in their stead, supervising unions, co-ordinate them and guide their work. These Supervising Unions were to supervise and control a few societies which could be suitably grouped together. They were to be grouped-together in such a manner as fees recovered from them would be sufficient to meet the cost of employment of qualified and trained Supervisors. The Registrar also approved of the new arrangement and the Institute prescribed a course of training for all Supervisors and made necessary arrangements for their training. Thus came in the New Supervising Unions either by conversion of the existing Guaranteeing Unions or by formation of new ones. We shall now study the main features of their constitution.

The Main Features of the Constitution of Supervising Unions.

These Unions were formed with the following objects:—

(1) To organise, develop and guide co-operative resource-societies within the area of the Union formed to provide agriculturists with the resources required by them individually either in cash or in seed, manure, implements and like or to increase their agricultural produce.

(2) To control its constituent societies by careful and close supervision and to issue warnings and instructions with regard to faults.

(3) To provide a means of assessing the credit of each co-operative society admitted into it.

(4) To settle matters of common interest, to advise and assist its members, to further their interest in every way, and when desired, to provide a meeting place, club or library, to promote the spread of Co-operation and to provide for training in co-operation and education of members of Co-operative societies and represent their views on any question affecting them or the Co-operative movement in general.

And (5) To purchase on indent for members of constituent societies such resources in seed, and implements as they may require, pending the organisation of separate societies for the purpose, or to purchase such articles on indent for constituent societies when required, or to arrange for sales of agricultural produce of members without incurring financial responsibility.

To carry out the above objects the Registrar had laid down that the area of operation should preferably be a compact one and a Union should consist of 30 societies of ordinary size, so that the income from levy of fees from them may be sufficient to cover the expenses of a well trained Supervisor. The Union is to be a link between the primary societies on one hand and the Institute or the District Central Bank on the other hand. The Union will not assume any financial liability like the Guaranteeing Union, but will fix up the maximum credit of a society and will recommend loan applications to the Bank. The affiliated societies pay a fee of annas eight percent, on their working capital. On that basis a budget is formed and approved by the General body of the Union consisting of representatives of affiliated societies and the committee of management is elected by it. The District Branch of the Institute and the District Central Bank are also allowed one representative each, on the committee. The Managing Committee with its elected chairman and vice-chairman carry on the affairs of the Union, and control and examine the work of the Supervisor. The Supervisor is given a peon and also an assistant if the work is more than one man can adequately attend to. The deficit in its budget is met by grants from Government and the Central Financing Agency each paying half the amount of the deficit. The Union in return supplies all information required by them about the affiliated societies. For appointment, promotion, dismissal etc. of a supervisor and for controlling his work a District Board of Supervising Unions is established, but it has got no fixed constitution. The Board consists of the Assistant Registrar as Chairman one representative of the Bank and one representative of the Institute, and one representative of each Union. Now all the Unions together are allowed to send only one representative. The Supervision Committee have recommended a constitution of these Boards and have also made other recommendations about the working of the Unions, their finance and employment of trained Supervisor, etc., and the Government's decision on the same are now awaited.

The new Supervising Unions are given the power of suspending Managing Committees of societies affiliated to them when circumstances require that, but with the approval of the Financing Agency and the Registrar. We shall now examine in details in the working of the four Supervising Unions registered in this District.

Chikhli Taluka Co-operative Supervising Union Ltd.

The Chikhli Taluka Co-operative Supervising Union Ltd., was the first Union registered in the District on 12th. Oct. 1925. Its area of operation at the commencement covered the whole of Chikhli Taluka and a part of the Bulsar Taluka lying to the north of the river Auranga. The Union commenced its working on 2nd. Nov. 1925. At that time 30 societies in all were affiliated to it. The Number rose to 34 in 1930. As the number was large and the societies were not in as compact an area as they should be, it was rather difficult for one Supervisor to efficiently supervise all these societies. So on 1st. July (1930) 14 societies of Bulsar Taluka were disaffiliated from it and only 20 societies continued to work as constituent members of the Chikhli Taluka Co-operative Supervising Union. The following are the figures of the progress made by the societies of the Chikhli Taluka affiliated to this Union, at the end of 9 years from the date of their affiliation to the Union.

Total Figures of the Affiliated Societies.

Details.	As on 31-3-25.	As on 31-3-34.
Affiliated societies	16	20
Their Membership	926	1346
„ Working Capital	Rs. 60974	Rs. 161221
Reserve Fund	„ 8951	„ 26663
Members' Deposits	„ 6979	„ 27850
Share-Capital	„ Nil	„ 14760
Bank's Loan	„ 14526	„ 42842
Bank's Overdues	Figures not available	„ 610
Non-Members' Deposits	Rs. 24760	„ 44734
Advance to members.	„ 58303	„ 146895
Overdues	„ 5929	„ 24340
Percentage of overdues	10.1	16.57
Amount involved in awards	Figures not available	Rs. 8647
Recoveries to be made	Rs. 23970	„ 90640
Recoveries actually made	„ 18041	„ 47867
Fresh Finance	„ 26330	„ 45025
Audit Class	A. B. C. D. 0. 9. 7. 0.	A. B. C. D. 1. 16. 2. 1.

The figures in above table show that the societies in charge of the Union have made an all round progress. The Membership has increased from 926 to 1346; while the working capital from Rs. 60,974 to Rs. 16,122/- an increase of over Rs. 1,00,000/-. The owned capital in form of the share-capital reserve fund and members' deposits have also increased, and the loans advanced to members have increased from Rs. 58,303/- to Rs. 1,46,895 and everdues have also increased from Rs. 5,929/- to Rs. 24,340/-. The percentage of overdues to total loans have gone up from 10.1 to 16.57. The percentage of overdues though large is in no sense alarming having regard to the fact that recent years have been years of abnormal depression, and low agricultural prices. The Non-Members' deposits are high as some of the societies are working independently of the Bank as they are able to get these deposits at favourable rates.

The audit classifications of societies have also improved. On the whole the societies in charge of this Union are progressing satisfactorily. Special mention may be made about some points in the working of this Union, viz., (1) reduction in the rate of interest on which the societies are now able to get non-members' deposits. At one time they used to have these deposits at $6\frac{1}{2}\%$ to $7\frac{1}{2}\%$ but as the Bank offered to lend them money at lower rates of interest, the rates of non-members' deposits have also been reduced to 3% from 5%; (2) 14 out of the 20 societies affiliated to the Union have joined in the scheme of group-secretaries which has led to their betterment; (3) The Union established 5 rural Credit Societies one Co-operative Motor Bus Service Society, a Rice-sale Society, and a Cotton-sale society; (4) It held one of the most successful Taluka conferences in the year 1932, when Mr. C. M. Gandhi, Chairman of the District Co-operative Bank presided.

The income of the Union was Rs. 1340/- at the end of the first twelve months in 1926-27 and it rose to Rs. 1441/- at the end of 1933-34. The expenditure was Rs. 952/- in 1926-27 and it rose to Rs. 1390/- in 1933-34. Government grant to the Union came to Rs. 2148/- for the period, and the Bank allowed a grant of Rs. 2042/-. The good work of the Union is mainly due to its supervisor Mr. Mohanlal Selat. Mr. Vasanji K. Desai, the Chairman of the Union, from its start upto the present moment has no doubt contributed not a little to the progress reported above.

The Pardi Taluka Co-operative Supervising Union Ltd.

The Pardi Taluka Co-operative Supervising Union Ltd. was registered on the same date as the Chikhli Taluka Union viz., 12th. Oct. 1925. Its area of operation at the beginning extended over the whole of the Pardi Taluka and a part of the Bulsar Taluka situated to the south of the river Auranga.

The Union commenced its working on 4th. February, 1926 when 22 societies were affiliated to it.

Just after the Chikhli Union disaffiliated from its fold the societies of the Bulsar Taluka, this Union also followed the same step and disaffiliated the societies of the Bulsar Taluka. We shall, therefore, study here the figures and progress made by the societies of the Pardi Taluka only which continued to be affiliated to it.

Progress of Societies affiliated to the Pardi Taluka Co-operative Supervising Union Ltd., from 31-3-1927 to 31-3-1934.

Details.	As on 31-3-1925.	As on 31-3-1934.
No. of affiliated societies.	13	12
Their membership.	716	570
„ Working Capital.	Rs. 115602	Rs. 65093
Share-Capital	Rs. Nil.	Rs. 3873
Their Reserve funds.	Rs. 11939	Rs. 9499
„ Members' Deposits.	Rs. 18956	Rs. 9282
Bank's Loan.	Rs. 84349	Rs. 43586
Bank's overdues.	Rs. 15117	Rs. Nil
Non-Members' Deposits.	Rs. 1380	Rs. 1853
Advances to members.	Rs. 125531	Rs. 58785
Overdues from the same.	Rs. 24897	Rs. 28891
Percentage of overdues.	19.8	49.0
Amount in awards.	Figures not available.	Rs. 14076
Recoveries to be made.	„ „	Rs. 45974
Recoveries actually made.	„ „	Rs. 17083
Fresh finance.	„ „	Rs. 11141
Audit Class.	A. B. C. D. 0. 10. 2. 1.	A. B. C. D. 1. 6. 4. 1.

We are sorry to have to remark that the work of the Pardi Taluka Co-operative Supervising Union has not been satisfactory. There has been a

a deterioration in the general working of the societies affiliated to the Union. Membership, working capital, reserve fund, Bank's loan, advances to members etc. have all fallen, while overdues have increased. Even some societies have gone into liquidation. That may be largely due to the fact that the lands of the Taluka are poor and its agriculturists are poorer still. They have not been able to resist the pressure of the abnormal depression of recent years. Non-members' deposits in this Taluka are conspicuously low and all the societies borrow from the Bank. It is unfortunate that in this Taluka there is no non-credit organisation for the sale of crops on co-operative basis. The absence of good workers is another cause for the unsatisfactory condition of the Union and its societies in this Taluka. The whole-sale debt-redemption schemes for two of its villages viz., Dasvada and Vatar have been tried. Dasvada Society is about to go into liquidation and Vatar, though not so quite bad, is certainly not encouraging. That is due to want of loyalty and honesty on the part of its members. There is decidedly some improvement since Khan Bahadur (Now Sardar) Bhiladyala became its Chairman. He devotes a considerable part of his time to the work of the societies affiliated to the Union and has succeeded in some measure, in preventing their further deterioration.

Now, almost all the societies in charge of the Union have joined the schemes of group-secretaries and that has led slightly to the betterment in their recoveries. The Union also gets cash credits for the societies sanctioned by the Bank before hand, in order to avoid delay in finance, and steps are being taken to provide fresh finance to those members who pay up their dues.

Five rural and one urban credit societies have been formed and one Urban Bank also has been registered through the efforts of the Union. Propaganda is carried on for starting new societies, both credit and non-credit together with a general propaganda for rural uplift and improvement in the social customs of the members. A Taluka Conference was also held in the year 1929 under the auspices of the Union and the Institute. The income the Union in 1930-31 was Rs. 1738/-. It has fallen to Rs. 1174/- in 1933-34. The expenditure in the year 1930-31 was Rs. 1818/- and that has also fallen to Rs. 1106/- in 1933-34. Government allowed a total grant of Rs. 2041/- during these years, while the Bank allowed a total grant of Rs. 1867/- for the same period. All the recent improvements are mainly due to the efforts of Sardar Khan Bahadur Bhiladwala and his colleagues on the Managing Committee. It is hoped that the societies will now continue to make progress.

The Sonsek Co-operative Supervising Union Ltd.,

The Sonsek Co-operative Supervising Union Ltd. was the third Union registered in this District on 24th. August 1926 and commenced its working on 1st. October 1926. Its area of operation extends over a part of the Olpad Taluka and the whole of the Chorasi Taluka. A special general meeting of the

original Sonsek Guaranteeing Union which had become defunct met and decided on 29th. June 1926, to adopt the new model bye-laws for a supervising union. Thus this Union really stepped into the shoes of the old Sonsek Guaranteeing Union. At that time societies were affiliated to the Union and to-day they have increased to 20. We shall now study the available figures of progress of societies affiliated to the Union.

**Figures showing progress of the Sonsek Co-operative
Supervising Union Ltd.**

Details.	As on 31-3-27.	As on 31-3-34.
Affiliated societies	18	20
Their Membership	991	1104
„ Working capital	Rs. 145931	Rs. 214925
Reserve Fund	„ 32368	„ 60452
Members' Deposits	„ 27287	„ 34777
Share-Capital	„ Nil	„ 6943
Bank's Loan	„ 25453	„ 47807
Bank's Overdues	„ 2467	„ 18544
Non-members' deposits	„ 61080	„ 62970
Advances to members	„ 191432	„ 187855
Overdues	„ 22314	„ 107603
Percentage of overdues	11	57
Amounts in awards	Not available	Not available
Recoveries to be made	Rs. 23038	„
Recoveries effected	„ 724	„
Fresh finance	„ 3412	„
Audit Classification	A. B. C. D. 3. 12. 3. 0.	A. B. C. D. 1. 10. 7. 2.

From the above figures we find that the societies in charge of the Union are progressing. Their membership has increased from 991 to 1104, while

the working capital has risen from Rs. 1,45,931/- to Rs. 2,14,925/-; the reserve fund from Rs. 32,368/- to Rs. 60,452/- and members' deposits from Rs. 27,287/- to Rs. 34,777/-; while the Bank Loan has risen from Rs. 25,453 to Rs. 47,807. The non-members' deposits have not risen much. The lending to members has slightly fallen, while the overdues have increased from Rs. 22,314 to Rs. 1,07,603. The audit classifications of societies have also improved. The Sonsek and Rander societies are bigger ones and the latter has a working capital of about Rs. 50,000/-. Both of them are progressing well and are about to celebrate the Silver Jubilees of their successful working for 25 years. They and a few other societies are working independently of the Bank. The societies in charge of the Union are gradually adopting the new model bye-laws (A1), containing unlimited liability with share-capital instead of compulsory members' deposits. Some societies affiliated to the Union are about to be liquidated due to bad management. Constant supervision over such societies like Gothan and Umra is a great necessity. Four societies affiliated to this Union viz., (1) Sonsek (2) Rander (3) Segwa Syadla and (4) Bharthana have managed their affairs so well and have built up such good reserve funds and get their deposits at such low rates of interest, that the Registrar has been pleased to allow them to advance loans to their members at a low rate of $7\frac{1}{8}\%$. No society advances at a rate of interest more than $9\frac{3}{8}\%$ to its members. The rate of interest on non-members' deposits has gone down to the level of 2% to $5\frac{1}{2}\%$ from the high level of $6\frac{1}{2}\%$ to $7\frac{1}{2}\%$. The Union used to supply rice and jaggery to some members of the affiliated societies on indent-system. That has now been discontinued. Two rural credit societies were registered after the Union was formed and it also helped in registration of a few cotton sale societies. One Taluka Conference was held under its auspices at Sayan in 1932. The Supervisor is assisting the Propaganda Officer of the Institute in carrying on the necessary propaganda. The total annual income of Union has risen from Rs. 1056/- in 1927-28 to Rs. 2127/- in 1933-34, while the total expenditure has risen from Rs. 974/- in 1927-28 to Rs. 1215/- in 1933-34. The Union received a total grant of Rs. 1023/- from Government and a grant of Rs. 980/- from the Bank during six years and for three years it was able to balance its budget without any grant either from the Bank or from Government. Success and good work of this Union are due to the presence of Mr. Purshottambhai I. Patel, District Honorary Organiser and a veteran Co-operator being at the helm of its affairs, except for a year or two when Rao Saheb V. C. Jadav occupied that position. The progress of the Union is good, but not of that excellence which one would expect from its Chairman. There are no doubt certain reasons which it is difficult even for him to control but we hope that Mr. Purshottambhai Patel and his colleague would rise to the occasion and make the institution a great success, as the Chikhli Union.

The Olpad Taluka Co-operative Supervising Union Ltd.

The Olpad Taluka Co-operative Supervising Union Ltd. was the fourth Union registered in the District on 16th. April 1930. It commenced its working on 1st May 1930, with an area of operation extending to all the rural credit societies in the Olpad Taluka which were not affiliated to the Sonsek Union. It began with 26 societies affiliated to it and with their membership of 913. Most of the societies that came to be affiliated to the Union were old and stagnant societies, and so the task of the Union for making progress was rather difficult. We shall now examine the figures showing the progress made by societies affiliated to this Union.

Figures showing progress of the Olpad Taluka Co-operative Supervising Union Ltd. from 31-3-1931 to 31-3-1934.

Details.	As on 31-3-1931.	As on 31-3-1934.
No. of affiliated societies.	21	28
Their membership.	913	1089
„ Working Capital.	Rs. 194001	Rs. 266014
Share Capital.	„ 1750	„ 3735
Reserve Fund.	„ 27385	„ 41408
Members' Deposits.	„ 33094	„ 47593
Banks' Loan.	„ 116510	„ 141875
Banks' Overdues.	„ 39938	„ 14963
Non-members' Deposits.	„ 13446	„ 13023
Advances to members.	„ 176119	„ 221562
Overdues from the same.	„ 106053	„ 53584
Percentage of overdues.	„ 60	„ 24
Amounts in awards.	Figures not available	„ 29391
Recoveries to be made.	Rs. 186053	Figures not available
Recoveries effected.	„ 80000	Rs. 55049
Fresh Finance.	Figures not available	Figures not available
Audit Classification.	A. B. C. D. 0. 14. 7. 0.	A. B. C. D. 0. 15. 6. 7.

The figures show that the number of affiliated societies has increased and so have the figures of membership, working capital, reserve fund, and members' deposits. The non-members' deposits, have fallen very slightly. The Bank's Loan has risen from Rs. 1,16,510/- to Rs. 1,41,875/- while the overdues of the Bank have gone down from Rs. 39,938/- to Rs. 14,963/-. The total advances to members have risen from Rs. 1,76,119/- to Rs. 2,21,562/- while the percentage of overdues has fallen from 60 in 1930-31, to 24 in 1933-34. The fall in overdues both of members and of the Bank is to some extent due to extensions granted. On the recommendation of the Union the Bank has granted ten instalments for its existing dues which had become overdue, in case of certain societies that had become practically stagnant.

Owing to this sort of inertia in some societies, fresh finance has practically ceased and the societies exist more or less for recoveries only. It is for the Union to weed out bad members and bad societies and revive others by fresh finances wherever the outlook is optimistic. The Union is in need of an efficient Managing Committee for the rectification of the existing societies which are continuously deteriorating. There are many societies registered for the sale of crops in this Taluka, and so there is a possibility of double finance which is, to some extent, responsible for the increasing overdues of societies affiliated to this Union. The Union is carrying on general propaganda for the development of non-credit co-operation and for training the members of the managing committees. One urban credit society was registered under its auspices and a Taluka Conference was held at Sayan in 1932, when Mr. C. M. Gandhi, the Chairman of the Surat District Co-operative Bank, presided. The Supervisor is rendering considerable assistance to the Special Recovery Officer. The Chairman of the Union Mr. Bavji Bhavan Patel is the Managing Director of a cotton-sale society and so he has not been able to devote greater attention for betterment and development of the affiliated societies. The establishment of the Supervising Union was rather late, and so many societies are on the verge of liquidation. Unless concentrated efforts by the Supervisor and the Bank Inspector are continuously made to prevent the rot, the Union has a dismal future.

The total income of the Union was Rs. 1102/- in 1930-31 and has risen to Rs. 1613/- in 1933-34, while the total expenditure was Rs. 874/- in 1930-31 and Rs. 1360/- in 1933-34. During the first three years the Union obtained a total of Rs. 550/- from Government and of Rs. 501 from the Bank. During the year 1933-34 it could balance its budget without any grant from the Government or from the Bank. If the societies begin to be cancelled, and if the working capital falls consequently, the Union will require assistance from the Bank and Government.

In short, after the starting of the Union further deterioration of societies has been stopped to some extent, but greater efforts are necessary for revival of the decaying societies.

Conclusions

We have thus reviewed the history of the Co-operative movement of the Surat District in all its branches, giving brief details that are available. On the whole, we cannot but say that the progress made by the co-operative movement in all directions is highly satisfactory when compared to the same in other parts of the Presidency. The District, no doubt, has a band of good workers but many more are necessary when co-operative activities like organisation of a sale and purchase union, societies for sale of crops like wheat, rice, jowari, other grains and pulses, sugar-cane, vegetables and other garden produce, firewood, grass &c. are still to be organised. Moreover, all the Talukas have not yet received sufficient benefit of the movement. Societies for the consolidation of holdings, use of modern plants of agriculture etc. Housing Societies, Consumers' Societies, Producers' Societies for artisans and people engaged in products of cottage industries and development of co-operative insurance are other types of Co-operative activities, which would require workers.

We hope, with the well established Central Bank at the helm of affairs, men and money will be coming forth for making the district most co-operatively organised in the whole of the Presidency for the social and economic uplift of its population both rural and urban. Before the Golden Jubilee of the co-operative movement is celebrated, let us hope that the District would be able to give a suitable and promising account in a proper perspective of its achievements both for the activities that are current and for others that would be undertaken.

The Credit of all good work that has been done in the District is due not only to the leaders but also for the people who have always been responsive to the call of the leaders. As we have seen in the beginning the farmers of this District are generally advanced and naturally, better results are expected of them. They have stood upto their traditions, and it is but natural that the movement has vast potentialities and a bright future for its growth and development; both intensively and extensively. With due regard for the valuable work done by Co-operative Leaders, past and present, we now close this chapter with a hope for a better record in the future.



SURAT DISTRICT CO-OPERATIVE BANK LTD.

SOUVENIR OF

The Silver Jubilee Celebrations.

23rd December, 1934.



COMPILED BY

P. T. Parikh, Esqr., B. Com.,
Additional General Manager,
Surat District Co-operative Bank Ltd.,



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**SURAT DISTRICT CO-OPERATIVE BANK LTD.,
Silver Jubilee Celebrations, 23rd December 1934.**



Members of the Staff and the Board of Directors with the President-Elect.

**The Surat District Co-operative Bank Ltd.,
Silver Jubilee Celebrations,
23rd December, 1934.**

Jubilee Celebrations.

In 1929, under the auspices of the various Provincial Co-operative Institutes, India celebrated the Silver Jubilee of the introduction of the Co-operative Movement in the country. The Jubilee of the movement was naturally followed by silver jubilee celebrations of the societies that were started about the time. In the Surat District, the Degam Co-operative Credit Society celebrated its Jubilee in 1931. The Surat District Co-operative Bank also decided to celebrate its Silver Jubilee, and the Board of Directors appointed a sub-committee to make the necessary arrangements for the purpose. This was placed before the General Body of its share-holders at its annual meeting, and the meeting readily sanctioned a substantial amount of Rs. 2500/- for the purpose.

The celebration of the silver jubilee of an institution is naturally an occasion of rejoicing for those who are connected with and concerned in it. It is an occasion on which its conductors take stock of what the institution had been doing during the last 25 years. Such a stock-taking vividly brings home to them also the mistakes that they committed in the past, and thus affords them an opportunity to rectify their short-comings in future and for taking steps to avert the mishaps that might have overtaken them in the past.

In the case of the Surat District Co-operative Bank, the celebration was an occasion of yet greater rejoicings, because its present Chairman, who had been happy to secure the confidence of its share-holders for the last 17 years and thus continued to be in office as Chairman for that long period, happened to be one of its promoters and the man who seconded the resolution for the establishment of the institution, in the first meeting of its promoters. A study of the subsequent history of the Bank will prove that the Directors of the Bank were justified in celebrating its Jubilee and thus rejoice in the fruition of the Bank's glorious achievements for 25 years, in the cause of public service of the people of the Surat District, both rural and urban. When it was decided to celebrate the Jubilee of the Bank, those who were entrusted with the work of celebrating, naturally began to look out for a suitable person to preside on the occasion—a president who was not only competent to examine the work that the institution had done in the past, but would be able to advise what it should endeavour to do in the future.

The Chairman's eyes naturally turned to that one outstanding Co-operator in the Presidency, Mr. J. A. Madan, C. I. E., I. C. S., Revenue Secretary to the

Government of Bombay, who had been the Deputy-Registrar and the Registrar of Co-operative Societies in the Presidency, for about three years. Later on, he had worked as the Chairman of the Bombay Banking Inquiry Committee and also as the Secretary of the Central Banking Inquiry Committee. He was thus not only competent by his wide experience of the co-operative movement but, by his unique grasp of the economic condition of the people, was also eminently fitted to advise as to what should be done in the future.

It was fortunate that despite his multifarious and multitudinous duties of an absorbing nature, he readily, out of his regard and esteem for the Chairman, consented to preside on the occasion. His assent to preside over the function aroused considerable enthusiasm amongst the members of the Bank, and they decided to make it a grand success. The Bank sent round invitations for the Silver Jubilee Celebrations and sought the blessings of Co-operators all the world over. A copy of the letter of invitation is printed below.

Letter of Invitation.

"Brother Co-operator,

I feel great pleasure and deem it a privilege to send you our greetings on the approaching occasion of the Silver Jubilee of the Surat District Co-operative Bank Ltd. and to tender you and to all other brother co-operators whom you represent, our most earnest invitation to participate in the celebrations of the Silver Jubilee which are now timed to take place on the 23rd and 24th December, 1934.

If, on account of the long distance of space which separates us or on account of any other unavoidable cause, you are unable to accept our invitation to attend the function, I hope and trust that you will not fail to join us in our rejoicings by sending us your message of goodwill and blessings for the continued prosperity of the Bank.

The spirit of co-operation permeating throughout the Co-operative Brotherhood all the world over, unites us together in one common bond of fraternal service and sacrifice for those who need our help and encouragement. Co-operation does not recognise caste, colour or creed. Your presence amongst our midst on the occasion, or your message of goodwill and blessings will be a source of inspiration and encouragement to us for our work in the future.

Co-operation has been a tree only of recent growth in our country. We further suffer from the handicap of general illiteracy all over the country. The results of the movement, therefore, though hopeful, cannot be expected

to compare favourably with the beneficent results of the movement in the countries of the West, where co-operation has taken deep roots, and has spread its beneficent foliage all over the country. But "Nil Desperandum" should be the co-operator's watch-word and we are, therefore, determined to continue in our fight against poverty and indebtedness in the country.

You will, I hope, excuse me if on this occasion, I endeavour to acquaint you with a brief narration of what our Institution has been doing all these 25 years. The Surat District Co-operative Bank was started as an Urban Union not only for the purpose of finding easy finance for the rural credit societies but for poor individual artisan classes also. I have been a Pioneer thereof, and have been its Director ever since it was started, and its Chairman for the last 17 years, when it was subsequently developed into a Central Financing Agency in the Surat District. The Union was registered as a society on 17th June, 1909, under the Co-operative Societies Act of 1904. Its first promoters numbered 23 and at the end of the working of the first 9 months its paid up share-capital stood at Rs. 5875/- and the working capital at Rs. 11,938/-, the membership having grown from 23 to 82.

The Society was started with the following objects:—

1. To help and encourage agriculture and industries in the Surat District and to that end to help in establishing and maintaining on a high level, co-operative societies in the District.
2. To affiliate such societies to the Bank and to finance them and generally to carry on banking business.
3. To act as a balancing centre for the surplus funds of such societies.
4. To supervise and estimate the credit of affiliated societies.
5. To develop co-operative societies within the district.
6. To raise funds for all and any of these purposes, and generally to do all such acts as may be found necessary or desirable to promote the aforesaid objects.

During the first few years of its working its staff consisted of one Honorary Manager and one clerk. I am glad to note that with such a small and unpromising beginning the Bank has now developed considerably at the end of 25 years. Surat District is divided into eight Talukas, and the Bank has now its Branches in four of them, and it aims at having a branch in every one of the eight talukas in course of time. The strength of the Bank's staff now is 42. Its working capital has gone beyond Rs. 40 lakhs. The membership has gone up to 1536. The paid-up share-capital has gone upto Rs. 2,60,600/- with a reserve fund of Rs. 97,237/- and other funds of about Rs. 50,000/-.

**Figures Showing the Progress of the Surat District Co-operative Bank Ltd.,
Surat, from 1909-10 to 1933-34.**

Details.	1909-10	1915-16	1920-21	1925-26	1930-31	1933-34
No. of members.	83	263	373	753	1259	1536
Of which Individuals,	82	208	265	583	1054	1331
" " Societies.	nil	55	108	170	205	205
Paid-up Share-capital. Rs.	5875	39060	56670	119820	193200	260600
Reserve Fund. "	43	2407	8400	19640	46663	90131
Other Funds. "	nil	2597	2956	2124	11200	26334
Working Capital. "	17630	133154	280410	1331634	2654852	3899464
Annual Net Profit. "	54	4445	5825	19192	28292	64470
Annual Expenditure. "	201	882	2805	8775	23942	35345
Dividend Declared, per annum. %	1½	7½	7½	7½	6¼	6½
Loans to Societies. Rs.	14550	88374	216572	419924	626793	619827
Loans to Individuals. "	1200	26328	12024	92537	91298	123089
Rate of interest on Deposits per annum. %	4½ to 5	4½ to 5	4 to 6	2 to 6	2 to 4½	1 to 2½
Rate of interest on Lendings per annum. %	6½ to 7½	7 to 7½	7½ to 8	7 to 9	6¼ to 8	5½ to 8

Out of the total membership of 1536, 205 are affiliated societies, representing about 9000 individuals. The management of the Bank lies in the hands of a Board of Directors consisting of thirteen members including its Chairman. Of them, six are representatives of affiliated societies and six represent individual members. The Chairman is elected at the annual general meeting every year. The figures on page 4 will indicate the growth and general progress of the Bank in the course of last 25 years.

A cursory glance through the same will show that the Bank has been making a steady progress throughout in building up its owned capital in the form of paid-up share-capital and reserve fund, and it is a matter of satisfaction that the rates of interest of the Bank on borrowing as well as those on lending have been the lowest amongst those of all the Co-operative Banks in the Bombay Presidency. The membership has also steadily increased. On account of the very low percentage of cost of management the Bank has been able to give a fair return on the investment in its share-capital, despite the fact that its lending rates are so low. The progress in the matter of agricultural finance has not been as great as one would desire. Out of nearly 750 villages of the District only about 275 are served by the Bank through the rural societies affiliated to it.

The Board of Directors, however, has taken up this question of expanding its sphere of usefulness by intensive propaganda, and it is hoped that satisfactory results will follow. The progress has been considerably held back owing to the abnormal depression over agriculture. But it can be pointed out with legitimate pride that the Bank is doing yeomen's service in providing finance to the co-operative cotton-sale societies of the District, during the marketing of cotton. So far as the organization and working are concerned, the Surat Co-operative Cotton-Sale Societies are considered to be the best throughout the whole of India.

I think, I need not weary you any more by entering into further details. I, once more, extend to you our most cordial invitation to attend the Silver Jubilee Celebrations and see with your own eyes what we are doing. Your participation in our rejoicings will be a source of great encouragement to us. If you cannot, for any reasons beyond your control, I hope you will not fail to join us in spirit by sending us your message of goodwill and blessings for our future development."

KANPITH, SURAT,

15th. October, 1934.

I remain,
Yours in co-operation,
C. M. Gandhi
Chairman,

Surat District Co-operative Bank Ltd.

Invitations were sent to co-operators of India both official and non-official and to all the co-operative societies of the District as well as to individual co-operators thereof. The Bank expected a large number of people both from within and without the District to attend the function, as it had aroused considerable enthusiasm amongst all who had hitherto been benefited by the operations of the Bank. The authorities of the Sarvajanic Education Society were approached to lend the use of their spacious college-compound with its beautiful gardens. Their response was prompt and cordial. The function was held in a large Mandap erected for the occasion. It was tastefully decorated with flags and bunting. Co-operative mottoes were fixed up on all sides of the Mandap, which lighted with electric lamps, looked charmingly beautiful. As the college-compound was at some distance from the City, motor-buses were kept ready for the guests to take them to the Pandal from the bus-stand in the City.

23rd December, 1934.

The celebrations began from early morning of the 23rd December. The President-Elect, on his arrival at Surat station at 6 A.M., was given a rousing reception. Then a group photo of the members of the staff, the Directors of the Bank with Mr. and Mrs. Madan was taken in the compound of the Sarvajanic Middle School at Gopipura. Mr. and Mrs. Madan were then taken to the Bank's building where the photographs of past and present Chairmen and Vice-Chairmen were unveiled. Tea was then served to the guests. At 11-30 A.M. a sumptuous dinner was given to the President at which the Directors and members of the staff and other Ex-Directors who were invited for the occasion, participated. From one o'clock in the afternoon, people began to pour in the Pandal and by the time of the arrival of the President at 3-30 P.M. it was crowded to its fullest capacity, nearly 1500 persons attending. Leading co-operators of the City and the District, enthusiastic share-holders, prominent citizens of Surat—both officials and others—took part in the celebrations. Leading co-operators from outside the District as well as representatives of rural societies situated far and near, were also present. Words cannot adequately express the enthusiasm which was witnessed in the whole assembly when the President-Elect with his gracious wife entered the Mandap. He was received with a welcome-song by the girls of the Surat Mahila Vidyalaya. The Chairman of the Bank, then introduced him to the audience in a few well chosen words and requested him to occupy the Presidential chair. He then called upon Mr. P. T. Parikh, the Additional General Manager of the Bank, to read messages of goodwill and congratulations, which the Bank had received from Co-operators and Co-operative Institutions all the world over. Extracts from some of those messages are given here.



J. A. MADAN, Esqr., C.I.E., I.C.S.,
*Revenue Secretary to the Government of Bombay,
President-Elect of the Bank's Silver Jubilee Celebrations.*

Extracts of Some Messages.

(1) Professor H. L. Kaji, I. E. S., J. P., Vice-President, All India Co-operative Institutes' Association, writes:—

“Dear Mr. Gandhi,

I must content myself with sending you a brief message of goodwill on the occasion. Co-operators are well aware of the splendid success achieved by the Surat District Co-operative Bank through careful nursing, watchful guidance and efficient management for which the chief credit belongs to you who have given of your best with all love and no expectation to the institution which has come to be known as “Gandhi's Bank” among the people of Surat. Indeed the success of development of your Bank strikingly illustrates the truth of the fact that the success of the institution hangs largely on the identity of interest between it and its principal worker and the absence of pin-pricks, and irritating and annoying little interference with him by others be that in the name of democracy or otherwise. Your Colleagues on the Board deserve compliments for their wisely leaving things largely to you who in spite of numerous calls upon your time—professional and public—always found time for the Bank and its work. The success of your Bank must be the greatest satisfaction to you and the greatest reward for all your exertions and efforts for its continued betterment and progress.

District Central Banks occupy a very high and important place in the financial structure of Co-operation in Bombay and it is a matter of considerable pride to you and indeed to all associated with the working of the Surat Bank to find that it is one of the best Co-operative Central Banks in the whole Presidency. The low rate of interest on deposits testifies to the credit that it has built up; the low rate on borrowings reflects credit on the co-operative spirit underlying the management, which refuses to exploit; the development of Branch Banking in the Taluka Towns indicates the progressive policy of the management; the amount of the Reserve and other funds nearly 50 per cent of the share-capital ensures safety and bespeaks soundness; the finance of the Cotton-Sale Societies suggests a much broader outlook and a more correct grasp of the importance of marketing in the economic regeneration of the rural masses through Co-operation.

Please, therefore, accept and convey to all concerned my hearty felicitations on this occasion of rejoicing which marks a stage when the past suggests the future, when achievements lead to attempts, when retrospect breeds introspection, opening out a brighter prospect of increasing usefulness to an increasingly wider sphere at decreasing cost and of achieving in its own way Co-operation's goal of serving suffering humanity.”

(2) Sir Lallubhai Samaldas, the first President of the All-India Co-operative Institutes' Association writes :—

“Remembering as I do the time when your Bank was started, I feel all the greater pleasure in congratulating you and your colleagues on the celebration of the Silver Jubilee of your Bank. While Rao Bahadur Khandubhai Desai and Mr. Mody had laid the foundations it was left to you to consolidate the progress made by them. Under your wise and firm guidance, the Bank has proceeded from success to success and it is to-day one of the best managed and soundest financial institutions in the Presidency. I wish your Bank a career of even still greater usefulness in the future and I congratulate you personally on your record of 25 years' unique services in the cause of Co-operation ”

(3) Sir Chunilal V. Mehta, President, Bombay Provincial Co-operative Institute and Bank, writes :—

“I congratulate you and your colleagues on the event and wish to convey to you my best wishes for a prosperous future. The solid work you have put in for the last 20 years, has raised your Bank to the position of the premier District Co-operative Bank not only in Gujarat but in the whole of the Presidency and your Bank is indeed fortunate in having secured the services of a selfless and able worker of your calibre.”

(4) Mr. K. L. Punjabi, I.C.S., Registrar, Co-operative Societies, Bombay Presidency, Poona, writes :—

“I have great pleasure in sending you congratulations for solid record of stability and service to the agriculturists in the Surat District. The credit of your Bank to-day is as good as any other co-operative or joint-stock bank, and it is mainly due to the cautious policy that you have pursued in the past with regard to finance of agriculture. At the same time, there has been no instance of any reasonable request for finance from societies being turned down. The Chairman and the Directors have reason to be proud of their achievement which has been mainly due to their unflagging zeal and energy and particularly of the Chairman, Mr. C. M. Gandhi. He has nursed the Bank almost as a pet child through infancy and adolescence until it has established its position which compares favourably with that of any other bank in the Presidency. I sincerely trust that the Bank has several years ahead of it of useful service to the agriculturists.”

(5) Sir Ibrahim Rahimtoola, from Bombay, writes :—

“I am, therefore, taking this opportunity of offering you and your Board my felicitations on the successful working of the Co-operative Bank. Every effort in the direction of helping to ameliorate economic condition of the

agricultural masses, is of paramount importance to the economic well-being of our country, and your Board is to be congratulated on the success it has achieved in this and other directions."

(6) Rao Bahadur K. V. Brahma, C. I. E., M. B. E., President, Berar Co-operative Institute, Amraoti, writes :—

"Accept my congratulations on the fine results, Surat Co-operative Bank has been able to put up under your able guidance. The People of Surat and round about should be thankful to you for carrying the banner of Co-operation and goodwill. I wish you and your Bank still better days."

(7) G. K. Devdhar Esq., M. A., C. I. E., President, Servants of India Society, Poona, writes :—

"I wish all success for the function and my best of wishes for the continued prosperity of the Bank. I have no doubt, under your enlightened guidance the Bank will make rapid strides in the new direction."

(8) Dewan Bahadur A. U. Malji, Divisional Honorary Organiser, C. S., Gujarat, writes from Broach in Gujarati, (the English version of it is as under).

"K. B. Bamanji Edalji Modi and Rao Bahadur Khandubhai G. Desai the original workers and Mr. Chunilal M. Gandhi who after their death has been working for a long time for the Bank, have all rendered valuable services to the Bank. The Department and the People of the Surat District are indebted to them. I heartily congratulate the Bank and sincerely wish that the Bank may work purely as a Central Bank of the District. I wish the Bank success in its work."

(9) Rao Bahadur Govindbhai Hathibhai Desai, Ex-Naib-Dewan of Baroda, writes :—

"The phenomenal success achieved by the Surat District Co-operative Bank is due to the strenuous work done by you and your colleagues on the Board of Directors and on the proper co-operative principles on which it has been worked. It has proved itself to be a boon to agriculture and industries and co-operative societies in the District, and seems to have done much to develop co-operative work. Please accept my hearty congratulations and best wishes for the prosperity and progressiveness of the Bank in particular and of co-operation in general."

(10) "H. H. the Maharawal Shree of Bansda thanks the Chairman of the Surat District Co-operative Bank Ltd., for his kind invitation to participate in the Silver Jubilee celebrations on the 23rd, and 24th instant, but regrets

inability to do so owing to other engagements. He, however, wishes the Bank a brighter future."

(11) Mr. V. L. Mehta, Managing Director, Bombay Provincial Co-operative Bank Ltd., Bombay, writes:—

"Your Bank has rendered most meritorious services to the cause of co-operation not only in Surat but in the whole of Gujarat and is to-day one of the strongest, most efficient and most enterprising among central banks in the Presidency. This position it has been enabled to achieve in consequence of its having had at its disposal for a period of over twenty years, the services of a distinguished worker of your ability, acumen and integrity. You have worthily carried on the traditions of Rao Bahadur Khandubhai Desai and your other distinguished predecessors in office and on occasion of the celebration, one of my foremost wishes will be that Providence will spare you for many years to come, to guide the destinies of the institution you have done so much to build up. I would next take this opportunity of congratulating the staff with the Honorary Manager Mr. R. C. Desai at their head, on their record of valuable services to the cause of Co-operation in general and of the Bank in particular."

(12) Maganlal D. Dhruva, L. C. E. (Bom.), F. R. S. A., M. S. E. (Lond), M. I. Struct. En., Executive Engineer, Rajpipla State, writes:—

"I am sending my compliments to you for your labour of love and admire the liberal spirit with which you have been managing so successfully the affairs of this benevolent institution, at the sacrifice of your valuable time."

(13) Sir Daniel Hamilton, Gosaba, Via Canning, Bengal, writes:—

"If all India had shown the same zeal and understanding of the Co-operative Movement during the last 25 years, India would have been a much more peaceful and prosperous country than it is to-day, but now that all parties are awake to the necessity of Rural Reconstruction and the welfare of the Raiyat on whom all India depends, it is to be hoped that the good example set by the Surat District Bank will be followed by All India."

(14) M. L. Darling Esqr., I. C. S., Calcutta, writes:—

"I congratulate the Bank upon a most satisfactory achievement."

(15) E. S. Moysey Esqr., retired I. C. S., London, writes:—

"I believe I met you in 1915 when I was for a few months in charge of the Co-operative Department. I see that since then the number of members has increased from 263 to 1536, of which 205 are co-operative societies, the

paid-up capital from Rs. 39,060/- to Rs. 2,60,600/- and the reserve fund from Rs. 2,407/- to Rs. 90,131/- while loans to societies and individual members have advanced from a total of Rs. 1,14,702/- to Rs. 7,42,216/- and the annual net profit from Rs. 4,445/- to Rs. 64,470/-.

These are impressive figures and I notice that the world depression, which has hit the agriculturists of India as in the rest of the world perhaps harder than any other class, does not seem to have checked the progress of your Bank. This is a striking testimony to its sound and prudent management and I heartily congratulate You and your Co-Directors and the Managers and Officers of your Bank on a very remarkable success. When such an advance is made and maintained in the last 5 years of financial depression, it does not need a prophet to predict your future success, for which I send you my very best wishes".

(16) James Neill, Esqr., retired I. C. S., & Governor Irish Free States, writes from Dublin:—

"Dear Sir, I thank you for sending me the printed copy of the invitation to your General Meeting and for enclosing the copy of the report for 1933-34. Your Society seems to have made phenomenal progress. I am glad to see in the report that a percentage of the profits is given as bonus to borrowers. However much or little that may be, the payment is a recognition of the spirit of Co-operation. Please accept my best wishes for the continued success of your valuable social and economic work."

(17) The Secretary, The Punjab Co-operative Union, Lahore, writes:—

"The steady progress of your Bank is a cause of satisfaction, pride and pleasure to all Co-operators in India and Abroad. Its useful service in providing finance to the Surat Co-operative Sale Societies for marketing should be followed by other Co-operative Banking Institutions in the country. I am confident that the Bank will continue to advance on sound lines and will be of ever growing service to the Co-operators of the District."

(18) The General Manager, The Sind Provincial Co-operative Bank Ltd., Karachi, writes:—

"Yours is perhaps the oldest institution in the Presidency and it is with great pleasure that I offer my congratulations to you and the Board of Directors and Management of your Bank for the splendid progress they have made so far. I wish your Bank every prosperity and success in all its undertakings."

(19) The President, The Mysore Co-operative Land Mortgage-Bank Ltd., Bangalore City, writes:—

"I wish to heartily congratulate the Bank on the remarkable progress it has made and the great service it has been rendering to the people in its jurisdiction by advancing loans to them at easy rates of interest."

(20) The Secretary, Indian Provincial Co-operative Banks' Association, Patna, writes:—

"It is a matter of gratification to see the steady fall in rates on deposits allowed by your Bank, which enabled it to give relief to its affiliated societies by reducing its lending rates also. The low rates allowed by your Bank on deposits also indicate the good credit of your institution, inspite of the fact that there are several big joint-stock banks working in Surat.

Please accept the congratulations of this Association for the good progress of your Bank. Credit for this is largely due to your personal efforts. This Association wishes all prosperity to your Bank in the coming years."

(21) Mr. Deshpande of The Central Provinces and Berar Provincial Co-operative Bank, Ltd., Nagpur City, writes:—

"It was with particular interest that I read that you have made substantial progress in every respect. Your low rates of interest on deposits and corresponding low rates of interest on lendings have a special importance in the present circumstances. The economic depression with which we are all beset at the present juncture brings home to us more than anything else, that we have to help the rural classes and persons of limited means to as great an extent as possible. The fact that you have achieved a measurable degree of success in this direction is no small comfort.

Similarly, the question of marketing of field products is occupying the minds of all concerned. It is not, as we all know, easy of solution. It is however, a great pleasure to note that your Cotton-Sale Societies have very creditably tackled this problem too."

(22) The Honorary Secretary, All-India Co-operative Institutes' Association, Lahore, writes:—

"The constant growth of your Bank and its enviable financial position is really pleasant. Co-operation is the best way to prosperity and if any one desires to find a path to wealth, he should study those Co-operative Banks like yours which have proved to be such, in fact as well as in name. In these, he will certainly find not only food for thought but great promise for the future; these are the seeds from which New India should be made to grow."

(23) The Secretary Bihar & Orissa Provincial Co-operative Bank, Ltd., Patna, writes:—

“Surat being an important centre of commerce, must have several commercial banks in its midst. In spite of this it is indeed surprising that your Bank should be able to reduce its rates on deposits to so low a figure as 2, 3 and 4% per annum.

The low rate allowed by your Bank on deposits speaks volumes for the high credit and efficient management of your Bank. I wish all prosperity and success to your Bank in the ensuing years.”

(24) The Secretary, The State Co-operative Institute Ltd., Pudukotah, writes:—

“The short report you have sent on the working of the Bank from its start was a temptation to me to overcome any feeling of distance and run up to Surat to join in your rejoicings and learn the secret of your Bank's unique success.”

(25) The Chairman, The Broach Co-operative Bank, Ltd., Broach, writes:—

“Your Bank has made marvellous progress under the Chairmanship of a veteran Co-operator like Mr. C. M. Gandhi and has done much useful work in the cause of credit and non-credit co-operation.

I heartily congratulate your Bank, your Directors, Mr. C. M. Gandhi in particular, and the Bank staff through whose efforts the Bank has attained an enviable position to-day.”

(26) The Manager, The Kaira District Central Co-operative Bank, Ltd., Nadiad, writes:—

“I may kindly be allowed on this occasion to congratulate Sjt. Chunilal Gandhi and all other Directors and Co-operators past and present for having sacrificed so much time from its very inception in the cause of the Bank and the movement in general, especially in the District of Surat and brought the Bank to such a successful stage that a time for the Silver Jubilee celebrations and that too under a very eminent and worthy President in the person of Mr. J. A. Madan, C. I. E., I. O. S., Secretary to the Government of Bombay, Revenue Department, has dawned which would ever remain in gold letters in the annals of the Co-operative Movement.”

(27) The General Secretary, The Co-operative Union of Canada, writes:—

“The year of Silver Jubilee coincides with our own. This National Union of Canadian Co-operative Societies was organised on the 6th March, 1909.

I note that your Bank was registered on the 17th June, in the same year, I feel that you and your members should be pleased with and proud of what you have accomplished. It is an excellent augury for the future. Having been established on what appears to be strong and enduring foundations, I have no doubt that the services you perform for the welfare of your people will continue steadily to increase in value and importance."

(28) The General Secretary, Scottish Co-operative Men's Guild, Dunfermline, writes:—

"It must be especially cheering for you to reflect back upon your 17 years as Chairman and see the offspring of your early labours gradually but consistently rise to such prosperous heights and assist in bringing prosperity to so many of your fellow countrymen in various walks of life, many of whom doubtless will not yet fully realise the value of the institution.

My executive send you personally, their warmest congratulations and extend to your fellow colleagues their best wishes for continued success and expansion in your branch and area of the organisation."

(29) The Manager, Co-operative Whole-Sale Society Ltd., Manchester, writes:—

"May I, however, express my congratulations on the remarkable progress you have achieved and couple with it a sincere wish for the success of the celebrations on the 23rd proximo."

(30) The Secretary, International Co-operative Agricultural Purchase Society, Rotterdam, writes:—

"Though the future is clouded all the world over as a consequence of the present unbalanced economical and financial circumstances, yet we appreciate to express as our most earnest wish that your Bank may succeed in surmounting all those hardships and may meet with continued prosperity in the future."

(31) The Secretary, International Co-operative Women's Guild, London, writes:—

"We have read with great interest, the account you send us of the work of your Society during the past 25 years, and send you our sincere congratulations on the progress you have made and are making even in these difficult times, on extending the membership, the capital and the activities of your Bank.

Co-operation in all its forms stands to-day like a rock in the midst of the economic and political confusion which self-interest and self-seeking have brought upon the world. It stands above all differences of race and religion,

of party, caste or class and unites the men and women of all lands in constructive efforts to build up a system where the good of each is found in the good of all. May your Bank go forward in the next 25 years and become a powerful part of this mighty edifice."

(32) The Manager, Palestine Co-operative Whole-Sale Society Ltd., Haifa, writes:—

"In Eastern Countries the Co-operative Movement is nearly one of the first means to obtain a decent standard for these masses, and this makes it of special importance in such countries.

In doing your useful work you are not only helping your own people but also doing your share in bringing the whole of the humanity a step nearer to a new and honest life, based on true Co-operation between Peoples and Countries of the World."

Besides these, messages were also received from the following:—

- (1) The Co-operative Whole-Sale of German Industrial Co-operative Societies, Prague.
- (2) Co-operative League House, New York.
- (3) Co-operative Union of Whole-Sale of Swidish Distributive Societies, Stockholm.
- (4) Co-operative Dairy Association, Holland.
- (5) Austrian Co-operative Whole-Sale Society, Viena.
- (6) National Guild of Co-operators, York.
- (7) Latvian Town Bank, Latvia.
- (8) Estonian Peoples' Bank, Tallinna.
- (9) The Central Banks of Mysore, Karnatak, Cochin, Baroda, Poona, Bijapore etc.
- (10) The Minister of Agriculture, Punjab.
- (11) The Registrars of Co-operative Societies, Ajmer, Coorg, and Burma.

Many other Co-operative Institutions and Co-operators in India and Abroad have also sent their greetings.

After the messages were read, Mr. C. M. Gandhi, Chairman of the Bank delivered his welcome-address which ran as under:—

"Mr. President, Brother Co-operators, Ladies & Gentlemen,

It gives me very great pleasure indeed to welcome you one and all to participate in our rejoicings on this occasion of the Silver Jubilee celebrations

of the Surat District Co-operative Bank Ltd. It is now 25 years and a little more, since its predecessor, the Surat District Co-operative Urban Union Ltd. was founded. I am sure you will not consider it amiss if I attempt to give you on this occasion a brief history of the foundation and the progress of the Bank. As you brother co-operators are aware, when under the Co-operative Societies Act of 1904, rural credit societies were first formed in the Bombay Presidency, Government used to assist them financially by advancing Takavi loans to them. But as the societies increased in number, it was soon found necessary that there should be some central financing agency in urban area to help the credit societies in villages. Khan Bahadur Bamanji Edalji Modi, a scion of the respected family of Modis in the City, who had, some time before, retired from Government service as District Deputy Collector, and Rao Bahadur Khandubhai Gulabbhai Desai, who since his retirement in Surat about the year 1906 as Presidency Engineer, P. W. D., had actively engaged himself in all public movements, took up the idea of founding the institution of that character in the City, and the first meeting for establishing the Surat District Co-operative Urban Union Ltd., was held in Rao Bahadur Naginchand Jhaverchand Hall, on 29th October 1908, with Mr. A. R. Bonus, the then Collector of Surat in the chair.

It gives me very great pleasure to be able to recall on this occasion that I had the honour of seconding the main resolution of that meeting which was moved by Rao Bahadur Khandubhai Desai, for founding such an institution. After some necessary preliminary arrangements were made, an application for registering the Union under the Co-operative Societies Act, Act No X of 1904, was sent to the Registrar on 25th February 1909, and the Surat District Co-operative Urban Union Ltd., was registered as a co-operative society on 17th June 1909.

The first Managing Committee of the Union was formed on 18th July 1909, and I was elected a member of the Managing Committee along with 14 others. Ever since that time, I have worked as a member of the Managing Committee and it was in the year 1917 that after the retirement of Rao Bahadur Khandubhai Desai, I have been working as its Chairman.

Khan Bahadur Bamanji Edalji Modi was its first Chairman, from 1909 till his death. He was succeeded by Rao Bahadur Khandubhai Desai who worked for two years from 1915 to 1917 as its Chairman, and then retired owing to failing health. I was elected its Chairman in the year 1917, as stated above, and I am glad to state that I have been able to retain the confidence of the shareholders and the banking public till this date.

It would be an unfortunate day for a co-operative bank in the Presidency if it should ever happen that its shareholders should be induced to change its

chairman on account of extra-banking reasons. It is hoped that the good sense which has continued to prevail upto now will continue to prevail for ever so long, and that the Surat Bank will continue to develop and prosper in the future as it has done in the past.

The Surat District Co-operative Bank has been luckily free from party politics either of a communal or of a political nature. It has followed a steady policy of not changing its Chairman unless it was rendered absolutely necessary either by death or by retirement, but it had to change eight buildings and five localities till it settled down in Sheth Jamnadas Gangaram's building in Kanpith, on the Station Road in the year 1921-22. The locality has now all the important Banking Institutions of the City except the Surat Branch of the Imperial Bank, and the new Banking Corporation that has been started only two months back. It was, therefore, thought advisable that it should have a permanent building of its own in that locality and that want was satisfied by the Bank purchasing a building there, at a cost of Rs. 24,500/- and about Rs. 4000/- more have been spent in necessary repairs and suitable alterations and in providing the necessary fittings for a bank building. Surat is perhaps the second Co-operative Bank in the Presidency to claim a house of its own.

Looking back over the period of twenty-five years and more, it naturally raises in me feelings of mixed pleasure and pride, to be able to put on record this afternoon, the continued progress of the institution with which I have been connected from its start and had been one of its promoters. When started in 1909, its staff consisted of a clerk on a salary of Rs. 15/- only. It had no peon much less an Inspector. The Inspector was added to its staff in the year 1913 and he was given a peon three years later. It was not till 1921 when one more clerk and an additional Inspector were added to the Bank's staff. Now the Bank with its four Branches in the four important Taluka-Towns of Bulsar, Chikhli, Bardoli and Jalalporé has, as many as seven Managers, four Inspectors, three Accountants, sixteen clerks and thirteen peons. Its membership which consisted of only 23 individuals in the year 1909, rose to 188 in 1914, when the societies were admitted as its members and the number thereof was 18. Now the membership of the Bank consists of 1460 individuals and 210 societies.

It will interest some from amongst you to learn that when the Surat District Co-operative Urban Union was started, it could lend its surplus funds with the permission of the Registrar, to societies even outside Surat. In 1909, it lent money to societies in the districts like Dharwar, Satara, Bijapur, Kaira and Broach. That has been, of course, now stopped. As this Bank was started

as an Urban Union, one of the objects of the Union was to render financial help both to individual artisans of Surat and to agricultural societies in the rural areas of the District, and therefore, although the Surat Bank is now a Central Co-operative Bank, it is still allowed to lend money to individuals, but a limit has been placed upon it so far as its lending to individuals is concerned, and the Bank has been consistently following the policy of lending as little as possible to individuals.

Another important change that has been introduced in the policy of the Bank has been gradual association of the members of the affiliated societies in the management of the Bank. In 1913, three members were appointed on the Board of Directors from amongst the members of the affiliated societies and now although the proportion between individual-members and society-members is very nearly 7 to 1 and although the proportion between the share-capital subscribed by individual-members and the societies is very nearly 3 to 1, half the number of Directors viz., six are elected from representatives of the affiliated societies from the year 1925 and the other half from amongst the individual share-holders, the Chairman elected by the general meeting being the thirteenth. This is with a view to approximate the Surat Bank to the pure type of a Co-operative Central Bank as nearly as it could be, wherein membership is composed only of societies and the general policy and management are fully controlled by them. It is a matter of great satisfaction that Mr. Ramchandra C. Desai, Honorary Manager of the Bank, who has been a member of the Directors' Board, has also been able to continue to secure the confidence of its members for all these years.

Another line of policy which the Bank has followed in accordance with the well-recognised principles of co-operative finance has been with regard to the distribution of profits. Between 1909 and 1914 it declared a dividend of 6 to 6½%, and from 1915 to 1924, though the rate of interest which it had to pay on its deposits had to be increased from 4½% to 5½% or 5%, it was still able to declare a dividend of 7½% with the solitary exception of the year 1916 when it gave 6½%. In 1924 the Bank thought it proper to modify its bye-law with regard to distribution of profits, so as to bring it closer to the true co-operative principles. It was then decided that after declaring a dividend of 7% in favour of the share-holders, the surplus net profits are to be divided between share-holders on one side and the borrowers who repay their money regularly, the former getting 30% and the latter 40%, the remaining 30% being divided between the staff who get 15% for bonus and the other 15% is allocated to propaganda. Thus you will see that the Bank even anticipated the Bombay Co-operative Societies Act of 1925 which limited the maximum rate of dividend to be declared at 10%.

Notwithstanding the low rate of dividend, the Bank has been able to retain the confidence of its share-holders and depositors. It began with a share-capital of Rs. 5875/- in the year 1910, which rose to Rs. 40,780/- in the year 1917 when I was elected to the Chairmanship of its Board of Directors. In 1925 the share-capital rose to Rs. 1,01,480/-. On 31st March 1934, the share-capital rose to Rs. 2,60,600/- of which Rs. 1,84,840/- were subscribed by individual-members and Rs. 75,760/- by society-members. On 30th November 1934, the share-capital stood at Rs. 3,44,780/- of which Rs. 2,56,180/- were subscribed by individual-members and Rs. 88,600/- by societies. In order to meet the rule which limits that the borrowed capital shall not be more than 8 times the share-capital plus the reserve fund, the Bank had to increase its share-capital on two occasions. It is gratifying to note here that in 1933 an additional capital of Rs. 60,000/- was raised at a premium of 20% and in the year 1934, Rs. 84,000/- were raised at a premium of 25%. On both the occasions the capital needed was oversubscribed. That is a sufficient indication of the confidence which the Bank has created in the minds of the public. Its working capital now stands at Rs. 41,85,420/- of which Rs. 29,31,096/- have been invested in gilt-edged securities. The Bank has followed the policy of wiping off any premia that it had to pay on the purchase of these government securities from the profits earned in past years. All the investments of the Bank are now of the face value of Rs. 30,67,000/-. I am glad to be able to tell you that they now show considerable appreciation in their value. Its reserve fund on 30th November 1934 was Rs. 1,18,941/-. Besides, Rs. 35000/- have been taken to a fund for meeting all possible bad debts which, I believe, is a sufficient security against any loss involved in the case of societies now in liquidation.

The cost of management of the Bank is extra-ordinarily low, it being even proportionately lower than that of the Bombay Provincial Co-operative Bank with a working capital of Rs. 2,26,68,720/-. This is due to the fact that its Board of Directors ungrudgingly have been rendering their services without any fee or honorarium, except for three years from 1931 to 1933 when an annual fee of Rs. 1,200/- was distributed amongst the Directors in proportion to the days of their attendance. The Bank is lucky in having not to pay for any legal advice it gets as its Chairman, and Vice-Chairman, who are both Lawyers, give the same free of any charge.

A few superficial observers are found wrongly condemning and crying the co-operative movement on occasions when a few cases of defalcation or misappropriation see the light of the day. This is not judging the movement aright in a proper perspective. In a country where illiteracy and gross ignorance prevail in the proportion they do here, individual cases of defalcation and

misappropriation are bound to occur. That the cases have been so few and far between, shows that on the whole the movement is carried on honestly. Others condemn the movement because it has not yet succeeded in saving the cultivator wholly from the hands of the money-lender. It is neither possible nor proper in the brief review that I am taking of the movement here, to examine and discuss those reasons. It is enough, if I assert with the experience that I have gained, that notwithstanding such shortcomings, the movement has done a lot for ameliorating the condition of the poor agriculturists.

To detail only a few of the benefits which the movement has brought to the agriculturists during the last 25 years of the Bank's existence, it has advanced nearly 95 lakhs of rupees to societies and about $18\frac{1}{4}$ lakhs of rupees to individuals at such rates of interest at which they would not have been able to get money from other money-lenders.

Deducting the rebate which borrowers who make regular repayments get the present rate of interest viz. $5\frac{5}{8}\%$ at which they get their finance is surprisingly low, and if the Co-operative Movement has brought no other benefit to them, this in itself should be considered to be a very substantial benefit, so far as the agriculturists are concerned. The Bank has been fortunate in getting its deposits at very low rates, at rates even lower than those at which branches of substantial joint-stock banks in Surat and other co-operative banks in the Presidency get, and yet according to the rule of conduct viz., "A Prophet is not worshipped in his own land," the Surat District Co-operative Bank has not had the good fortune of receiving the patronage of the District Local Board and the Municipality, though Government have approved it as a Bank wherein they could deposit their moneys.

In order to develop banking habit amongst the people inhabiting the rural areas, and in order to afford banking facilities to some of them who have business connections with South Africa and other countries overseas, the Bank conceived the idea of developing branch-banking in the year 1923. It opened its first Branch in the Bulsar Taluka in that year. It opened another Branch in the Chikhli Taluka in the year 1928, a third one at Bardoli in the year 1930, and the fourth at Jalalpure in February 1933. For facility of work of lending in the Talukas, the Bank has appointed advisory committees on whose recommendations it sanctions loans.

The Talukas not served by its Branches are Choryasi, Olpad, Mandvi and Pardi. Pardi is now amalgamated with Bulsar and has already got a Peoples' Co-operative Bank there. The Head-Office is situate in the Choryasi Taluka. The question, therefore, now remains whether it would be financially

wise to have a Branch in Olpad and in Mandvi. It is satisfactory to note that all the Branches have been working well and working satisfactorily, and are making profit more or less according to their working capital; but this development of branch-banking has one very great advantage. Besides developing banking habit amongst the people, it brings into the Bank a large amount of available money lying idle, and thus makes it available for the use of the people of the Taluka concerned. The true principle of co-operative banking is the use of the people's money, by the representatives of the people, for the people. It is a matter of regret that although the Branches have been able to draw large deposits, they have not been able to use any substantial part thereof for the benefit of the people of the taluka concerned, for reasons which would be discussed later on.

Besides making cheap finance available to all agriculturists and individuals of limited means, the Bank has done a lot in helping the non-credit movement in the District. When the idea of starting the Sonsek Co-operative Cotton Ginning Society was conceived, the Society had no tangible immovable property to offer as security against a large loan of Rs. 24,000/-, which the Society wanted for meeting its initial expenditure to purchase machinery &c.. But the Bank came readily forward to render all the financial help that it needed and found out a way to do so, even when the Society was unable to give tangible immovable property as security. The Bank at the time, advanced money on the security of the subscribed but uncalled-for capital of the members who applied to join the Society. Similarly at the time when the Farmers' Co-operative Cotton Ginning and Pressing Society was started, it needed a large sum of about Rs. 25000/- for meeting its initial expenditure and the Bank readily granted an overdraft of Rs. 25,000/-. Over and above financing these two societies, the Bank has been consistently financing the different cotton-sale societies from the year 1923 up-to-date during the marketing season. The amount of advances so made during the years 1923 to 1934 have varied from Rs. 36,088/- to Rs 3,50,707/-. It has also helped financially the Chikhli Taluka Co-operative Rice-Sale Society which would not have made the progress it made, had it not been for the timely help of the Bank.

Having regard to its large deposits the Bank is also in a position to advance long-term loans at least upto the amount of its share-capital and reserve fund. But Government have now decided that this business of long-term finance should be undertaken by primary land-mortgage banks specially constituted for the purpose. It is not understood why a special department of the Bank could not have been entrusted with the work of doing this sort of business till the business of the Bank came to Rs. 463721/-. If a special department of the Bank had been entrusted with the work of the

primary land-mortgage bank in its initial stage, probably the work would have been done better, because of the special experience of the Directors of the Bank, and secondly because it would have been less expensive as the over-head charges would have been considerably small.

The reason why the Bank has not been able to do more than what it has done notwithstanding the fact that it has a very large working capital, and it continues to receive deposits even when its rates of deposits are so low as 1% in the current, 2½% in the savings bank and 2¼% in the fixed deposits, I humbly venture to think, is due to the fact that upto now Government have not a definite policy and a time-limit plan for improvement of agriculture. No doubt good propaganda work for introducing cotton-seed No. 1027 A. L. F. is for some time past carried on by the Sonsek Co-operative Cotton-Sale Society, and that as a result of that propaganda, in a large area of land that seed is sown; yet it would have been better if Government had taken a lead in the matter.

That there are difficulties in so doing should not be overlooked. But if the Rajpipla State could introduce the farm-seed of 1027 A. L. F. by insisting on all the agriculturists of the State to grow that seed, with the result that the Rajpipla cotton is now so much in demand, then there is no reason why the British Government should not have been able to do so with equally good results, and I have no doubt that Government can do a lot both in the direction of improvement of land and agriculture, if a greater co-ordination between the Revenue, the Agriculture and the Co-operative Departments were established. Sir Chunilal V. Mehta, when he was the Minister of Agriculture and Co-operation, tried to do something in that direction, but his policy has not been followed thereafter. If the Agricultural Department were to select particular kind of seed for particular varieties of staple crops in a district, and if the Revenue Department were to insist on that seed being sown and no other, and if the Co-operative Department were to recommend financial aid for the spread of that sort of seed and for land improvement, certainly a lot could be achieved.

Consolidation of holdings, drainage of water-logged areas, schemes of well-irrigation, fencing of fields, are some of the items which should form a part of a well thought-out plan of land-improvement. If Government were to employ competent men to investigate into these schemes of improvement of land and agriculture whose duty it would be to certify the soundness of the schemes, if Revenue and Agricultural Departments were to push them on and if Co-operative Banks were to help them financially, I am sure they will be able to do a lot by way of financial help in pushing forward these schemes.

Transport facilities by road and rail from the field to the market-town also require to be attended to. But that is not all. For a complete plan of rural reconstruction, improvement and revival of the old cottage industries is absolutely necessary. The Department of Industries should investigate into the old cottage industries and into the reasons why they have deteriorated or failed. Mere advice, however, by the Department of Industries will not be enough. There must be a driving force from behind, and unless that impelling force is supplied by well-organised plan by Government, it is futile to expect much in that direction.

It is my firm belief that it is not possible to do much useful work without direction and driving force from above, and that, that driving force will not be forthcoming unless Government have a well laid-out definite policy of both improvement of agriculture and of land.

Looking to the size of agricultural holdings in the District, so high a percentage as 64 are not more than 5 acres, and it will be readily admitted that 5 acres are not an economic holding. It is not possible to make a family of an agriculturist and his wife and two or three children to live on the income of that holding, unless a definite plan was laid out by Government and attempts made to carry it out in practice, for helping cottage industries as subsidiary occupations. Lot of money is lying idle in co-operative central banks. As I have stated previously, of the total working capital of Rs. 41,85,420/-, the Surat District Co-operative Bank has now invested Rs. 29,31,096/- in government securities, and though a judicious sale and purchase of these government securities at proper times may bring in some profit, it is equally possible that the Bank may lose heavily on such investments. Big joint-stock banks in the Presidency-towns or other important centres of trade and commerce have not hitherto done anything by way of agricultural finance of that sort, and it is not right to expect much to be done by them in that direction. Co-operative finance is the only salvation for the agriculturists and poor men of limited means.

Ladies and Gentlemen, I crave your indulgence at this stage to digress a little from the theme of my to-day's address. It was definitely in the year 1912 that I felt that it was not possible to do much useful work in the Local Bodies. I, therefore, retired from civic work from that year, except for a short period of three years between 1922 and 1924, when I was again placed in charge of the Municipal School Board during the time when the Committee of Management was in charge of the Municipal affairs of Surat. I then felt and I now do feel that concentrated work in public activities other than municipal, leads to more certain and definite results. With my energies thenceforward concentrated on education and co-operation, I am glad to be able to record that some satisfactory results are achieved; but there is no doubt that the results of my efforts with regard to spread of education are more satisfactory

than those in co-operation. I attribute that entirely to the fact that in matters of education there was a definite policy to pursue, untrammelled by handicaps or limitations from outside. Not that I dislike any central control, but control without a definite policy behind it, is often barren and leads to no definite results. To my mind it is not possible to have any hopeful outlook for rural reconstruction, as now conceived by H. E. the Ex-Governor of Bombay, Sir Frederick Sykes, without a more general co-ordination between the Departments of Revenue, Agriculture and Industry and a definite policy and a well thought-out plan to pursue it. Any scheme of village reconstruction without a definite goal of improvement of the economic condition of its people, is not worth the trouble. I hope that with the new reforms coming, the future Minister for Co-operation and Agriculture will be able to chalk out a definite policy about improvements of land and agriculture. In the meantime, the Surat Bank proposes to do what it can do in its own humble way. At the instance of the Registrar of Co-operative Societies, a Sub-Committee of the Directors of the Bank is appointed to explore the ways and means of making the Co-operative Movement more popular. Attempts are made to develop the non-credit movement by endeavouring to start a sale and purchase union and by endeavouring to establish sale societies for other important crops like juwar, wheat, rice and sugar-cane. Steps have already been taken to carry on propaganda with a view to introduce in the first instance, co-operative societies in all villages with a population of 500 and above. In fact the Surat District Co-operative Bank has been spending about Rs. 1500/- every year for co-operative education, propaganda and supervision by assisting the Co-operative School and the Institute, and by rendering financial help to societies for entertaining competent group-secretaries and the supervising unions for meeting the deficit in their budgets.

I have lived on optimism in all my public life, but so far as my poor imagination goes, I see no near prospects of any definite policy fructifying for improvement of land or agriculture. In the meantime the working capital of the Bank has been growing apace. Reduction of rates of interest on deposits even to such low rates as stated before has not been able to stop the inflow of deposits to the Surat Bank, and as only 25% of its working capital can be used within the Co-operative Movement, the remaining balance has to be per force invested in the purchase of gilt-edged securities. That is a purely legitimate banking business of the Bank, and as such, under the exemptions allowed to the Co-operative Movement, income of investments in government promissory notes should also be exempted from income-tax. But the Income-Tax Department refuses to exempt income of the Co-operative Banks arising out of their investments in government securities on the ground that income on investments has to be taxed under its rules. Whether such income

on investment is to be taxed only in cases of persons following other kinds of business, and investing their extra capital on hand, in government promissory notes or in case of banks investing their assets in government securities as a part of banking business, is a question on which persons may hold different views. But I feel that if the exemption granted to co-operative societies from payment of income-tax on their business income has to bring any considerable benefit to the movement, then the income of the co-operative societies from investment of their surplus working capital in government securities should also be exempted from payment of income-tax.

Interpretation of section 59 of the Bombay Co-operative Societies Act has also been creating a certain amount of difficulty in the way of co-operative business. Clause 2 of section 59 states :—“The property attached in execution of an order referred to in sub-section (1) section 59, can be handed over to a society, if it cannot be sold for want of buyers.” But it is said that when the debt of a co-operative society is being recovered as arrears of land revenue, there is no attachment of immovable property under the Land Revenue Code, and therefore, if the immovable property attached in execution of the order under sub-section 1, section 59, cannot be sold for want of buyers, the same cannot be handed over to a society under clause 2. I think Government should not find any difficulty in amending the rules under the Land Revenue Code, so as to include attachment of immovable property as a prior step before putting the property to auction.

Ladies and Gentlemen, I have taken up a lot of your time. I have no right to weary you any further. I am deeply thankful to you all for having come at no small personal inconvenience to you to this gathering. Your presence here this evening is a source of great encouragement to us all. I, therefore, thank you once again and take the liberty of impressing on you that in Co-operation alone lies the hope of Rural India.

The second item on the agenda was speeches by leading Co-operators on some of the vital points which affected the movement at the time. Mr. Chimanlal D. Clerk, the Vice-Chairman of the Bank, spoke on the subject of ‘Supervision’. He spoke from his personal experience and his remarks are worthy of consideration. The following is the speech that he delivered :—

“ Mr. President, Brother Co-operators, Ladies & Gentlemen,

I am entrusted by the Jubilee Celebration Committee of the Surat District Co-operative Bank Ltd., to address a few words on the all absorbing topic of ‘Supervision’.

When in 1904 Government determined to set up the rural credit societies i. e. small village banks on the Raiffeisen type of Germany, Government did not give due consideration to the fact that a large majority of people among whom these village banks were to be set up were illiterate and ignorant people, and were not familiar with the management of such a democratic institutions. The management of these societies was thus left in the hands of illiterate people and though in order that they may not go wrong, there were statutory restrictions and limitations placed upon them, no adequate supervisory staff was set up along with the formation of these societies. The only supervision which the Act provided for, was the supervision by the Registrar assisted by his Assistants and the staff of Auditors appointed by him. But as the number of societies increased supervision by the Auditors became less and less effective, as the only supervision that they could do was once a year at the time of their annual audit.

The Central Banks in their own interest also carried on a sort of inspection and supervision by their inspectors. But again that supervision was not of the type that was needed. It was more or less supervision by the Banks mainly in their own interest.

The supervision that was wanted is the supervision all along the line, (1) Supervision at the time of sanctioning the loans, (2) Supervision to see that the monies advanced are not misapplied, and (3) Supervision to ensure punctual repayments and to check the habit of extravagance and wastefulness. Supervision rightly comprehended transcends what the Government Auditor or the Bank Inspector can do for the society. It not only connotes the examination of the working of the society according to the statute & the rules made thereunder and the bye-laws, or the security offered to the financing institution, but also trains the members and the office-bearers thereof in co-operative principles, making them realise that in the Co-operative Movement each stands for all and all for each. That sort of day to day supervision is not possible either at the hands of the Government Auditor or at the hands of the Bank Inspector, who according to the exigencies of their services can only afford to visit societies either once or twice during the year. Time there was when Directors of the Bank also did a sort of supervision, but as the work increased in volume it was found absolutely necessary that some machinery should be set up which would carry on this supervision from day to day.

In 1915, Government thought that supervision would be more effective if guaranteeing unions on the Burma model were registered, whose functions would be not only to supervise the societies affiliated to them, but also to guarantee the repayment of the finance advanced to them.

It is not necessary to go to night into the causes why the guaranteeing unions failed to achieve the objects they were expected to achieve. It was

found that supervising unions with a different constitution and a more compact area of operation were necessary to secure the supervision needed. In order to secure these objects, supervising unions were started about the year 1925, with the specific objects of supervising, controlling & assisting the agricultural resource societies within their areas, secondly to carry on the educative propaganda and thirdly to organise wherever necessary, seed manure and similar societies and to purchase such resources for societies on indent and other such systems when required, and generally to develop the agricultural co-operative movement in the District, and in short to serve as a connecting link between the societies on one hand and the Bank and the Co-operative Institute on the other. In 1930, it was further found that the supervising unions themselves required a more effective and constant supervision and control by a District Body and the District Board of Supervising Unions was started in that year without any recognised constitution, but the Assistant Registrar has ever since its formation been working as the Chairman of that Board.

I have been a member of the District Board for the last two years, when on retirement of Mr. Gandhi from that body I was elected by the Surat District Co-operative Bank to take his place. Ever since I joined the Bank as one of its office-bearers in the year 1927, I have found that the watch-word of Mr. Gandhi has been "Thorough Supervision". There was a time when he himself utilised the week-ends for going to and supervising the societies, but when later on he did not find time to do so personally, he has insisted on strict supervision by the Bank Inspector. The Surat Bank had four Inspectors and a Senior Inspector for most of the time I have been working at the Bank. Successful progress of the Surat Bank to which Mr. Gandhi testified this afternoon in his address, is mostly due to the watchful supervision of the societies affiliated to it, on which he insists. We all know that the progress that our Bank has made is entirely due to the selfless work for the greater part of the life of the Bank by the worthy Chairman, Mr. Gandhi who has been the Chairman of our Bank for 17 years, and in the beginning period of the Bank by Khan Bahadur Bamanji Edalji Modi and Rao Bahadur Khandubhai Gulabbhai Desai, who though capitalists in reality, had the good of the working class at their heart.

Side by side with the formation of the supervising unions, the institution known as group-secretaries also came into vogue. To get a good and efficient secretary from a few of the literates of the village has been found to be very difficult, sometimes impossible, and in the absence of any training, a local secretary was often found to fail in his duties of strictly watching the interest of his village society. Besides, he was not able to keep his accounts properly and the remuneration that he got was so poor that it was not possible to

induce a better man to take his place. It was then found that a group-secretary attending the societies in 3 or 4 villages within a small radius with better education and more remuneration, would be a distinct advantage to the movement. But when it was thought to replace a local village secretary by a group-secretary, the question of how to adequately remunerate him came to the forefront. His salary was fixed at Rs. 25/-, a part of it at the rate Rs. 9/- per working capital of Rs. 1000/- was levied from the societies and the deficit was agreed to be made good by the Bank wherever the grouped societies failed to raise the necessary amount. Similarly an agreement was entered into between the Government and the Central Bank that if a levy of annas 8 per cent on the working-capital of the societies did not raise the necessary money to meet the expenses of a supervisors' office, they should make good the deficit by contributing half to half. The Surat District Bank has liberally met its part of the obligation.

It cannot be denied that the supervising unions have to a great extent improved the tone of the working of the societies affiliated to them. Not only that but it is generally to say that the supervising unions have been instrumental in creating good rural workers from amongst their managing committee members and supervisors. I am, therefore, glad to note that the Supervision Committee has approved of the idea of retaining the supervising unions. In fact if prompt finance is to be made available to the societies and their members it can only be done on the strength of the statement of assets properly prepared and annually revised. I am sorry to say that, I found that they were not properly prepared and duly revised from year to year till the year before last, when I insisted on that being done, and I am able to state that there has been a considerable improvement, and if that improvement is to be maintained and the work of supervision carried on as well as it should, then it is necessary that the supervisors should be properly selected from rural areas and the tenure of their service should be made more permanent and more remunerative. I am glad to record that the Supervision Committee has rendered a distinct service to the Movement by the manner in which they have emphasised the necessity of having a District Cadre of Supervisors on a more remunerative salary and on a better security of tenure.

There are four Supervising Unions in this District viz, one in the Olpad Taluka, one in the Choryashi Taluka to which a few near societies of the Olpad Taluka have also been affiliated, one in the Chikhli Taluka and one in the Pardi Taluka. The Supervisors in this District are paid well and there is no reason why proper work should not be exacted from them, having regard to the remuneration they get. While the supervision by the supervising unions may do good service in the advanced Talukas, supervision in the backward tracts of

Mandvi and Valod should be on a different basis altogether. These tracts are mostly inhabited by Kaliparaj people who are mostly illiterate and ignorant. They are born and bred up by traditions to look upto their money-lender as one who not only supplies their needs in money and in kind, but is also the man to whom all their harvested crops are to be handed over, in order that he may sell the same for them and realise their sale proceeds for them.

The leakage caused in the earnings of these poor and ignorant agriculturists by this method is notorious. But unless for some years to come, an Officer or a Supervisor be appointed to take the place of the money-lender and to do all that he does for them, there is no hope for the salvation of these poor men. The Surat District Co-operative Bank has been, therefore, for the last two years, earnestly requesting the Co-operative Department to appoint a Special Officer for the supervision and management of the societies in the Mandvi Taluka like the Special Mamlatdar in the backward areas of the Panchmahals. I hope and trust that the Registrar will see his way to do it soon, for I believe he has realised the benefits of supervision more than anybody else."

After the speech of Mr. Clerk was over, Rao Saheb V. C. Jadav, a prominent Co-operator of the District, who has mainly indentified himself with the subject of Urban Banking, spoke on the subject as under:—

* Mr. President, Brother Co-operators, Ladies & Gentlemen,

On the occasion of the Silver Jubilee of the Surat District Central Co-operative Bank Ltd., I deem it a great honour and privilege to be asked to speak on 'Urban Banking.' I am not a speaker, but I am only a humble worker in the cause of Urban Banks and as such I request you all, to kindly excuse me for my shortcomings.

Just as village co-operative banks or Raiffeisen type of rural societies are the only solace of the agriculturists, who can get from these institutions cheaper and better finance for their agricultural operations, as well as better arrangements for the sale of their produce, so also the craftsmen, artisans, traders and other middle-class persons, require the assistance of well organised and cheaper banking institutions to develop their trades and industries. In comparison with European and other well organised countries, India is very backward in the development of banking institutions. The old and indigenious method of banking can no longer serve our purpose; and if we wish to hold our own under the present Government with its organised Civil Courts and Acts like the Indian Limitation Act, Bombay Insolvency Act, Agriculturists' Relief Act, on its statute book, and at the same time make it easier for our industries to stand the com-

petition from other countries, the indigenous banking methods should be replaced by well organised banking institutions which are able to offer cheaper services. As organised institutions in urban areas, we can have joint-stock banks as well as urban co-operative banks of Schulze Delitsche or Luzzati type, and so far as helping local trades and industries is concerned, joint-stock banks promoted in mofussil can be as useful as urban co-operative banks. Both can help the same type of people, but owing to the smallness of business in mofussil towns, the heavy cost of registration and income-tax make it impossible for a joint-stock bank registered under the Indian Companies Act, to work it profitably in the initial stage, while owing to the various concessions which co-operative banks enjoy, it is easier to float and successfully work an urban co-operative bank.

Urban Banking in this Presidency has been given a special impetus by the late Mr. Otto Rothfeld, when he was the Registrar, and since then we find that the development of Urban Banking in this Presidency has made rapid strides at the hands of the successive Registrars.

From the year 1930 or so, it has been found that agricultural financing was risky and central banking institutions which were meant for financing agriculture, were unwilling to lock up any further amounts in financing agricultural operations. On the other hand, these institutions had already begun to attract the attention of the depositing public whose funds were freely flowing to them. Under these circumstances the central banking institutions have taken to urban banking. Branches have been opened in several taluka-towns and hundies and exchange business in the urban area is being handled and financing of individuals both in urban and rural areas has also been resorted to, in some districts.

What with the opening of branches in taluka-towns and handling of hundi and exchange business as well as the financing of individuals in urban areas, it is becoming more and more difficult to organise urban banks in those taluka-towns in which the central financing agencies have opened branches; but a great redeeming feature of this arrangement is that the people of those places are getting accustomed to deal with the co-operative banks and once again when the district central banks will be busy with agricultural financing and will cease to undertake to urban banking, it will be very easy to float urban banks in those centres.

We have yet another difficulty in our way. Urban Banking cannot be said to have well developed in all its aspects. We are only learning our lessons and running our apprenticeship, but unfortunately for our Presidency, even this partial success has created an impression in higher Government Circle

that these institutions are rich and so they do not deserve any help from the Department. It was also at one time suggested that their concessions should be withdrawn.

What is this success of urban institutions which has attracted the attention of higher Government Circle? The position is this. Most of the urban banks have large surplus funds which they have not yet learnt to utilize in the movement. To have such a state of affairs, when the trades and industries are languishing and have languished, and when there is such an inroad of goods imported from outside, does not give any tangible proofs of the successful working of urban banks. True it is that the urban banks are not in as bad a condition as the village banks. They have been able to establish their credit and are able to attract deposits; but they cannot be said to have reached a state when the paternal care and grand-motherly affections of the Co-operative Department can be safely withdrawn. When an urban bank has collected a share-capital of Rs. 5,00,000/- and a reserve fund of an equal amount, the concession may, if necessary, be withdrawn from that institution and that institution may be asked to get itself registered under the Indian Companies Act. Such a state is yet far off. Will it not, therefore, be quite in order, if I request the President of to-day's function, who was once a Registrar of Co-operative Societies in this Presidency and whose contribution to the development of urban banking is in no way small? May I request him to help us in having this angle of vision changed? A good deal yet remains to be done in the future development of urban banking. If we cast our glance on co-operative institutions that are working in other countries, we find that very rich institutions possessing business worth millions and millions of pounds and supplying commodities all over the world have come into existence and are encouraged and the workers are cheered up for their successful career in those countries. Their concessions are not sought to be withdrawn because the institutions are successful.

If Indian trades and industries are to be developed and the people of India are to be made to lead a happy and contented life, it is high time that the development of urban banking should be viewed with greater care and sympathy. It is equally necessary to cease to run down agricultural institutions in their present plight which is more or less due to the world conditions. It is no use pronouncing them as having failed. The Departmental Officers and Co-operative Workers should lay their heads together to find out the best way to develop the district central banks, as strong central institutions looking after all the needs of agricultural finance and helping the agriculturists in supplementing their income by developing side industries in rural areas and thereby enabling them to lead a happy and contented life.

In this way there will be two sided development and both the rural and urban population will be made to lead a happy and contented life, and what can be more important for the Government than to find its people happy and contented? What else can we wish, on the occasion of the Silver Jubilee of the Surat District Co-operative Bank than that the 40 lakhs and more rupees that the Bank has been able to collect, may be used in helping the agriculturists of the District, and the Bank may be able to give its whole-hearted support to the further development of urban banks?"

After the speech of Rao Saheb Jadav was over, Mr. S. G. Almaula Assistant-Registrar, Co-operative Societies, N. D., spoke on the subject of Land-Mortgage Banks, in Gujarati. His speech was full of instructive facts and we give herein below the English version thereof:—

" Mr. President, Ladies & Gentlemen,

Short-term credit is being adequately obtained by the agriculturists of the District from their co-operative credit societies; trade-credit against produce standing or stored and better prices for his produce are being received by the agriculturist from the cotton-sale societies, but unless the agriculturist secures credit to redeem his old debts, load whereof is heavy, both in point of principal and interest, particularly the latter, and unless he gets long-term loans for improvement of his soil by improved modern implements, short-term credit would not be so advantageous to him as it should be. Old-debt redemption partially undertaken through existing credit societies has, instead of being beneficial, brought trouble on the institutions and their members. Realising these facts, Government have now come forward with the proposal to start land-mortgage banks, finance for which in the main, will come forth in the shape of debentures issued, by Government guaranteeing both principal and interest thereof. The Surat District, advanced in Co-operation as it is, would get such a Bank and it would be for the agriculturists of The Surat District to take full advantage thereof. The Bank would advance loans repayable by about ten to twenty annual instalments for redemption of old-debts, at a very reasonable rate of interest, against security of lands worth twice or thrice the amount of loan

With this facility the agriculturists of the District will have greater prosperity in view and advantages of the Co-operative Movement will come to them the better and the earlier."

Mr. B. K. Patel an agriculturist by birth and profession and one who as of late identified himself with any movement that tends to the welfare of the agriculturists, spoke in Gujarati on the subject of 'Non-Credit Co-operation.' The following is the English version of his speech:—

Mr. Chairman and Brother Co-operators,

"I believe if an expert had been requested to speak on the subject of 'Non-Credit Co-operation' entrusted to me, he would have done adequate justice to it. The Chairman of the Bank has said well and with emphasis on the subject of 'Non-Credit Co-operation' in his speech this afternoon and I find no necessity to repeat the same as he has critically examined it.

The Non-Credit Co-operative Movement can be divided into four parts so far as it affects the farmer, viz; (1) Supply of necessary goods to the farmer, (2) Supply of means for raising the standard of agricultural production, (3) To arrange for a proper sale of his produce, and (4) to arrange for the financing of all these three types of activities. The District Co-operative Bank can finance all such activities as would tend to the economic betterment of the farmer and we can declare it emphatically that no agricultural movement will die for want of funds in this District. It is highly necessary that in these times of agricultural depression, the standard of agricultural production should be raised, better prices should be realised for his produce, and his requirements should be supplied to him as cheaply as possible with a minimum of profits to the intermediaries and I request the attention of all co-operative workers in that direction. We are observing signs of failure of the rural credit movement while the development of the non-credit movement is a source of inspiration due to its success. Although we have not been able to take up all-sided activities for the betterment of agriculture and the agriculturist, the progress of the co-operative sale societies of the District gives a very hopeful outlook. I would not like to trouble you with the figures of development of the co-operative cotton-sale societies of the District to the south of the river Nerbudda from year to year, but it would suffice to say that sixteen co-operative cotton-sale societies in that region, with a membership of about 5000 men, are selling cotton worth about Rs. 20,00,000/- every year and that forms about 10% of the total value of cotton sold in the Surat Market. If the societies of the Baroda State are included, the percentage will still be higher. Despite this satisfactory progress, still much remains to be done. Besides the sale of cotton, the farmers have started their own two ginning and one pressing factories also on a co-operative basis and these societies are enlisting more supporters. Besides sale of cotton, it is necessary to arrange for a co-operative sale of other crops. Societies for sale of tur, ground-nut, rice and salt have been established and they are working well. The District Central Bank has resolved to render necessary assistance in the form of hiring godowns and finance in cash for organising the sale of wheat and juwari on co-operative lines. Thus co-operative sale societies are progressing well and still there is sufficient scope for further progress in different directions. It is necessary to plan a

well thought-out scheme, for achieving satisfactory progress in all these directions and for doing systematic and regular work. If a scheme is put into operation with a sincere heart, we shall be able to explain to the farmer the benefits of co-operation and will enable him to reap its fruits. There must be a grim determination to execute the scheme otherwise paper-schemes are of no avail. Any scheme put into operation without a heart is bound to fail however well planned it may seem.

A large percentage of Government taxes levied, fall directly or indirectly on the shoulders of the farmer. He goes on bearing this burden ungrudgingly and without hesitation. If any scheme is formulated for his benefit and necessary expenditure is incurred by Government by way of repayment of the taxes that he bears, Government would be doing the minimum that they should do for the farmer. It is the special duty of Government and they should properly discharge it. It would not be difficult for Government to win the farmer's heart if the rural uplift movement is carried on with a true heart behind it. It is certain that the prosperity of people rests with the prosperity of the farmer. Let us hope to do all that we can, when we know that this has got to be done."

After the speeches of these co-operators were delivered, the President rose to deliver a thoughtful and thought-provoking address. It reviewed the past history of the movement in the District and made very useful suggestions. It was highly appreciated and punctuated with applause at several points, while it was being delivered. His address which took about half an hour in delivery is printed below:—

"Mr. Gandhi, Directors and Members of the Surat District Central Co-operative Bank, Ladies and Gentlemen:—

It is indeed, a very great pleasure to me to be with you all on the occasion of the celebration of the Silver Jubilee of the Surat District Central Co-operative Bank this afternoon, and I must sincerely thank the Directors for the honour they have done me in asking me to preside over the celebrations. When Mr. Gandhi saw me in this connection in Poona, I had considerable misgivings about accepting the kind invitation, in as much as I was afraid, pressure of work would not leave me time enough to refresh my knowledge of your Bank and of the working of the co-operative movement in your District and to devote myself to thinking the matter out well enough to be able to say anything that may be useful. My official position too increased my doubts and hesitations since any statement of opinion or fact that I might make might perhaps wrongly be taken to represent the views of Government. As Registrar of Co-operative Societies in the Bombay Presidency for a number of years, however

I naturally came into close touch with many workers like Mr. Gandhi, who have been giving of their best to the service of Co-operation for many years past and with several fine institutions like your Bank, which have been a credit to the Co-operative Movement by their success and efficiency, and I learnt to appreciate these workers and admire these institutions. As Registrar, again, as also in other capacities, my studies of co-operative literature, of the results of the application of co-operative methods to the problems of western countries and above all, of the working of the Co-operative Movement in India and the Bombay Presidency have made me a co-operator, confirmed me in my faith in Co-operation as a method eminently suitable for many problems of the economic life of the country, whether rural or urban, that confront us. My belief in Co-operation and my desire to renew associations with co-operators and co-operative institutions triumphed over my doubts and hesitations and have impelled me to join you today in celebrating the Jubilee of the Surat Bank.

The Silver Jubilee.

Started in June 1909, your Bank completed the first twenty-five years of its career in June last. Twenty-five years, a quarter of a century—represent a sufficiently long period of time for individuals and institutions to mark a stage, a land-mark in their life. To survive so many years is in itself some proof of the usefulness of the institution; to thrive is a proof of efficiency and success; to progress bespeaks virility born of the continued enthusiasm and initiative of the workers, presaging continued vitality and further utility in future.

These twenty-five years have witnessed changes, portentous, cataclysmic and bewildering. From the Morley-Minto Reforms to the Federation is a mighty transformation; from the placidity of the prewar period through the hectic ferocity of the War period, and the great prosperity of the post-war industrial boom period, to the torpidity of the phenomenal economic depression with a lining in the clouds, the silver of which we seem to see always but which persists in remaining invisible, are changes and vicissitudes hard to follow and harder to keep pace with; from the slumber of ages to the wide-awakeness permeating even to the obscure recesses of rural areas, was a sudden transition from listless apathy to the realisation of the need for self-help and group or corporate action. Through such a period of storms, transitions and momentous transformations, your Bank has steered safely clear of shoals and deeps, has preserved sanity, exerted a steadying influence, tempered justice with mercy judiciously towards its clients—the primary rural societies, preventing a clash and a crash, by pressing for recoveries and providing for fresh finance and has maintained a steady progress, so that in the opinion of those who know, it ranks as one of the best Central Banks in this Presidency.

Congratulation to workers.

For this result, great credit is due to those associated with the working of the Bank, its management and direction, and I take this opportunity to congratulate them for their notable achievement and for the successful fruition of their labours. Khan Bahadur Bamanji Modi, the Chairman of the first quinquennium deserves appreciation for his pioneer efforts, which were well seconded by his successor Rao Bahadur Khandubhai Desai. Mr. Chunilal Gandhi assumed responsibility as Chairman in 1917 and during the 17 years that have passed, the ability, energy and enthusiasm that he has brought to bear on his work have led to very rapid progress, the working capital going up from about a lakh and a half to about 39 lakhs. I congratulate Mr. Gandhi on this splendid achievement. Though as a prominent lawyer and leading citizen he has been associated in the numerous public activities of a large town like Surat, he has always found time for the Bank with a devotion, which it is not usual to find. To you, Mr. Gandhi, this day of jubilation on the completion of 25 years of the existence of your Bank must be a day of special and peculiar pleasure indeed.

Progress of the Bank.

A glance at the statistics of the Bank clearly reveals the gratifying progress that has been made. Started as an Urban Union in 1909, it soon developed into a central financing agency for the Surat District, like many other co-operative institutions in other parts of the country. It had individuals as members and it took co-operative societies also as members, so that it has become a mixed type of Central Co-operative Bank. Whether it is right or wrong for a Central Bank to finance individuals, is a controversial question which I would not like to discuss on an occasion like this. All that I would say is that so long as no co-operative principle is infringed it is both desirable and necessary not to aim at too great a uniformity but to try different constitutions to suit different conditions. The membership of your Bank has steadily increased; from 82 in 1909-10 to 265 about ten years later is perhaps not a great rise for individual membership; but from this 265 to 1331 in 1933-34 is certainly a very satisfactory rise, testifying to the realisation in an increasing measure by its members of the usefulness of the Bank to them and to its stability and soundness. With the growth in the number of societies in the Surat District, the number of society-members naturally grew up to 205. The working capital shows a similar growth. From Rs. 17,630/- at the start to 2 lakhs and 80 thousand ten years later was good; but from that to 39 lakhs now is very creditable indeed. This large sum is not made up largely of share-capital. The share-capital is only about 6½ per cent. of the total working capital, the reserve and other funds being about 3 per cent. Deposits,

the great test of the confidence of the public in a banking institution; amount to no less than about 35½ lakhs, that is to a little more than 90 per cent. This is all the more creditable when we find that the flow of deposits has been unchecked even when the rate of interest has been lowered from time to time in harmony with the easy conditions of the money market, and stands today ranging from 1 to 2½ per cent. The prestige that the Bank has acquired and maintained all these years, and its high credit among the public become all the more worthy of note when we find that besides the indigenous bankers and the Imperial Bank of India, who were old competitors in the matter of securing deposits from the public, there are many others added to the list in recent years. There is the Peoples' Co-operative Bank, guided with marked success by another of Surat's distinguished co-operative workers, Rao Saheb Jadav, and there are the branches of the well known joint-stock banks of Bombay, like the Bank of India, the Bank of Baroda and the Central Bank of India. In the face of the competition of such powerful banks to secure and attract deposits at as low rates as the best managed banks only can afford to offer and that to the extent of 90% of its working capital is testimony enough of the confidence which the people of Surat have in the soundness and stability of the District Bank, which might well gladden the heart of any co-operative worker who aims at rising from a very humble beginning to a position where he can face the competition of powerful joint-stock interests. Economic management, steadily growing profits, a steady rate of dividend, reduction in the rate of interest on lendings are other features pointing in the same direction. The progress of the Bank is very satisfactory indeed and all concerned might well take pride in the achievement and derive enthusiasm and impetus for carrying on the work so well begun. I note with satisfaction also the development of branch banking and that the District Bank has already four branches at four taluka headquarters and I have no doubt, in the fulness of time the other four talukas will also be served by their own branches. Bound up as your future is with the development of the smaller areas and the countryside, it is clearly better to stimulate development by establishing closer contact through branches than by trying to reach them from the District headquarters. Besides, as is well known, the establishment of a branch and the facilities it affords for convenient finance often stimulates the growth and development of co-operative societies in that particular tract.

Functions of District Central Banks.

A District Central Co-operative Bank occupies a very important position in the financial structure of the Co-operative Movement and is intended to perform functions of considerable significance to the economic development of the country as a whole. As a co-operative institution, it stands in close contact with the

co-operative movement in its District; to help and advise co-operative societies, to supervise and inspect them, and to make them effective instruments of village uplift, all these fall within the legitimate functions of the Central Bank.

The original scheme for Co-operation in India, as you are doubtless aware, did not contemplate the federation of primary rural societies into central financing agencies or the constitution of independent agencies of this nature. It was of course recognised that agricultural societies could not be expected in all cases to raise sufficient capital from their own funds and resources, but it was anticipated that loans from Government in the early stages and from urban banks later on would meet the needs of the case. Under these arrangements certain of the larger urban banks like yours assumed the position of central financing agencies, after the passing of the Act of 1912. Central Banks have a double function to perform, of balancing the funds of societies and supplying capital, and as co-operative institutions they have a further mission also in this that they give an opening whereby the middle classes can interest themselves in the movement and help to create a band of honorary workers willing to serve the cause of co-operation in the rural areas. As banking institutions the Central Banks have with the Urban Banks yet another mission to perform and that is to furnish banking facilities to the urban population in their district. Joint-stock banks have not yet fully penetrated even into the headquarters of the districts in all parts of the country and are conspicuous by their absence in the taluka-towns. The indigenous bankers are the only agency for banking in such areas and the extension of banking facilities, necessary for the development for the banking habit, needs smaller institutions on a co-operative basis like the central banks and the urban banks.

District Banks and Urban Banks.

No conflict need arise between these two types of co-operative banks. The field for the development of modern banking is indeed so vast that there is plenty of scope for the successful expansion of both these types so far as the obtaining of funds by way of deposits is concerned. This is no where more clear than in your own City, where the Peoples' Bank and the District Bank have both been able to attract large sums of money as deposits.

As I have stated above, your Bank has done very good work as a bank, inspired confidence amongst the public, received a large amount of deposits, and provided banking facilities. But that is only one part and that too not the most important part of your work. Your success must be judged by the success of the co-operative movement in your District. This, it cannot be said, is at present in a satisfactory condition. The arrears of primary societies have risen from 5 per cent. in 1925-26 to 50 per cent. in 1932-33 and it has

been found necessary to ask Government to appoint a Recovery Officer. Such appointment may be necessary but if Co-operative Societies have to depend upon Government officers to collect their dues, it can hardly be said that they are co-operative in the real sense of the word. The main cause may be the present economic depression which has affected agricultural classes as well as others, but there is no doubt there are and have been other causes at work which have brought about the present state of things. As the Central Financing Agency, it is for you, in your own interest, as also in the interests of the members of primary societies to see that these societies are improved and put on a sound basis. For after all, you are part and parcel of the whole organisation, an important part, but only a part, and so long as the other component parts of the organisation are defective, it cannot be said that you are achieving the end which you have in view. So long as the societies which are affiliated to your Bank are not properly working, so long as the members thereof have not assimilated the principles of co-operation, you must not rest satisfied with your work, however good it may be in other directions.

Lack of Success of the Movement.

The achievements of the co-operative movement, it must be acknowledged, have not been so far commensurate in any way with the expectations of its sponsors or of its workers. The primary societies were expected to be small but model institutions, weaning the rural population from reckless extravagance in obedience to a fancied or real age-long custom on ceremonial occasions and from improvidence and foolish expenditure during good years without laying by something for the lean years, training up the people to the practice of thrift and self-help without which no economic regeneration of the downtrodden is ever possible, providing a forum for the evolution of rural leadership and becoming the centre, the focus, the nucleus round which would cluster and develop all forces that would lead to the reconstruction of rural life and to the uplift of the villages. Instead, it is sad to reflect that our small societies, in many cases have remained more or less agencies for the distribution of moneys received from the District Central Banks among the members, with little genuine intention to use the finance productively and to repay the amounts borrowed on the due date. The villagers have rarely seen in these societies their own institutions with potentialities of doing them a considerable amount of good. In good years, the borrowers might just pay but would not save; in lean years, they pray for extensions; and in periods of depression, like the present, they would pray for remissions, so that it is a case of "pay only if you must."

For this state of affairs, the District Central Bank as the premier co-operative institution of the District should accept a part of the responsibility at least. As a bank

it might be enough if it inspects and sees from time to time that its moneys are safe: but as a co-operative body is has responsibilities, I feel, far wider and more onerous. Even your Bank, efficient as it is, cannot escape from the blame that must attach to it with this wider conception of its responsibilities. Has the promotion of thrift been seriously attended to? Has the village uplift problem been earnestly taken in hand? Has the education of the villager, both co-operative and general, without which no great progress is possible, received the careful attention of the Bank? Has the development of Non-Credit Co-operation occupied them seriously enough? I am not in any way inclined to belittle the great work that your Bank has been doing; I am rather suggesting what immense vast fields still remain uncovered, untried, unattended to, before we can really feel satisfied with the Bank's contribution to the economic regeneration of the rural population, which as the premier co-operative body in the District, it is your duty to aim at. I have no doubt that long before the Bank celebrates its Golden Jubilee, it will have embarked on this more onerous task and that Mr. Gandhi and his band of enthusiastic colleagues and co-workers will ere long initiate efforts in this direction.

I understand that your Bank has appointed a committee to investigate into the conditions in the rural areas with a view to develop co-operative finance. While doing so it might be worth while to see, if it is necessary to change the lines on which we have been working for so many years past. As you all know the movement, not only in this Province but throughout India, has been mainly, if not entirely a credit movement. It was in a way natural that the Co-operative Movement in India should have started and remained for a long time more or less a purely credit movement just as in England owing to the social conditions prevailing, it has remained predominantly a consumers' movement. Is it not both necessary and desirable that much more attention should now be paid to the non-credit side of the movement? Instead of one's being satisfied merely with supplying finance, should we not organize other activities on co-operative basis? We have so long pinned our faith to co-operative finance. Supposing now we start at the other end, get hold of the cultivator's produce, sell it and out of the surplus that remains, arrange for the finance for the following season. The point is this; that it is after all with the sale proceeds of his crop that the cultivator is in a position to repay his loan. Why not then organise the sale of his produce so that out of the sale proceeds he may repay the loan that he has taken and also lay by something for the future?

Marketing.

It is true that when Co-operative Credit was organised thirty years ago, such activities were left out of consideration. This policy was deliberately adopted not because, as the MacLagan Committee point out, the vital impor-

tance of other kinds of co-operation was not fully realised, but because it was held that among a relatively backward population, the difficulties involved in the management of productive and distributive business were likely to prove a stumbling block in the way of progress. This was probably the correct view at the time but we have to remember that the very success of the simple-looking credit societies depends to no small extent on developments along non-credit lines at the same time. Finance helps production; marketing disposes off at a profit the produce, and unless co-operation organises marketing to take off what has been produced by co-operative finance, no substantial results can be achieved. We really cannot take the different needs of the agricultural population by turns. All have to be taken together, sooner or later the complex forms together with the simpler ones, because the agricultural industry is not like a compartmental examination which a student can pass by passing in different subjects in different years. As one of our veteran co-operators, Professor Kaji said in one of his speeches recently, "Of the four important stages in the Agriculturists' cycle, finance, supply, production and sale, each is important enough and unless all the four are efficiently organised, the full benefits of our endeavours cannot be expected."

In the last decade co-operators have been realising the need for organised marketing more than ever before and the Bombay Presidency has taken a lead in the matter, so that it is largely there and more particularly in Gujerat and still more particularly in the Surat District that we find a successful organisation on co-operative lines of the marketing of agricultural produce, chiefly cotton. The Cotton-Sale Societies of Surat have been models of their kind and great credit is due to the pioneer efforts of Mr. Purshottam Ichchharam and his Sonsek Society, which with the energetic and able guidance of Gujerat's veteran co-operator, Dewan Bahadur Ambashanker Malji, led the way to the formation of other societies on similar lines and to the development of processing work on co-operative lines as in the case of the Sonsek, now appropriately designated the Purshottam Co-operative Ginning Society. The recent formation of the Farmers' Co-operative Cotton Ginning and Pressing Society with a capital of one lakh and the Union of all the Cotton-Sale Societies in the District practically completes the organisation of the sale of cotton on co-operative lines in the Surat District. This is an achievement of which Surat can well be proud and a share of the credit might well be taken by your Bank as the chief financing body concerned.

It is, however, clear that even in the case of cotton only a small part of the crop in the District is sold through Co-operative organisations. There is still a good deal to be done even for cotton but much more is required to be done for other crops and though groundnut and tor dal have received

some attention, there is ample scope for the great driving force of the District Bank and its workers. Marketing has been receiving considerable attention from the Government of India and from the Provincial Government as well and marketing officers are being selected. Marketing surveys will prepare the ground for the adoption of a vigorous policy of organised marketing and it is just the time when an institution like yours might well begin to plan a vigorous policy of co-operative marketing of agricultural produce, not only for the great money crop of the District-cotton, but for all other crops also. For this purpose, the organisation of sale societies, though desirable, may not always be feasible in the initial stages. In such cases pooling the produce in each village and selling it through your Bank, which might provide the godown facilities that will be necessary, and supply the marketing finance would be good enough to begin with, and to train the villagers in group or collective action for purposes other than credit. In your District you should experience less difficulties than in other parts in as much as the people hereabouts have the reputation for a natural aptitude and acumen for business. I understand, you have been permitted to advance moneys on the security of agricultural produce and I trust you take advantage of this permission to push forward this work of marketing, the development of which appears to me to be indispensable for the success of the Credit Movement.

Insurance.

Insurance is another subject to which I would like to direct your attention. The cardinal basis of the Co-operative Movement is, as you are well aware, thrift. And what is Insurance but a higher form of thrift? By thrift, you voluntarily save so that your savings may be of use to you in a wintry day; by insurance, you compulsorily along with many others save small amounts so that a large amount becomes available to you and others when calamity overtakes you, and the others in turn. In thrift, you use your own savings; in insurance, you use the savings of others also. Thrift gives you some relief in distress; insurance gives you the belief that the distress will be easily repressed. Thrift is self-help; insurance is the highest form of mutual help, where all save so that none shall suffer. Indeed I cannot conceive of a better agency to come to the rescue of distress as insurance, whether it be for cattle, life or fire. Cattle insurance was tried and seems to have been abandoned. I am not sure whether it cannot be taken up again, profiting by the mistakes of the past, by not pinning faith so much on small organisations as on large ones or at least on a federation of small ones. For insurance is based on the law of averages and the larger the area and the more diverse the conditions, the better will be the safety of the institution guided by this law of averages. For life, a very good start has already been made by the starting of the

Bombay Co-operative Life Insurance Society. I am glad to find that your Bank was among the foremost supporters of the Society and took up debentures of the value of Rs. 10,000/-. The Society seems to me to have passed the dangers of infant mortality and to have entered upon a period of vigorous youth, eager to take the message of insurance to the rural and urban co-operative population. I have always felt that loans for unproductive purposes should never have been allowed, however necessary from the social point of view these might be. For current agricultural needs, by all means borrow; but for necessary unproductive expenditure, provide yourself with funds, not by borrowing but by taking out the right type of insurance policy. In the interest of thrift, in the interests of saving preventable additions to the load of agricultural indebtedness, in the interests of the additional security which the insurance policy would give to the creditor-society and bank, I ask you to consider seriously whether your Bank as the chief co-operative body in the District should not actively interest itself in Co-operative Insurance.

There are other forms of non-credit activities about which I should have liked to say something, if I had the time, like Land-Mortgage Banks, Consolidation of Holdings and Better Living Societies. You are probably aware, that Government have decided to help the organisation of Land-Mortgage Banks, and I hope that your District will take advantage of the facilities that may be offered in the near future in this direction. I know the experience of your Bank in the matter of debt-redemption has not been very encouraging but that experience itself will help you in avoiding mistakes and pitfalls, if and when you decide to organise long-term credit for debt-redemption and other purposes. I need not dwell on the advantages of consolidation of holdings. Punjab has already done good work in this direction on a co-operative basis and I hear that substantial work in that direction has been done recently in the Central Provinces. There is no reason why if the necessary workers and stimulus are available, similar work should not be done in your District.

Village Uplift.

There is one more matter to which I would like to invite the attention of your Bank, of the District Branch of the Provincial Co-operative Institute and of all co-operative workers. Co-operation cannot bear the fruits that we would wish for unless the attitude of mind of the village population materially changes towards life. Hopelessness breeds helplessness and is the enemy of all progress. A wider knowledge, a broader outlook on life, a further understanding of the realities of the situation, a keener perception, alertness and activity must exist or be created before the villagers can ascend the steep paths of progress and betterment. And, it is education that can only effect this. It is

education, co-operative and general, it is education for the children and the adults, it is education, primary and vocational that is needed to reconstruct village life and bring about the much desired village uplift. A great stimulus recently has been given to the cause of village uplift by the speeches and activities of his Excellency Sir Frederick Sykes in this Presidency, and a great deal of very useful work is being done already through the District Councils established in various districts. While sanitation and hygiene are important enough in any scheme of rural betterment, while agricultural improvements and co-operative efforts towards economic progress are important enough, while recreation, amusement and several other items are as important in the scheme of the better ordering of rural economy, it cannot be denied that education and that too, adult education claims the pride of place. And, I put it to you to consider whether it is not a part of your mission to direct your energies to this cause of village uplift and adult education, even if that should mean some employment of your funds. Being charged with the mission of the development of the Co-operative Movement within the District, your fortunes are bound up with the fortunes of the rural primary societies, the success of which constitutes the true test of your own success and any expenditure in money, time or energy that you might incur in this connection would in the long run be a very sound investment, since with an educated population to deal with, the gospel of co-operation will meet with understanding and willing acceptance, your efforts would meet with prompt response, rural leadership be evolved and the tree planted thirty years ago will blossom forth, bearing flowers and yielding the fruits that we in vain search and long for today.

Gentlemen, I have been perhaps unduly long and I may have wearied you with a homily when you are naturally in a mood to rest satisfied for the moment with the things accomplished. I felt, however, that the occasion marks an important stage in the career of the Bank, when the past might well inspire the future and when the things accomplished might well suggest the things that await attention now onwards. You have a fine institution, a watchful and progressive directorate, an efficient staff, an excellent reputation and an encouraging record. You have a population more alert, more business-like, readier to listen to any proposition that spells gain to them, and quick to profit by useful suggestions. I have no doubt whatever that a bright future awaits you in your mission to assist in the economic regeneration of the rural population of your District.

I thank you again for giving me this opportunity to renew old friendships and to participate in the celebrations of the Silver Jubilee of one of the best District Central Co-operative Banks of the Presidency.

After the inspiring address of the President-Elect was over, Mrs. Madan was then requested to present Jubilee Souvenirs to the members of the Bank's Staff and to the girls of the Mahila Vidyalaya who had delighted the audience with the welcome song and she gladly performed the function. The College boys came forward to make the function a yet greater success and entertained the audience with a musical orchestra. After the orchestral music was over, Mr. P. J. Taleyarkhan proposed a hearty vote of thanks to the chair in suitable words. Sardar Rao Bahadur Bhimbhai R. Naik, M. L. C. seconded the same. The Chairman of the Bank then thanked the Authorities of the College for allowing the use of their compound and the College boys for giving the musical entertainment and the authorities of the Mahila Vidyalaya for sending the girl students for singing the welcome song. He also thanked His Highness the Maharaja Saheb of Dharampore, for sending his Bhajan Mandli and for his donation of Rs. 50/- to be given in prizes to best rural workers in the co-operative movement. The farewell song terminated the proceedings.

Light refreshments were thereafter served in the beautifully decorated gardens of the College in which all the persons assembled at the function heartily participated. Arrangements were made for giving a free Cinema Show for those who wanted to entertain themselves with it and the Bhajan Mandli from Dharampore entertained others who liked to stay on the spot. The gathering was then divided into two camps, one for entertainment at the Cinema Show in the City and the other to hear the Bhajan Mandli at the Pandal. Thus terminated the function of the Silver Jubilee Celebrations of the Bank to the great satisfaction of all parties concerned.



Short Life-Sketches of Some of the Directors of the Bank.

(1)

Khan Bahadur Bamanji Edalji Modi,

Director and First Chairman of the Surat District Co-operative Urban Union Ltd., from 1909 to 1914.

(Born 1845; Died 1915.)

Was the second son of Sardar Davar Edalji Khurshedji Modi, the hereditary Head of the Parsi community of Surat. Was educated at the Elphinstone College Bombay. Was a Dakshina fellow. Passed M. A. in 1869. Joined Government Service in 1870 as a District Deputy Collector and was one of the most popular officers in the Kaira District. In 1885 he peacefully suppressed the riot of Talavia Bhills, in the Broach District. Was also appointed to try communal riot cases arising out of disturbances in Prabhas Patan in Junagadh, in 1893. Rendered valuable public services during the Plague and Famines. After retirement in 1902, was appointed Honorary First Class Magistrate and Deligate of the Parsi Matrimonial Court in Surat. He was a nominated member of the Surat City Municipality, was a member of the Managing Committee of the Countess of Dufferein Dispensary Society, the Nursing Institute, The Andrews Library, and a Trustee of many Parsi Charity Funds. He organised Temperance movement in Surat. He was made Khan Bahadur in 1908, he was one of the Pioneers of the Co-operative Movement in Surat District and was the First Chairman and a Director of the Surat District Co-operative Urban Union Ltd. from 1909 to 1914.

(2)

Rao Bahadur Khandubhai Gulabbhai Desai,

One of the Directors of the Surat District Co-operative Urban Union Ltd., from 1909 to 1916 & its Vice-Chairman from 1913 to 1914 and its Second Chairman from 1914 to 1916.

(Born at Sarbhon in February 1847. Died at Surat in 1922.)

Joined Engineering College at Poona 1846, and stood first amongst the successful candidates at the L. C. E. Examination in 1849. Was appointed Assistant Engineer and finally rose to the position of the Presidency Engineer of the Bombay Presidency, the highest post that an Indian could get. Then he retired from service in 1902 and settled in Surat in 1906. He then devoted himself whole-heartedly in all public movements. The Provincial Industrial Exhibition of 1907 owes its success mainly to his untiring energy. He was one of the Pioneers of the Co-operative Movement in the Surat District; Was the leading promoter of the Surat District Co-operative Union (Urban) Ltd., and became

its first Honorary Manager in 1909 which post he occupied till 1914 when he became its Chairman; he continued in that position till 1916. He was the first Chairman of the Sarvajanik Education Society and that position he occupied from 1912 to 1920 when he retired owing to ill-health. A number of the magnificent buildings of the Sarvajanik Education Society were constructed under his honorary supervision. He was one of the founders of the "Surat Mahila Vidyalaya Mandal" in 1916, for which he collected large funds and himself contributed nearly Rs. 15000/- besides donating the Gymnasium worth about Rs. 15000/-.

(3)

Dewan Bahadur Chunilal Maneklal Gandhi, B.A., LL.B., Advocate (O.S.);

One of the Directors of the Surat District Co-operative Urban Union Ltd., and latterly of the Bank from 1909 to 1934; Vice-Chairman from 1915 to 1916 third Chairman from 1917 to 1934.

Born at Rander on 5th August 1871. Educated at Government High School Surat and Elphinstone and Government Law Colleges at Bombay. Passed Matric in 1889, B. A. in 1892 & LL. B. in 1895. Was the Elphinstone prizeman 1890 and Cobden Club Medalist. Joined public life as a Member of Rander Town Municipality, 1892 to 1894. Began life as a teacher at the Government High School at Surat in 1894, and then served as a Librarian and Superintendent Elphinstone College, 1895 to 1896. Joined Surat Bar in 1896. Was elected Member of the Surat City Municipality, 1904 to 1909. Worked as a Secretary Indian National Congress held at Surat, 1907; Secretary Surat District Congress Committee, 1908 to 1912. First Non-Official President of the Rander Town Municipality, 1909 to 1912. Was the Secretary of the Surat Liberal Association, 1907 to 1913. Was one of the pioneer founders of the Surat District Co-operative Union (Urban) Ltd, 1909; One of the promoters of the Sarvajanik Education Society in 1912. Was the Government Pleader and Public Prosecutor from 1913 to 1921. Is the Chairman of the Surat District Co-operative Bank Ltd., from 1917 till to-day. Was a Member of the Second Tribunal appointed to try Kaira Disturbance Cases in 1919. Is the Chairman of the Executive & Managing Committees of the Sarvajanik Education Society from 1920 till to-day. Was elected member of the Bombay Legislative Council from 1922 to 1924 from the Surat City Urban Constituency. Was at that time appointed a member of the Primary Education Committee, Chairman of the Retrenchment Committee, and Chairman of the Excise Committee. Was the first mofussil lawyer to be enrolled as an Advocate High Court (O.S.) in 1926. He is the Notary Public of Surat for the last many years. Was re-elected to the Bombay Legislative Council in 1927 in a bye-election. Started in 1928 the Drawing and Design Class at Surat for revival of indigenous cottage industries of Surat

and was the Chairman of its Committee from 1928 onwards till the Sarvajanic Education Society took up its management in 1934. Was the Chairman of the Surat Mahila Vidyalaya Mandal a society for the promotion of women's education, from 1927 to 1934. Started a Girls' High School at Surat in 1934. Besides, he is the Chairman of the Surat Seva Mandal or Social League, Chairman of the Surat Jilla Vidyarthi Sahayak Sahakari Mandal Ltd., Chairman Surat Vyayam Vir Sammelan, a member of the Executive Committee of the Surat Scout Association, a member of the Executive Committee of the Surat St. John Ambulance Society, a Trustee of the Naginchand Institute, a member of the Managing Committee, Surat City Co-operative Milk Supply Society Ltd., a Member of the Discount Committee of the Surat Peoples' Co-operative Bank Ltd., a Director of the Bombay Provincial Co-operative Bank Ltd., Chairman of the Surat District Co-operative Institute, a Member of the District Board of the Supervising Unions, a Director of the Bombay Co-operative Insurance Society, a Member of the Bombay Provincial Co-operative Council, a member of the All India Co-operative Institutes' Association, a Member of the Central Education Board of the Bombay Provincial Co-operative Institute, Honorary Principal of the Gujarat Co-operative School, and recently of the Law College at Surat, sometime Editor of the "Sahakar Patrika" and a Member of its Publication Committee. Is a Member of the Executive Committee of the All India Liberal Federation. Was the President in many Co-operative Conferences. Was a Member of the Supervision and Agricultural Depression Committees, appointed by the Government of Bombay. He is an Adviser to the Dharampore State. Is a Member of the Executive Committee of the Surat District Rural Uplift Committee. He is a Director of the Surat Electricity Co., Ltd., for many years. He is a Member of the Local Advisory Committee of the Bank of India Ltd., Surat. He is also a Member of the Bar Council of the High Court of Judicature at Bombay. He has been recently appointed as a Member of the Legal Education Committee of the University of Bombay. Vice-President of the Bombay Provincial Co-operative Institute and Chairman of the Bombay Co-operative Insurance Society. There is hardly any important public institution with which he is not usefully associated in one way or another.

(4)

Chimanlal Dahyabhai Clerk, Esqr., B. A., LL. B.,

One of the Directors of the Surat District Co-operative Union Ltd., and latterly of the Bank, from 1919 to 1924 & 1927 to 1934.

Vice-Chairman from 1929 to 1934

Born at Surat 1886. Passed B. A. in 1909. Joined the Surat Bar in 1910. Became a Director of the Surat District Co-operative Union Ltd., in 1919 and is now the Vice-Chairman of the Surat District Co-operative Bank Ltd.,

since 1929. Is the Vice-Chairman of the Managing and Executive Committees of the Sarvajanic Education Society. Is a Member of the Managing Committee, Lady Willingdon Ashkashram Surat and a member of the Mahajan Committee of the Surat Hindu Nirashrit Charity Fund. Is one of the Trustees of Bai Dayakori Surti Dasa Porwad Education Fund and also of Shri Surti Dasa Porwad Morarbbhai Vijbhukhandas Malvi Hitkarak Fund. Is one of the Trustees of the Surti Dasa Porwad Punch, and Surat Mahila Vidyalaya Mandal Is the Chairman of the Surat Committee of the Surti Dasa Porwad Hitechchhu Sabha. Is a member of the Managing Committee of the Surat District Co-operative Institute and of the District Board of Supervising Unions, Surat.

(5)

Ramchandra Chhotubhai Desai, Esqr.,

One of the Directors of the Surat District Co-operative Union Ltd. and latterly of the Bank and its Honorary Manager from 1915 to 1934. & Chairman Bardoli Branch, from 1930 to 1934.

Born in 1886 at Mahuwa. Educated at the New High School, Bombay. Joined the Victoria Jubilee Technical Institute, Bombay in 1904. Passed Mechanical and Electrical Engineering Examinations in 1908 and 1910. Passed second class Boilers' examination in 1909. Joined Alembic Chemical Works Baroda, in 1910. Joined the Surat District Co-operative Union Ltd. as its Director and Honorary Manager in 1915 and continues on that post till to-day. Is a Director of the Surat Peoples' Co-operative Bank Ltd. from 1929 till to-day. Was a member of the Managing Committee of the Surat District Co-operative Institute and of the Chikhli Taluka Co-operative Supervising Union Ltd., recently he has become a Director of The Gujarat Investment Trust Ltd..

(6)

Rao Saheb Bhagwandas Brijbhukhandas Shroff,

Director from 1922 to 1934, Chairman Bulsar Branch from 1923 to 1934, and Chikhli Branch 1928 to 1934.

Born in 1884 at Bulsar. Passed Matric. from Avabai High School Bulsar in 1902. Studied at the Elphinstone College, Bombay, for a year and then began to attend family business. Member Bulsar Town Municipality 1908 to 1924. President of that Municipality 1921 to 1924. Member Bulsar Taluka Local Board 1913. Its first non-official Vice-President 1917. Also the first non-official President of that Board 1922 - 1934. Member Surat District Local Board 1918 to 1934 and its Vice-President for 6 years from 1925 to 1931. Member Divisional Board of Agriculture for Gujarat, for 7 years, 1927-1934. Managing Director of the Bulsar Peoples' Co-operative Bank Ltd., from the

beginning. District Honorary Organiser for Co-operative Societies from 1922 till this day. He is working as the Registrar's Nominee for deciding arbitration cases. Is a Director of the Surat District Co-operative Bank Ltd., from 1922 till to-day and the Chairman of its Bulsar Branch from 1923 and of the Chikhli Branch from 1928 till to-day. Vice-Chairman of the Pardi Taluka Co-operative Supervising Union Ltd., and sometime Member of the Managing Committee of the Chikhli Taluka Co-operative Supervising Union Ltd. Member of the Managing Committee of the Gujarat Divisional Co-operative Institute Broach. Honorary Treasurer of the Bai Avabai Library Bulsar for a long time. Vice-Chairman of the Managing Committee of the Sheth Ratanji Nathubhai Chavaswala Eye-Hospital Bulsar. Is a member of the Managing Committee of the Vidyamrit Varshini Pathshala Bulsar for a long period. Is a member of the Managing Committee of the Sarvajnik Education Society Bulsar and also a Member of its School-Committee from the very beginning. He is the supervising Trustee of the Dispensary, Boarding House, and Sadavrit Departments of the Charities of the Late Sheth Kalyan Harjivan of Bulsar. Had taken active part in the famine relief work at Bulsar in 1919, especially in connection with Cheap Grain Shops, conducted by Sir Purshottamdas Thakurdas. From 1929 he is an Honorary Secend-Class Magistrate and is the Chairman of the Bench of Honorary Magistrates of Bulsar.

(7)

Rao Saheb Vandravan Chhotalal Jadav, B. A.

Director from 1918 to 1930 and 1932 to 1934.

Born in 1886. Educated at Bhavnagar and at Sarvajnik High School Surat. He passed his B. A. in 1908 from the Elphinstone College Bombay. Worked in the Specie Bank of India from 1908 to 1913, and then as a teacher in the Union High School in 1914 and 1915. Started College of Commerce and Financing and Accounting Agency in 1915. Promoted the Surat Peoples' Co-operative Bank Ltd., in 1922 and is its Managing Director from the very beginning. Director Surat District Co-operative Bank Ltd., 1918 to 1930 and from 1932 till to-day. Member of the Managing Committee of the Surat District Co-operative Institute and of the Council of the Bombay Provincial Co-operative Institute. Was a Director of the Bombay Provincial Co-operative Bank Ltd., Director of the Bombay Co-operative Insurance Society, Leading Member of the Managing Committee of the Surat City Co-operative Milk Supply Society Ltd., from 1927. Is the Managing Director of the Gujerat Urban Banks' and Credit Societies' Union Ltd., from its commencement. Was a member of the Managing Committee of the Sonsek Superving Union Ltd. Member of the District Board of Supervising Unions Ltd. Was an Honorary

Lecturer in the Gujarat Co-operative School. Presided over Co-operative Conferences at Kosamba, Baroda State, and Hansot, Broach District. District Honorary Organiser Co-operative Societies, Surat, Honorary Treasurer of the Surat Mahila Vidyalaya Mandal from 1922, and of the Union Education Society Surat from 1929. Sometime Member of the Managing Committee of the Sarvajanik Education Society. Member of the Mahajan Committee of the Surat Hindu Nirashrit Fund from 1929. Member of the Advisory Committee of the Surat Vanita Vishram. Recently he is the Managing Agent of the Gujarat Investment Trust Ltd.

(8)

Chhanamukhram Krishnamukhram Mehta, Esqr.

Director from 1919 to 1934.

Born in 1871. Third son of Mr. Krishnamukhram Atmaram Mehta who after serving Government in high responsible positions as an Assistant Registrar and Deputy Registrar High Court, Bombay, retired as Small Causes Court Judge, Surat. Passed District Pleader's and also High Court Vakil's Examinations. Enrolled as an Advocate; practices as a Lawyer for the last 35 years. Was a Municipal Councilor in Surat for many years. Is a member of the Managing Committee of the Sarvajanik Education Society, Director of the Surat District Co-operative Bank Ltd., from 1919 till this day. Chairman of the Board of Directors of the Rander Electricity Co. Ltd., for the last few years.

(9)

Sardar Rao Bahadur Bhimbhai Ranchhodji Naik, M. L. C.,

Director from 1921 to 1934.

Born in 1880. Owner of five Inami villages and large Inami lands in Surat District and Baroda State. Is the Proprietor of the firm of Bhimji R. Naik of Salisbury in Rhodesia, South Africa. Director of the Surat District Co-operative Bank Ltd. from 1921 till to-day. Vice-President of the Surat District Co-operative Institute for many years, and its President in the beginning. Member of the Advisory Committee of the Central Bank of India Ltd. Surat Branch. The Chairman of the Board of Directors of the All-India Security Life and General Assurance Co. Ltd., Bombay. Member of the Bombay Legislative Council from 1927 till to-day. President of the British Indian Association 1896 to 1912. First elected non-official Vice-President of the Choryasi Taluka Local Board from 1917 to 1920 and its President 1920 to 1923. Member of the Surat District Local Board from 1919, its Vice-President 1922 to 1924 and the first elected President since 1925. Chairman Surat District School Board from 1929 till to-day. Was second class Honorary Magistrate 1920 to 1930. Is a member of the Gujarat Divisional Board of

Agriculture since 1922. Member of the Indian Central Cotton Committee since 1923. Was a Councilor of the Surat Municipality 1926 to 1931. Was the Vice-President of the Choryasi Taluka Development Association. Was a member of the Pardi Taluka Economic Inquiry Committee 1930. Member of the Advisory Board of the Imperial Council of Agricultural Research. Member of David Sassoon Trust Fund. Is a member of the Board of Directors of the East India Cotton Association Ltd. Is a member of the Provincial Board of Agriculture, Bombay. Was a member of the Indian Delegation which concluded the Japanese Trade Agreement. Was a member of the Cotton Contract Act Committee.

(10)

Nanabhai Lalbhai Vakil, Esqr.

Director from 1922 to 1924 & 1932 to 1934.

Born 1880. Passed District Pleader's Examination in 1903 and joined the Surat Bar. Was a member of the Durvyashan Nishedhak Jivdaya Prabodhak and Niti Vardhak Mandal 1906 to 1911. Member of the Dhangavri Society for Prevention of cruelty to animals from 1915 and its Secretary since 1919, Secretary Home Rule League 1917 to 1918 and Vice-President 1919. Was the Secretary Dasa Lad Bania Conference for many years. Was the Charge Superintendent of the Census of 1921 at Surat. Honorary Secretary of the Surat District Co-operative Institute since 1924. Director Surat District Co-operative Bank Ltd.. Member of the Managing Committee of the Divisional Branch of the Institute at Broach 1927 to 1931. Member of the Provincial Co-operative Council Bombay 1929 to 1934. Was a member of the Managing Committee of the Sonsek Supervising Union and is also a member of the Chikhli Taluka Co-operative Supervising Union. Editor of 'Sahkar Patrika' 1932 to 1934. Secretary of the Gujarat Co-operative School since 1931. Organised some Credit Societies in Mandvi and Bardoli Talukas. Member of the Managing Committee of Dasa Lad Bania Better Living Society, Director of the Surat Peoples' Co-operative Bank Ltd.. Member of the Surat District Local Board 1931 to 1934. Published in Gujarati the Deccan Agriculturists' Relief Act and the Bombay Co-operative Societies' Act.

(11)

Sheth Dalichand Virchand Shroff,

Director from 1923 to 1934.

Born 1887. Big leading money-lender & a merchant of the District. Member of the Lady Willingdon Ashaktashram since 1912 and President for the last 17 years. President of the Jain Students' Boarding since 1918, Treasurer and a member of the Surat Mahila Vidyalaya Mandal, Trustee and

also a member of the Managing Committees of many Jain Charitable Funds and Trusts. Director of the Surat District Co-operative Bank Ltd., from 1923. Was the Director of the Surat Peoples' Co-operative Bank Ltd. for many years, and a member of its Board of Supervision. Was a President of All India Porvad Maha Sammelan in 1933. Provincial Secretary of the All-India Jain Swetamber Conference. Was a member of the Directors' Board of the Jafaralli Spinning & Weaving Mills Ltd, Surat, 1907 to 1911. Was a Director of the Hatim Spinning and Weaving Mills Ltd., Surat. Was a member of the Managing Committee of the Union Education Society Surat, Member of the Managing Committee of the Surat Jilla Vidyalthi Sahayak Sahakari Mandal Ltd., President of the Surat Banking Corporation Ltd.

(12)

Purshottam Ichchharam Patel, Esqr.,

Director from 1914 to 1915, 1916 to 1929, 1930 to 1934.

Born in 1876. Passed Vernacular Third Grade examination in 1893. Joined the Secondary Training College at Ahmedabad next year, but owing to ill health gave up the studies after two years. Went to Mauritius in South Africa in 1895. Returned to India after 5 years and then went to Burma for a year. Went to South Africa again but returned after a year due to bad health. Was appointed as a District Honorary Organiser, Co-operative Societies, Olpad, in 1915. Started the Sonsek Co-operative Credit Society in 1919 and joined it as a Secretary. Began to organise the Sonsek Co-operative Cotton Sale Society Ltd., the first of its type in the District in 1919. Joined the Directors' Board of the Surat District Co-operative Bank Ltd., in 1914. Started the Sonsek Co-operative Ginning Society Ltd., in 1925. Is the Chairman of the Sonsek Co-operative Supervising Union Ltd., for many years. Is a member of the Managing Committee of the Surat District Co-operative Institute for the last many years. Was the Chairman and is the member of the Managing Committee of the Federation of Cotton-Sale Societies of South Gujarat. Is the Chairman of the Talad Group Co-operative Cotton-Sale Society Ltd.. Is a member of the District Board of Supervising Unions. A Patidar by birth and a tiller of the soil his personal influence mainly contributed to the founding of the first Cotton-Sale Society in the District.

(13)

Vasanji Khandubhai Desai, Esqr.,

Director from 1926 to 1934.

Born in 1896. Educated upto Matriculation in Talaja, Bhavnagar and in Surat. Gave up studies in 1912. Joined the Revenue Department of Sirohi State in 1916. Joined the B. B. & C. I. Rly, in 1917. Gave up service and

came to Bodwank for agriculture in 1918. Is the Chairman of the Bodwank Co-operative Credit Society for the last 17 years. Member of the Chikhli Taluka Local Board from 1921 to 1934 and its Vice-President from 1927 to 1934. Was a member of the Surat District Local Board from 1928 to 1930 & in 1934. Is a Director of the Surat District Co-operative Bank Ltd., from 1926 till to-day. Is a member of the Surat District Co-operative Institute from 1926 till this day. Is a member of the Managing Committee of the Federation of Cotton-Sale Societies of Gujarat. Is a member of the District Board of Supervising Unions. Chairman of the Chikhli Taluka Co-operative Supervising Union Ltd., from 1927 till this day. Chairman of the Chikhli Group Co-operative Cotton-Sale Society and of the Chikhli Group Co-operative Rice Sale Society for the last two years. Member of the Managing Committee of D. E. Italia Sarvajanic High School, Chikhli. Member of the District Committee for Rural Uplift, Surat. Member of the Managing Committee of the Sarvajanic, Library Chikhli and of the Hindu Gymnasium, Chikhli. Member of Sukleshwar Mahadev Jirnodhar Committee of Anaval.

(14)

Balubhai Kalidas Patel, Esqr.,

Director from 1933 to 1934.

Born on 18th October 1894 at Sithan, Taluka Olpad. Passed Matriculation in 1914 from Government High School, Surat, and stood first amongst candidates of Surat. Joined the Gujarat College, Ahmedabad, and passed Intermediate in Arts therefrom. Joined the Elphinstone College, Bombay, next year. Gave up studies after a year owing to family circumstances and took up farming at home. Joined the Sonsek Co-operative Cotton-Sale Society from 1924. Was one of the pioneers of the Sonsek (now Purushottam) Co-operative Ginning Society. Is the Chairman of the Sonsek Co-operative Cotton-Sale Society from 1931 till this day. Chairman of the Purushottam Co-operative Ginning Society in 1934. Is the Chairman of the Gujarat Co-operative Cotton-Ginning and Pressing Societies Union. Is the Chief Promoter of the Olpad Group Co-operative Tur-Sale Society Ltd., and its first Chairman. Is the Principal Promoter and First Chairman of the Farmers' Co-operative Cotton Ginning and Pressing Society Ltd; Director of the Surat District Co-operative Bank Ltd., from 1933 till this day. Is a member of the Managing Committee of the Surat District Co-operative Institute from 1933 till this day. Was a member of the Olpad Taluka Local Board from 1930 to 1932.

(15)

Kunverji Ratanji Desai, Esqr.,

Director from 1932 to 1934.

Born in 1898. Educated at Sarbhon and Surat. Gave up studies in 1914 and joined agriculture. Was the promoter of the Sarbhon Group Co-operative

Cotton-Sale Society in 1922 and worked as its Managing Director till 1928. Is a member of the Managing Committee of the Sarbhon Babla Group Co-operative Credit Society from 1925 till this day. Was a member of the Bardoli Taluka Local Board in 1932. Is the Honorary Secretary of Anant Library Sarbhon. Is the President of Seva Samiti Sarbhon. Was elected to the Board of Directors of the Surat District Co-operative Bank Ltd., in 1932 by societies of Bardoli and Mandvi Talukas.

(16)

Mansukhlal Ochchhavlal Vakil, Esqr.,

Director from 1915 to 1919 & 1922 to 1931.

Born in 1879. Educated at Government High School Surat. But passed Matric in 1898 from the 'Surat English School.' Joined as a teacher in the same school next year. Passed High Court Pleaders' Examination in 1905 and joined the Surat Bar. Became a Director of the Surat District Co-operative Bank Ltd., in 1915. Was a delegate of the Bank on many Co-operative Conferences. Was a District Honorary Organiser Co-operative Societies Surat, from 1917 to 1921. Organised many rural credit societies & stores in the District. Was a Director of the Surat Peoples' Co-operative Bank Ltd. from 1922 to 1933. Is a member of the Managing Committee of the Surat City Co-operative Milk Supply Society Ltd. from 1927 and is its President from 1932. Was a member of the Managing Committee of the Sonsek Co-operative Supervising Union Ltd..

(17)

P. J. Taleyarkhan Esqr., B. A., LL., B.,

Director from 1924 to 1926.

Born in 1869. Passed B. A. examination with Sanskrit. Passed LL. B. in 1893. Practised Law in Bombay till 1899, when he was appointed a second-class Sub-Judge. After seven years in 1906 became an Assistant Judge. Was confirmed as a District Judge in 1913. Retired in 1923 after serving in Ratnagiri, Thana, Broach & Surat Districts. He was for some years the President of the Bombay Civil Service Judicial Association. He was Councilor of the Surat City Municipality in 1925. He is the Vice-President of the Sarvajanic Education Society and a member of its Executive & Managing Committees. Was the President Physical Culture & Health League. Is the Chairman of the Red-Cross Committee and of the St. John Ambulance Society. Was the Director of the Surat District Co-operative Bank Ltd., from 1924 to 1926. Was the President of the Surat District Co-operative Institute from 1925 to 1932. Was a member of the Bombay Provincial Co-operative Council.

(18)

Dewan Bahadur Thakorram Kapilram Mehta, B. A., LL. B., C. I. E.,

*Advocate (O. S.) Bombay High Court and Dist. Government Pleader
and Public Prosecutor.*

Director from 1918 to 1924.

Born on 16th April 1868. Was educated at Bhavnagar, Alfred High School and Elphinstone College, Bombay. Was appointed teacher in Sorabji J. J. High School, Surat in 1894. He entered Surat Municipality in 1904, and became Chairman, School Board Committee 1907 to 1909 and 1911 and Chairman Managing Committee in 1908 and 1917 to 1918. Vice-President of the Municipality 1911 to 1914 and President 1914 to 1917 and again in 1928 for the triennium 1928 to 1931. He was appointed the Chairman, Committee of Management 1922-1925 and again in 1930. Chairman of the School Board in 1925 and again in 1931 for the triennium 1931 to 1934. He was the Chairman of the Raichand Dipchand Girls' School Committee, & its President in 1930. Was the Chairman Surat Peoples' Co-operative Bank Ltd.. In 1928 he was appointed a Member of the Pratt Committee and was a witness before "Reforms Commission" 1919. He is also the Vice-President, Sarvajanic Education Society Surat. Was the Government Advocate in Bardoli Inquiry, 1931. Was enrolled as an Advocate (O. S.) in 1933 by the High Court, Bombay. Was the Director of the Surat District Co-operative Bank Ltd., from 1918 to 1924.

(19)

Sardar Davar T. K. Mody, B. A., LL. B., Bar-at-law,

Director from 1916 to 1919.

Born in 1887. Educated at Government High School Surat and the Elphinstone College, Bombay. Is a Barrister-at-Law of Linconn's Inn. Holds a certificate of Honour of the Council of Legal Education, London. Is the holder of the title 'Davar'. Is a first-class Sardar of Gujerat since 1922. Was a member of the Choryashi Taluka Local Board and Surat District Local Board from 1919 to 1924. Was the Vice-President of the Taluka Local Board for three years. Was a Councilor of the Surat City Municipality from 1922 to 1928. Was the Joint Honorary Secretary of the War Loan Committee. Is the President of the Choryashi Taluka Development Association from 1922 till this day. Is the Honorary Secretary of the Andrews Library from 1924. From 1915 is the member of the Managing Committee of the Countess of Dufferein Dispensary Society. Is a Trustee and Managing Committee Member of the Leper Hospital, Trustee and President of many Parsi Charitable funds. Is the Delegate of the Parsi Matrimonial Court from 1915. Holds Kings Commission in His Majesty's Land Forces in India with the Rank of Captain. Was Officer

Commanding "C" Company 13/2 Bombay Pioneers. I. T. F. for 5 years. Was the Director of the Surat District Co-operative Bank Ltd., for three years. Was a member of the Bombay Legislative Council from 1921 to 1924 and also in 1930, and again from 1931 till this day.

(20)

Chunilal Ghelabhai Shah, Esqr.,

Director from 1910 to 1918.

(Born in 1866. Died in 1918.)

Educated in Governmet High School Surat. Passed Matric in 1883. Passed Previous Examination in 1888. Established 'The English School' in 1888 with the co-operation of a few friends. The School began to prosper in 1907. In 1912 started the Sarvajanic Education Society and handed over his school to the same. Collected large funds for the Sarvajanic College. Was the Director of the Surat District Co-operative Bank Ltd. from 1910 to 1918. Expired in 1918 due to an attack of Influenza. He was a great selfless public worker. He was the Kaiser-e-Hind Gold Medalist.

(21)

Sardar Ishwardas Jagjivandas Store,

Director from 1909 to 1910 & 1920 to 1924.

Was a member of the Surat Municipality from 1877 to 1914. Was its Vice-President from 1895 to 1898 and President from 1912 to 1914. Did yeoman's services during floods of 1883 as a Treasurer of the Relief Committee. Rendered similar services in relieving distress of fire in 1889. Was the Honorary Secretary & Treasurer of the Golden Jubilee Celebration Committee of Her Majesty Queen Victoria. Was the Secretary & Treasurer of the Famine Relief Committees in 1898 & 1900. Rendered services during the first Plague Epidemic. Was the Vice-President of the Choryashi Taluka Local Board in 1884, and was a Member of the Surat District Local Board for many years. Was an Honorary Second Class Magistrate from 1891 and became a First Class Magistrate in 1902. Was a Second Class Serdar of Gujarat and held many certificates of merit from Government for excellents public services. Was a member of the Managing Committee of the Surat District Co-operative Bank Ltd., and also of the Surat District Co-operative Institute. He was also the President of the Surat Peoples' Co-operative Bank Ltd., for many years.



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