

ANNUAL REPORT
ON THE WORKING
OF THE
Co-operative Credit Societies Act
(X OF 1904)
FOR THE YEAR 1906-1907.



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ANNUAL REPORT on the Working of the Co-operative Credit Societies Act (X of 1904) for the year 1906-1907.

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FROM

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UNITED PROVINCES,

TO

THE CHIEF SECRETARY TO GOVERNMENT,
UNITED PROVINCES,
REVENUE DEPARTMENT.

Dated Lucknow, the 11th October 1907.

SIR,

I HAVE the honour to submit the annual report on the working of the Co-operative Credit Societies Act for 1906-1907. The report covers the period from April 1st, 1906 to June 30th, 1907. The statements from fifteen societies in four districts were not obtained in time for incorporation in the report, while those from Partabgarh were received incomplete and could not be corrected in time for inclusion.

I.—ADMINISTRATION.

2. *Registrar.*—Mr. J. Hope-Simpson held charge of the office of Registrar up to March 18th, 1907, on which date I succeeded him. The Registrar was on tour for the following terms :—

1st April to 3rd May,	2nd to 26th October,
23rd July to 23rd September,	14th November to 12th March,
	8th April to 1st May,

or 265 days in all.

3. *Staff.*—The inspecting staff was the same as at the close of the previous year except that Kuar Karan Singh was appointed to be a Deputy Superintendent of Police and was succeeded by Thakur Indra Singh, late Sadr Kanungo of Muzaffarnagar. On July 30th, 1907, Munshi Wasi-ud-din left the department on promotion to a Tahsildarship and Munshi Yusuf Ali, late Nazir of Rae Bareilly, was appointed in his stead. The circles into which the provinces are divided for purposes of inspection and control now stand as follows :—

1st Kumaun, Rohilkhand and Meerut division also Agra Division with the exception of Mainpuri and Etah districts.	} Thakur Indra Singh.
2nd Allahabad, Gorakhpur and Benares divisions and Mainpuri and Etah districts.	
3rd Oudh and the Benares Silk Weavers' Association at Benares.	} Munshi Yusuf Ali.

4. *Office.*—The staff of the office was strengthened during the year by the appointment of an additional clerk and now consists of a head clerk and four assistants. Their work has increased *pasi passu* with the expansion of operations.

II.—SOCIETIES—THEIR INCREASE AND DECREASE.

5. *A. Central.*—The societies shown in the statement are really co-operative unions. The system was described in paragraph 7 of last year's report. "The central society consists of *ex-officio* representatives of a number of affiliated societies who are empowered by the by-laws to pledge the credit of the societies they represent for the loans raised by the central society." Technically such institutions can hardly be brought within the four corners of the Act as one rural society cannot lend to another and it is proposed to amend their constitution so as to make all members of the affiliated societies members of the central society. Separate registration of the affiliated societies will then be unnecessary. They will merely be branches of the central bank which will be controlled by a committee dealing

with each branch through a *panchhayet* elected by that branch. The advantages of some sub-division into branches in the case of large rural banks are obvious ; and since the doubtful legality of the system of central banks was brought to light a new form of by-laws has been evolved by Mr. Swann, Deputy Commissioner of the Unao district, providing for the arrangement of the members of a society in groups or *pattis* of not less than ten and not more than thirty members. Each *patti* elects a head man and the head men elect the committee which controls the bank. The societies constituted in the Unao district on this system will be referred to later on. Under the old system two new societies have been registered during the year—the Fatehpur Central Bank in the Fatehpur district and the Dih Society in the Rae Bareli district. The eight other central societies which appear in last year's statements continue to work. The attempt made in Allahabad to reconstitute six of the rural banks on the central system was unsuccessful.

6. *B. Urban Societies.*—In addition to the Benares Silk Weavers' Association only two urban societies (Moradabad and Kasia) appear in the statements of last year, and it is in this direction that the co-operative movement has made most progress. The following additional District Banks have been registered and are in full working order : Bulandshahr, Mainpuri, Banda, Gorakhpur, Basti, Rae Bareli, Unao and Bara Banki. These banks have been formed on a share basis principally to finance rural societies whether independent or affiliated ; but as the by-laws provide for loans to shareholders they do not technically come under the definition of central banks. The Banda district bank differs from the others in that it pays a fixed interest on the share capital subscribed by a few leading residents. The Allahabad Town Bank which was registered last year failed to raise capital and its certificate has been cancelled. The Fyzabad District Bank was registered during the year, but has not yet got into working order, and Town Banks in Meerut, Orai, Jaunpur and Hardoi have been registered since its close. Besides these there are smaller urban societies at Jéhangirabad (Bulandshahr), Mohanlalganj (Lucknow) and Sandila (Hardoi) which deal with their own shareholders and also with affiliated societies, two urban societies at Mainpuri which make loans only to members, and lastly the Kashi Society at Benares which is a distributing as well as a banking institution.

7. *C. Rural Societies.*—At the beginning of the year there were forty-nine registered rural societies. Of these thirteen have been struck off during the year and ninety-four more have been added, making a total of one hundred and thirty. Most of these are new institutions. Of the seventy-one unregistered banks working last year about twenty have been registered. Of the remainder several have been wound up owing to lack of interest on the part of the members and organizers and many are still carried on by the original founders who prefer to be bound by no rules and not to be bothered with inspections and have therefore not applied for registration. Unregistered societies have not been included in the statements. The accounts of eight village banks in the Gonda District, four in Allahabad, two in Jhansi, one in Banda and six in Partabgarh were not received correct in time for incorporation in the statements.

III.—WORKING OF SOCIETIES. A. CENTRAL.

8. *Special types.*—These societies have been described in paragraph 5 above. They are all on the same pattern except the Fatehpur Central Bank. This is really an organization controlled by Lala Ishwar Sahai to finance the rural banks each of which has its separate accounts and reserve fund. Two members nominated by each of the rural societies together with Lala Ishwar Sahai as President form the executive of the bank. There is no share capital. The Bank's funds are drawn from an advance made by Government under the Agriculturist Loans Act and some deposits received from private persons. The assets and liabilities of the old organization society have also been made over to the central bank. The rural societies have a cash credit account with the Central Bank at the rate of Rs. 9-6-0 per cent. ; but all loans made and repaid must be in multiples of Rs. 25. This system is working very well.

9. *Capital raised*—The central banks have raised their capital from various sources. Thus the excellent management by Thakur Khushal Singh of the Jewar society has established such confidence in the neighbourhood that that gentleman has been able to raise loans of over Rs. 7,000 from his relations and friends and this sum together with deposits of Rs. 9,222 made by himself and other

members of the society, Rs. 1,100 advanced by the District Bank and Rs. 1,400 from Government form the working capital. Rs. 8,000 lent by the Cawnpore Woollen Mills and Rs. 4,400 by Sir D. Hamilton at 5 per cent. have been distributed among some of the other central banks. Some assistance has also been given to the Unao, Banda and Budaun societies by district banks and organization societies and in Bareilly by the Court of Wards, while the Kurri Sudauli society has been financed principally by its public spirited organizer, Raja Rampal Singh, C.I.E., Government has made a grant equal to the deposits of the members up to a limit in each case of Rs. 2,000 and has provided the whole of the funds for the Khatiwa society of Tharus which is situated on its own Tarai property. Government has also made a grant of Rs. 4,500 under the Agriculturist Loans Act to the Fatehpur Central Bank repayable in instalments spread over 10 years with 6½ per cent. interest. The ten central banks have a working capital of Rs. 77,000, of which Rs. 10,500 has been provided by Government, Rs. 15,000 by members' deposits and Rs. 51,500 by town banks and private persons. There are 161 affiliated societies with 2,669 members, so the average amount of capital available for each member is about Rs. 29. The business of the central banks is confined to financing their constituent societies except in the case of Miyanganj, an account of which will be found in the Deputy Commissioner's report in the appendix. This society has undertaken both co-operative grain dealing and the supply of thread to the local weavers.

10. *Deposits, Loans, &c.*—The methods of working of the central banks differ in no way from those of other rural banks and the subjects of deposits, loans, &c., will be discussed later for both classes of societies:

B.—Urban Societies.

11. *District Banks on the affiliated principle, their objects, capital and financial results.*—The working of the Moradabad District Bank was described in paragraph 17 of last year's report. It was soon evident that that institution would be a commercial success, and within a few months district banks on the same principle were started at Bulandshahr, Gorakhpur, Basti, Rae Bareli and Bara Banki. The Kasia Bank was also organized on the same lines and a similar Tahsil Bank started at Mohanlalganj in the Lucknow district. A small bank on the same principle has also been started at Jehangirabad in Bulandshahr and another at Sandila in Ha doi, whose funds are derived from deposits given for five years at 6 per cent. by some residents of the town to finance the neighbouring agriculturists. All the other banks are share capital banks and they lend to groups of borrowers on their joint responsibility. Except in the case of Moradabad no assistance either by guarantee or otherwise has been granted by Government. Deposits of eight annas per plough per harvest or of two pice or one anna per rupee of loan taken are enforced from borrowers and carry interest at 6½ per cent. Most of these banks have issued debentures at 6, 6½ or 7 per cent. and pay six per cent. on deposits withdrawable at one year's notice; but the Moradabad Bank pays only 5 per cent. on such deposits. Most of the working capital has been raised locally from large land owners and from capitalists. But the Kasia bank has borrowed Rs. 10,000 from the Allahabad Bank, Limited.

The following statement shows the result up to the end of the year:—

Districts.	Number of members of affiliated societies.	Share capital paid up.	Working capital.	Number of months working.	Profit made excluding Entrance Fees, &c.	Dividend paid.	Reserve after disposal of Profits.
		Rs.	Rs.		Rs.	Rs.	Rs.
Moradabad ...	3,519	20,000	1,40,000	16½	9,087	8%	7,000
Bara Banki ...	5,599	30,000	1,51,000	10	5,682	6½%	3,447
Rae Bareli ...	5,810	11,420	76,000	12	3,713	8%	2,979
Gorakhpur ...	2,498	12,840	44,000	8	743	Not reported.	
Kasia ...	3,081	15,000	48,000	15	5,239	12½%	2,730
Basti ...	1,252	11,320	25,000	12	1,377	6½%	300
Bulandshahr ...	186	7,320	16,000	6	245	About 2½%	413
Mohanlalganj ...	643	6,220	9,700	11	705	7½%	291
Jehangirabad ...	509	4,000	7,000	15	536	10%	381

The dividend shown in the statement is not the rate per annum, but the amount actually paid for a certain number of months working.

12. *District Banks—Loans.*—The rate of interest charged by all these banks to the members of affiliated societies is $12\frac{1}{2}$ per cent. per annum with two exceptions, Bara Banki, which charges $9\frac{3}{4}$ per cent. and Kasia, whose rate during the year was $18\frac{3}{4}$ per cent. That loans should be freely taken at this rate is evidence of the high charges for money commonly ruling in the Eastern districts. From the commencement of the current year the Directors have reduced the rate to $15\frac{5}{8}$ per cent. Loans are usually made for the expenses of cultivation repayable after six months, but extension is given where necessary. The wheat harvest of 1907 was inferior over a large portion of the provinces and the term of many of the loans was extended in consequence, interest only being recovered. In Moradabad larger loans have been made in order to pay off old debts to money-lenders and have been made repayable by instalments spread over three or four years. All these banks are permitted by their by-laws to make loans to their shareholders; but except in Gorakhpur, where there are many small shareholders, very little business has been done in this direction and the capital available for loans to affiliated societies which are composed almost entirely of agriculturists may be reckoned at five lakhs. This allows about Rs. 21-8-0 per member.

13. *District Banks, their development.*—All of these banks except Bara Banki and Bulandshahr have been recently reorganized so as to make them more truly co-operative. The deposits of borrowers are to mount up until each affiliated society owns a number of shares in the bank corresponding to the amount of credit it requires; and it is hoped that in course of time, as general and co-operative education extends, the affiliated societies will either alone or after combining with the other affiliated societies in the same locality keep their own accounts, form their own reserves and be independent of the district bank except that they will continue to be financed by it in proportion to the shares they hold.

14. *Other District Banks.*—The other district banks stand on a different footing, for they deal only with their own urban members and with independent rural societies. The largest of them, the Unao Town Bank, has become under Mr. Swann's fostering care a highly successful institution. Besides providing for the wants of its own urban members it finances by loans for shorter or longer periods at 7 to $8\frac{1}{2}$ per cent. all the rural banks which have recently been started in the district. These are all organized on the branch or *patti* system already referred to and either have or will have a much larger working capital than any other rural banks in the Provinces. The town bank has issued debentures at 7 per cent., most of which have been taken up and accepts one year deposits at 6 per cent. On a paid-up capital of Rs. 5,000 a dividend at the rate of 10 per cent. per annum has been paid and Rs. 825 placed to reserve. An interesting report by the Deputy Commissioner on the progress of co-operation in the Unao district is published in an appendix. The Banda and Mainpuri banks are smaller institutions formed from the old organization societies to finance the rural banks and have not yet tried to attract outside capital. The organization societies in Budaun, Pilibhit and Sultanpur perform the same useful function. They pay a fixed rate of interest to their subscribers, *viz.* 6 per cent. The Kashi Society in Benares is an association of capitalists formed for co-operative trading and banking, and it has employed its surplus funds in loans to independent rural societies at 7 to 8 per cent. The amount advanced in this way is Rs. 8,000. Excluding this society, part of whose capital is absorbed by the trading department, the other district banks, which deal not with affiliated societies but with their own shareholders and with independent societies, have a working capital of Rs. 1,15,000, all of which except about Rs. 13,000 is lent to rural societies.

15. *Small Urban Societies.*—As yet only two small urban societies have been formed. The Clerks' Society and the Miscellaneous Society at Mainpuri. They were working for only a short period this year and have not declared any dividend.

16. *Loans of Urban Societies.*—In true Urban Societies and in the urban branches of district banks loans are usually repaid by equal instalments covering both principal and interest. For instance Rs. 11 are advanced and recovered by twelve instalments of one rupee monthly. The interest works out to about 18 per cent. per annum. The indigenous banker who works on this system generally gives only Rs. 9-8-0 or Rs. 9-12-0 for which he demands the same twelve instalments of repayment. The societies in Unao have adopted for short-term loans to

non-agriculturists, principally weavers, a rate of interest of $\frac{1}{2}$ pie per rupee per week or about $13\frac{1}{2}$ per cent., and tables have been framed showing for a varied number of instalments the interest in pies to be added to each rupee of principal repaid.

17. *Urban Societies.—Custody of funds.*—All the District Banks at headquarters bank with the Government Treasurer ; but it has generally been found necessary to provide him with an assistant paid from the bank's funds on account of extra work entailed on him. The Mohanlalganj Society has appointed a local trader as its Treasurer, while at Jehangirabad and Mainpuri the funds are in each case kept by the Chairman of the Society.

18. *The Benares Silk Weavers' Association.*—This is the only productive co-operative society in the Provinces and as I have myself very little knowledge of it, I reproduce here part of a note written by the late Registrar in February last, only altering it in order to bring the figures up to date :—

"1. The weaving industry of Benares is probably the most important artistic industry of the Provinces. I have not the census report by me, but the estimate made by one of the chief *karkhanadars*—that 20,000 people in Benares make their living by silk weaving—is probably within the mark. The weavers are of three classes : (i) those who work for wholesale and retail dealers, the dealers being not themselves of the weaving class ; (ii) those who work for the bazaar and sell their own goods ; (iii) those who work for Muhammadan *karkhanadars* who are themselves richer members of the weaver class. There is a tendency for members of the second class to descend to the ranks of the first. There are also doubtless cases in which members of the third class transfer themselves to the second, but they are few. The second class, that which sells its own manufactured article in the bazaar, deals practically entirely in what is known as Cossi (Kashi) silk the material from which summer suits are made and in the cheapest and simpler descriptions of fancy silk. The first class, which works for the dealers manufactures both the finest brocades and other silks, and ordinary Kashi silk. The third class, paid workmen of the *karkhanadars*, do hardly any Kashi silk weaving, but are entirely employed on *kamkhwab*, *pot*, *masru* and the other fine products of Benares looms. They are comparatively well off, their wages, though not high, are fair, a good workman earning as much as five annas a day, and all the male members of the family down to the small boy of six or seven are employed.

2. The second class which manufactures for the bazaar is also, as a rule, fairly well off. In times of bad trade, when the bazaar price of Kashi silks is low, they have doubtless many a hard struggle, and it is at such times that they fall into the ranks of the wholesale dealers' workmen, from which they practically never again escape. It was to assist them, as well as to rescue those who are bound to the dealers, that the Association was started. The dealers' trade is on this wise. The dealer makes an advance of silk thread, *kalabatun* (gold thread) and other raw materials to a weaver, charging his account with the retail price of the material, *plus* any cash advance that may from time to time be given. When the material is ready for market it is brought to the dealer who stores it for sale. When it is sold (usually some months after sale) a settlement of accounts is made, the weaver's account being credited with the amount for which the dealer alleges the cloth to have been sold (an amount frequently very much below the actual price received, if common rumour may be trusted) and debited with the advances made, *plus* one anna in the rupee per mensem as interest, *plus* commission on the sale at one anna per rupee, *plus* in many cases a fixed charge of one anna per rupee for temple offerings. It is obvious that this system must very rapidly result in the weaver becoming hopelessly indebted to the dealer. Once he gets into debt, he never again escapes. The account runs on from month to month, year to year and generation to generation and the weaver is practically a slave.

3. The objects of the silk-weavers' association were the following :—

- (i) to purchase and sell to their members at wholesale rates raw material for the manufacture of Kashi silk, and of brocades and other finer qualities ;
- (ii) to make advances free of interest of raw material and cash to members ;
- (iii) to employ members as paid workmen for the Association (to manufacture Kashi silk especially) ;
- (iv) to purchase from members manufactured articles for the Association ;
- (v) to sell the same at a profit ;

(vi) to sell on behalf of members, at one anna in the rupee commission, cloth deposited with the association.

During the fifteen months ending June 30th, 1907, the following have been the financial transactions under the above heads :—

(i) and (ii) Raw material to the value of Rs. 10,920 has been purchased, of which about Rs. 3,300 has been advanced and the balance sold to members.

(ii) Rs. 222 has been advanced in cash.

(iii) Rs. 1,325 have been paid in wages to weavers.

(iv) Rs. 39,471 have been spent in purchase of stuffs for the association.

(v) Rs. 19,987 worth have been sold at a profit, together with Rs. 4,642 of stuffs manufactured by association workmen.

(vi) Rs. 2,299 worth of stuffs has been sold on commission.

4. Of the above objects the chief were in my opinion the second, third and fourth. These seemed the measures best calculated to keep the smaller weavers in regular and fairly remunerative work. They have to a certain extent been fulfilled. A large quantity of raw material has been advanced, a large amount of the finished product has been purchased by the Association, and to this extent the Association has justified its existence. There is, however, a tendency observable to purchase more from the larger members and less from the small men. The manager of the Association (an honorary employe and himself a large *karkhanadar*) finds that larger profits are possible by dealing in the more expensive goods, and that the retail trade in Kashi silks means a good deal more trouble with less return, than is the case with expensive *kam-khwabs*. The tendency to deal with the large men rather than with the small is one which must be repressed as far as possible, and I have in my inspection notes pointed this out. It is all very well to be able to declare a 10 per cent. dividend, but the primary object of the Association is not dividends, but regular work for the members at a fair wage, and unless the trade in Kashi silk is maintained and extended the Association will be unable to afford assistance to the less skilled members, who are only capable of turning out the ordinary Kashi silk of commerce."

The accounts which are printed as an Appendix show a net profit for the 15 months of Rs. 2,298-6-3, but during this period Rs. 327 was placed to reserve and Rs. 921-15-6 distributed as dividend under the following circumstances. In October 1906, certain suspicions as to the intentions of Government in interesting itself in the industry were aroused, and in order to quiet these suspicions and to stimulate the shareholders to pay up the remainder of the share capital, the accounts were carefully audited up to October 20th, stock was taken and a dividend at the rate of about 5 per cent. per annum was declared and distributed.

Again at the close of the year there was a careful audit and stock taking. The total profit earned since the commencement in January 1906 was found to be Rs. 3,846-14-0, which has been disposed of as follows: Distributed as dividend in October, Rs. 922; Placed to reserve at the start, Rs. 299-8-0, the amount of the entrance fees, and in October Rs. 326: Total amount disposed of up to October Rs. 1,547-8-0. There remained a sum of Rs. 2,298-6-0 for disposal and this has been utilized as follows:—

		Rs.	a.	p.
For dividend	...	1,500	0	0
Reserve Fund	...	600	0	0
Bonus to staff...	...	30	0	0
Carried forward	...	168	6	0
Total	...	2,298	6	0

This dividend was for 8½ months only and falls at the rate of about 8 per cent. per annum. The reserve fund now amounts to Rs. 1,225-8-0.

Confidence among the weavers themselves has been fully restored and future prospects are decidedly hopeful. The Association has leased suitable premises in the Chalk. Three persons, sons of some of the most prominent shareholders, have been appointed salesmen receiving a commission on the sales effected through them and the local business is steadily increasing. On the other hand the attempts made to introduce the goods of the Association direct to the European market have been unsuccessful, as in each case the goods supplied were rejected as unsuitable. An improved hand loom for silk weaving is being used in the Bará Bauki weaving

school where some Benares men are employed, but has not yet been popularised in Benares itself. It is probable that in both these directions little progress will be made till the proposed experimental weaving station at Benares and school of design at Lucknow are established.

19. *The Kashi Co-operative Company.*—This company has been already referred to. It has been of considerable service on its banking side in providing funds to rural societies. It has not, however, yet taken up the work of a deposit bank. The company opened in March last a co-operative store in Benares for sale of articles locally produced and of articles in general use to its members and to the public, a portion of the profits to go as bonus to members in proportion to their purchases. Considerable difficulties in management were encountered at the outset and the banking and distribution departments together show a slight loss of Rs. 5 on a few months working; but it is hoped that these difficulties have now been surmounted and that the society will make steady progress.

C.—Rural Societies.

20. *Types of societies and their capital.*—All the original rural societies in these Provinces were formed on the Raiffeisen plan and the whole capital required to finance the members was lent by zamindars and other persons of substance from philanthropic motives. Many of these societies have died away, but even now most of the capital employed by the societies is derived from private persons. However, district banks including the Kashi society (*vide* paragraph 14) now supply about Rs. 1,10,000 to the rural banks. There are also the following societies which have subscribed a considerable portion of their own capital:—

- | | | |
|------------------------------|--|--------------------------------|
| (a) Five societies in Gonda. | \| | (c) Two societies in Ghazipur. |
| (b) Banhpur in Bulandshahr. | \| | (d) Mau in Azamgarh. |

Those in Gonda, Bulandshahr and Ghazipur are composed of two classes of members; the first, who may be called the founders of the bank, subscribing for shares of rupees ten, twenty or twenty-five, carrying a fixed interest and lending the funds to their less prosperous neighbours, the ordinary members of the bank. After payment of the fixed interest all profits go to reserve in which ordinary members as well as the founders have an interest. The founders are of course entitled to borrow from the society if they require loans. In all these societies the share capital being entitled to a fixed rate of interest and not to dividend has been classed as members' deposits. The Mau society is of a different type as it deals only with its own members. The By-Laws require a deposit of Rs. 5 per member. Government has advanced a sum of Rs. 1,400 equal to the deposits and Rs. 1,400 has been borrowed from private persons. There are also several societies in Allahabad and other districts some of whose members have contributed small sums at the formation of the society.

21. *Members' deposits.*—The funds of continental societies are derived in great part from the deposits gathered in, often in minute amounts, from the area to which the Bank's operations extend. As yet no society in these Provinces, whether rural or urban except the Unao town bank, has undertaken the keeping of current accounts; and though with larger profits and more expert management this will soon present little difficulty to the larger urban banks, it will be many years before the habits of the people in rural districts change sufficiently to allow their being persuaded to deposit their small savings in local societies. Out of 133,000 depositors in the Post office savings banks in these Provinces, 3,300 only or 2.5 per cent. are classified as agriculturists. But without some interest in the society, such as the ownership of a deposit in a bank confers, it is exceedingly difficult to get the members to regard the bank as their own concern and to take part in its administration. For these reasons the system of regular deposits was introduced and almost all registered societies have now adopted a rule by which all members either at harvest time or at the time of taking loans make a certain contribution to the bank which is credited to them as a deposit and carries interest generally at 6½ per cent. By this means a fund will be quickly credited to pay off the borrowed capital or to enlarge the scope of the society. The deposits on the banks reported on amount to Rs. 31,665 as compared with Rs. 7,851 last year. The new societies in the Unao district account for a large portion of the increase.

22. *Loans.*—The actual average amount of loans issued could not be ascertained without making special inquiries from each society, and it was not thought worth while to trouble them about the matter. In many of the old societies the capital is quite insufficient for the large number of members enlisted, and in such societies loans above Rs. 10 are seldom given, while many members who require loans are unable to obtain them. In the newer and more efficient societies such as are to be found in Mainpuri and Unao only as many members are enlisted as can be provided for from the available capital. In the former district where holdings are larger the average amount available for each member is Rs. 18 and in the latter district Rs. 9. Even these sums are probable insufficient to meet all needs of the members. Loans are given for agricultural and domestic purposes, but chiefly for seed and expenses of cultivation such as weeding and irrigation. They are as a rule repayable from the proceeds of the crop, but some societies give loans repayable after one year, and in such cases generally recover interest after six months. In some of the larger societies loans for purchase of bullocks and for repayment of debt have been given repayable by instalments spread over three or four years. The rate of interest is almost always $12\frac{1}{2}$ per cent. Some societies started with a rate of $9\frac{5}{8}$ per cent., but as rural societies can seldom borrow at less than 8 or $8\frac{1}{2}$ per cent., this rate hardly allowed sufficient margin. Security is generally taken for loans exceeding Rs. 10 and not for smaller sums. The total sum of loans issued in central banks was Rs. 96,624 and in ordinary rural societies Rs. 2,21,643, while the working capital was about Rs. 77,000 and Rs. 1,76,000 respectively. In none of the banks does money lie idle except it may be through neglect of the management. The Indian peasant feels no such repugnance against being in debt as his French compeer does and after discharging his dues to the bank from part of the proceeds of his crop is ready to take another loan to pay his rent, while he keeps the remainder of his produce for sale at a more favourable season.

23. *Repayment of loans.*—In some societies where the management is not truly co-operative there were formerly many cases of neglect to recover loans falling due but owing to the stress laid on this point in inspections by the staff of the department there has been a considerable improvement of late. In most societies repayments are wonderfully regular. The kharif harvest of 1906 and the rabi harvest of 1907 were both inferior over a large part of the provinces and for this reason in many societies loans were allowed to run on. To have enforced payment would merely entail throwing back the members of the bank into the hands of the bania. In central banks repayments amounted to about 90 per cent. of the loans issued. In rural banks principally owing to the fact that many of them are new institutions where repayments were hardly begun the percentage is only 43 per cent. In central banks the management is more efficient than in most of the smaller societies and the practical rule that no new loans are issued to a society till all the members of that society have discharged their dues in sufficient to ensure prompt repayment. The same rule is adopted in the case of societies divided into *pattis* and this is one great advantage of such sub-division. The members of a *patti* being of the same caste and residing in the same village can bring pressure to bear on one another which would be impracticable without some such system. It is in the larger banks which have no such sub-division and where the members are scattered over a considerable tract of country that unpunctuality is most rife. Even in such cases there has been no difficulty about ultimate repayments, principally because the idea has hitherto prevailed that the whole resources of Government lie behind the banks and that in case of necessity arrears will be recovered through Government agency. As will be shown later there is now no justification for this idea, but there can be no doubt of the salutary influence exercised by it up to the present time. There has been no litigation between societies and their members. In two cases the management of the Sahaswan Bank intervened under section 19 of the Act in the Civil Court where a money-lender was suing a client of the Bank and the application was in each case successful.

24. *Seed Societies.*—The twelve seed societies at Amethi were described in paragraph 20 of last year's report. Nine of the societies continued to take grain advances from the Government depôt on their joint and several responsibility. Three societies those of Ramdeipur, Moharia and Kutra Hulasi, which had discharged all their liabilities to the Government depôt, borrowed from the Sultanpur Organization society the funds to purchase their seed from the depôt at $7\frac{1}{2}$ per

cent. and made arrangements for storing the grain in their villages. The grain was advanced to the members at the usual *siwai* rate and cash loans at 12½ per cent. per annum were also made. The total sum borrowed was Rs. 1,092-13-1 and Rs. 10-8-0 was realized as entrance fees from forty-two members at four annas per head. On this capital the balance sheet furnished by the societies shows an excess of assets over liabilities of Rs. 247-4-4, which includes some profit of previous years. I have not as yet been enabled to visit Amethi to check these figures as to the correctness of which I have some doubts. The statement containing them has not therefore been incorporated in this report. The other societies continued to take loans from the Depôt as usual. Unfortunately the last three seasons have been all unfavourable and several of the societies have fallen into arrears. Where the arrears are inconsiderable the balance due has been treated as a money debt carrying interest at 12½ per cent. and further advances have been made by the Agricultural Department. A note by Mr. Moreland, Director of Agriculture, on the working of these societies appeared in the Agricultural Journal of July 1907. The cycle of unfavourable seasons which this tract is experiencing must inevitably retard development of the groups of cultivators into independent co-operative societies, but the Agricultural Department fully appreciate the convenience of doing business with groups rather than with individual cultivators and has this year in order to encourage the formation of groups reduced its rate of interest to groups from 25 to 20 per cent. and proposes next year to raise the rate to individuals to 37½ per cent. in furtherance of the same policy.

25. *Custody of funds.*—As already stated capital in rural societies seldom lies idle and is as a rule reissued as soon as paid in. Meanwhile it is kept by the *sarpanch* who is generally also Treasurer of the society. Some of the central banks have purchased safes for greater security. The societies which have established formal reserve funds generally deposit them in the nearest savings bank.

26. *Rural Banks, Meerut division.*—There are now no registered societies in the Saharanpur and Meerut districts. In both, however, the old societies are working and correspondence regarding registration is going on. In Muzaffarnagar two new societies have been founded during the year on the lines of the successful institution at Barwala and they promise well. In Bulandshahr the weaker of the societies formerly registered have been absorbed into the District Bank. With the exception of the Chhitari society, an old institution which enlisted a far larger number of members than it had capital to provide for, the other societies which retained their independence are doing very well. The Aligarh societies with one exception are situated in villages under the control of the Court of Wards and the Special Manager, Mr. H. J. Smith, has taken great pains to educate the members of each society to interest themselves in its affairs and to manage it themselves. If they prove successful more societies will be established.

27. *Agra division.*—One bank in the Agra district was registered during the year and is working fairly well. In Mainpuri where Messrs. Way and Morris, Collectors, and some of the directors of the District Bank have done much to organize co-operative effort on the right lines the movement has made great progress. All the old societies are successful, the members having now learnt how to control them and new societies are being established on similar lines. Of the Etah banks one has ceased work on the estate on which it was situated being released from the Court of Wards and the other is not very successful.

28. *Rohilkhand division.*—In Bareilly there is only one society which is situated on a Court of Wards estate. In Pilibhit of the four banks mentioned in last year's report two have been closed. Of the two remaining the Bisalpur Bank is a highly successful institution worked by the members themselves. But the district of this division which gives most promise is Budaun. It is true that two of the old societies which were not working well were closed during the year, but several of the others show signs of considerable progress, and the success of the Sahaswan central bank has brought about many applications from the neighbourhood for the foundation of village societies, the would-be members in each case undertaking if a loan can be given them to make preliminary deposits of Re. 1 or Rs. 2 each, thus showing their faith in the prospects of the bank. The organization society, however, has no further funds at its disposal to finance rural societies and a joint stock bank for this purpose is urgently required.

29. *Allahabad division.*—The Fatehpur banks are all connected with and financed by the Fatehpur Central Bank and have been assisted in every way by

their public spirited organizer, Lala Ishwar Sahai. He has been at great pains to inculcate the members with a sense of their property in the bank and the result is that each society is excellently managed. He has also instructed a literate member of each society in account keeping and they will soon be able to keep in their villages the accounts which up to the present have been kept at headquarters. The Allahabad and Banda societies I have not yet been able to visit. The number in Allahabad has declined from fourteen to ten and Banda from eight to six. Most of the banks, in these two large districts are in most inaccessible positions and have been inevitably left very much to themselves. Where the organizers are men with a knowledge of co-operative principles and have been willing to carry out the advice freely offered them the banks have been successful, but many have failed either owing to lack of interest on the part of the organizers and members or to quarrels among the latter. Of the Jhansi societies two which had been left to official control were wound up during the year. In one of these cases the Naib Nazir of the tahsil embezzled money belonging to the society and was convicted and sentenced. The money, however, was paid up by his friends. The remaining societies in this district are by no means promising and it is a question whether efforts should not be confined to districts where prospects are more hopeful. The statements of four banks in Allahabad, of one in Banda and of two in Jhansi were not received in time for incorporation in the general statements.

30. *Benares division.*—Two Banks in the Jaunpur district have now been registered and are working well. They require however more capital which it is hoped that the new Town Bank will be able to supply. The society in Ghazipur mentioned in last year's report has received a loan of Rs. 2,000 from Government and another society on similar lines has been started. Like all other institutions in which the members show their interest by making substantial deposits these societies are almost certain to be successful.

31. *Gorakhpur division.*—The institutions are the same as last year. One is a microscopic society which can do little on its present capital. The other society at Mau on the Bengal and North-Western Railway is composed of substantial agriculturists and traders, principally the former. They have subscribed a large share of the capital themselves and are most enterprising in their ideas. They have recently invested in a well boring apparatus for the use of the members.

32. *Lucknow division.*—Three districts now appear in the statement. The Lucknow societies have been absorbed in the Mohanlalganj District Bank. Of the three Rae Bareilly societies one has been closed and one converted into a central bank. Of the six Hardoi societies three have been amalgamated with the Sandila Bank. In Unao, where there were no societies last year, nineteen were registered during the year and several after its close. An interesting account of their working up to date will be found in the Deputy Commissioner's report in the appendix. They differ from all other societies in that they have been successful in attracting deposits from local capitalists, who are in most cases also members of the bank, and some societies are being worked without any outside capital at all except the Government loan which is equal to the deposits.

33. *Fyzabad division.*—There are twenty-nine societies as compared with thirty last year. Most of them are banks started by taluqdars on their estates and controlled almost entirely by them or their agents. It is hoped that in course of a time the taluqdars will be willing to allow the members themselves a larger share in the management, so that the educative influence of co-operation may be given more scope, but at present they are somewhat inclined to regard with disfavour an institution established for the benefit of their tenants unless it is under their own control. The Bahraich society and the four societies in Gonda mentioned in paragraph 20 stand on a different footing as their management is truly co-operative. The statements of the Gonda Banks and of Hajlapur in Fyzabad were not received in time for incorporation in the statements.

IV.—RESERVE FUND.

34. Except Bargarh and Khatima all the Central Banks have established substantial reserve funds which have either been placed on fixed deposit in the Allahabad Bank or invested in the Post Office Savings Bank. The Urban banks have placed to reserve the whole sum received by them in payment of entrance fees and as profits of defunct societies, besides the statutory quarter of the profits.

and in several cases a substantial amount in excess of the above. The reserve of these banks also has usually been deposited in the Allahabad Bank. Of the rural societies about half have formal reserve funds which are generally deposited in the nearest Post Office Savings Bank.

The total formal reserves are—

			Rs.
Central,	...	...	2,008
Urban	...	...	8,924
Rural	...	...	2,614

In the case of central and rural societies the rule which the Registrar has hitherto attempted to enforce is to credit to the reserve all entrance fees and two-fifths of the annual profits. This reserve to be invested in some safe security and the remaining three-fifths of the profits being available for utilization as working capital. Many societies, however, have continued to make use of their whole profits (the statutory reserve fund) in loans to members on the ground that it is the most profitable way of disposing of their funds, as is done in the Burma societies, and I do not myself see the necessity in a small rural society of locking up the reserve in Government securities or fixed deposits. A society stands or falls according to the efficiency of its management, and if the management is efficient it is obviously bad policy to invest at low interest funds which are urgently required for the needs of members. If on the other hand the management is inefficient the society will not be saved from failure because a small portion of the capital is locked up. I have therefore raised no objections to the utilization by rural societies of their reserve funds as working capital. Mr. H. W. Wolff in his recent work on "Co-operative Banking" writes: "Most co-operative banks make their reserve fund available for employment in their own business and this is perfectly legitimate not merely as a means of strengthening their working funds, but also as a safeguard against speculative investments. No co-operative bank is likely to care to tie itself down for its capital investments to public securities only. And, once you get beyond that limit you can scarcely tell in what speculative ventures optimistic managers may land you under its own management the bank will know what becomes of its money. It will take care that all is safely laid out. Therefore there can be no harm whatever in making its reserve fund available for such purpose."

V.—AUDIT AND INSPECTION.

35. The accounts of all registered societies have been audited during the year with five or six exceptions and those of most of them after the close of the year by the three inspectors and by the Registrar. Only trifling errors in the accounts were found, but the inspections were most useful in bringing to light defects in working. The Local Government in G. O. No. 1188 of 15th May 1907, brought to the notice of Collectors in districts where there are many rural banks the advisability of taking action under section 21(4) of the Act and empowering Joint Magistrates and Deputy Collectors to make inspections 'in situ.' Instructions for officers visiting rural societies have been drafted by the Registrar and approved by Government.

VI.—RESOURCES—GOVERNMENT LOANS, &c.

36. The resources at the disposal of Central, urban and rural banks have been already described in paragraphs 9, 11, 14 and 20. From the Rs. 50,000 provided by Government to make grants to rural societies equal to their members deposits the allotments made were in the year 1904-05 to the value of Rs. 4,450 and in 1905-1906, to the value of Rs. 22,600. The Fatehpur Central Bank also received a loan of Rs. 4,500 under the Agriculturist Loans Act. In a few cases such as in the Jewar Central Bank and in the Unao societies local capital has been obtained at the rate of 6 per cent. and some gentlemen from the towns have also advanced money at this rate to rural banks in their neighbourhood, but there is no general movement to deposit in rural societies. It seems to me that the rate of interest paid by them will have to be raised to at least 9 per cent. before local capital will flow in. The district banks have it is true raised considerable sums at rates of 5, 6 and 7 per cent., but there are indications that the stratum tapped by them is nearly exhausted and that not much more capital is available at these rates to enable the existing district banks to extend their operations. Nor have they as yet been brought into touch with joint stock banks. In some cases negotiations are proceeding and will it is hoped result in some arrangement to the mutual benefit of both classes of institutions, for until the local capital now employed in financing

agriculture is gradually set free by the expanding operations of a district bank and therefore seeks investment therein it seems to me that such a bank will be dependent on outside sources for the greater portion of its working capital.

VII.—SUPERVISORS AND OFFICERS.

37. The officers of a rural bank consist of a *sarpanch* who is also usually Secretary and Treasurer and of a *panchayat* or advisory committee. Often, however, the accounts are kept by a literate member of the bank other than the *sarpanch*. No supervisors have been appointed except in one society and there they did no work. In the smaller societies such officers are hardly necessary as every one is or could be if he wished acquainted with every transaction of the society; but in the larger rural banks the appointment of supervisors to check the proceedings of the management will probably in course of time be found necessary by the societies themselves. In the district banks, which deal almost entirely with affiliated societies whose credit is limited by the annual resolutions of the Working Committee of Directors all of them men of standing, supervisors are not required; but on the other hand in urban banks dealing mainly with their shareholders the entertainment of such officers is highly desirable and has been provided for in the latest model by-laws.

IX.—ACTS, RULES AND BY-LAWS.

38. The rules published by the Government under Section 27 of the Act remained in force during the year, but since its close the rule published under section 27(p) providing for summary recovery of arrears through the Revenue Department has been negatived by the Government of India and a new rule providing for arbitration and for the filing of an award in the Civil Court under section 525 of the Code of Civil Procedure has been substituted. Again there was during the fifteen months to which this report relates no case under the rules, and I agree with my predecessor that the fact that there was always in case of recusancy the possibility of summary recovery in the back ground was a great factor in strengthening the position of the *panchayat* of the Bank. As I was told by one *sarpanch* the quality of prompt repayment of debt is not included in the moral code of the average Indian peasant, and many managers of village banks view with dismay the effect on the working of the society of the knowledge that its arrears can only be realized by execution of a decree in the Civil Court. New By-Laws for Districts Banks, Urban Banks and Rural Banks have been framed during the year and also instructions for working seed societies and grain stores. The forms of account in use nearly all of which have been supplied by the department have been revised from time to time such alterations as experience showed to be necessary being introduced.

X.—PROSPECTS OF EXTENSION.

39. *Credit Societies.*—The salient feature of the year has been undoubtedly the rise of the District Banks whose affiliated branches have extended the benefits of cheap credit far and wide over the area of seven or eight large districts. Other banks on the same lines have been started as stated in paragraph 6, and it is in this direction that most progress is to be expected in future. Whether the actual cultivator is reached through independent societies or through societies affiliated to a district bank a district organization of some kind is absolutely necessary in order to make funds raised in the money market available for rural needs and in order to control the rural societies. In Unao and Mainpuri these societies keep their own accounts, accumulate their own reserve and generally exercise complete autonomy. They are dependent on the District Bank for their funds alone and the system is practically the same as that which has succeeded so well in Continental Europe, but only after many weary years of watching and waiting. That success appears to be already within reach in Mainpuri and in Unao is due to the energy, enthusiasm and local influence of the district officers. Without their aid nothing could be achieved and for many years to come until the operations of the District Banks extend so far as to allow of the entertainment of expert managers the constant supervision and care of the district officers will be essential. On the other hand district banks on the affiliated principle described in paragraph 11 present little difficulty in the working. They serve to spread quickly a knowledge of the principles of co-operation and of the practice of banking to the rural tracts and can be ultimately developed into independent local organizations as soon as the people themselves are capable of managing them. In any case whether the

affiliated or independent rural bank is approved it is in these Provinces as in Italy through Urban societies that the agriculturist must be reached, and for this reason no attempt has recently been made to create new societies in rural tracts. In Budaun the success of the Sahaswan Central Bank has brought home to the people themselves the advantage of co-operative action and a demand for more capital has arisen which we are not yet able to meet. In Unao, Mainpuri and Bulandshahr circumstances are very similar, and it is in these four districts that extension is most likely in the future. Its possibility, however, is entirely dependent on the skilful management of the district organization for the supply of capital.

40. *Co-operation in Agriculture.*—The history of Co-operation in European countries shows that institutions for obtaining credit are the first and simplest products of the co-operative movement. When people have once learnt to combine for the taking of loans they will understand better how to combine for other purposes. There are undoubtedly cases in which combination for the supply of appliances such as improved cane mills, well boring apparatus, rice hulling machines, etc., would be most useful, but the difficulties of management are great, and constant supervision by the Registrar would be needed in the initial stages, so it is considered better to postpone any attempt to introduce co-operation in these matters until the advantages of co-operative credit are more generally known and appreciated. A co-operative society for the manufacture of sugar by Mr. Hadi's process has, however, recently been established under the auspices of the Collector of Bareilly and its progress will be watched with interest. The seed societies at Amethi have been already noticed. For the establishment of similar societies for the supply of seed and of grain stores (which keep half their grain in hand and lend out the remainder at interest, so gradually accumulating a larger stock as a reserve against failure of crops) there appears to me to be practically unlimited scope for useful work and provisional instructions for the establishment of such societies have been issued. It is very difficult, however, to make a fair start except in favourable years and owing to unpropitious seasons very little has as yet been done.

41. *Co-operation among the industrial classes.*—The recent Industrial Conference at Naini Tal laid stress on the necessity of the encouragement of co-operation among artisans and recommended that the establishment of the Registrar should be increased for this purpose. Most of the Indian artisans are terribly poor and the system under which they are supplied with raw material and with funds by middlemen who take from them the finished product at an inadequate price is incompatible with any improvement in their condition. Their poverty, too, prevents them from adopting more efficient tools and instruments such as improved hand looms. Co-operation can do much to loosen their bonds and to raise them to a higher status and there is very great scope for action in this direction. There are already affiliated societies of weavers and other artisans attached to some of the District Banks and an independent society of artisans has recently been formed in Bareilly. The proposed establishment of weaving schools in various centres in order to popularise improved hand looms will afford considerable opportunity for co-operative effort in facilitating their purchase and maintenance, while the Industrial Survey of the Provinces at present in progress will show to what other industries the endeavour to introduce the more economical methods of production by means of co-operation can be most usefully extended.

XI.--ASSISTANCE RECEIVED.

42. *Attitude of the public.*—Considering the advance of the movement in these Provinces the principles of co-operation are surprisingly little known to the general public. Letters of inquiry from private correspondents are, however, continually being received and interest in the movement is growing. The publication by the Registrar of some notes on the working of societies in the August and September numbers of the Urdu Journal of the Provincial Agricultural Department led to several inquiries, and these notes will now be contributed regularly month by month. The native press generally takes a sympathetic view and, if sanction is accorded, some of the leading newspapers will also be asked to publish the notes. The money-lending community do not seem as yet to have appreciated the force of the movement and for the most part treat it with toleration. In a few districts such as Budaun they are said to be actively hostile. Large money-lenders in towns have as a rule supported the movement and taken shares in the district bank.

43. *Assistance from the public*.—In conclusion, I wish again to bring to the notice of Government the services of certain gentlemen whose assistance has been most valuable to me personally. The list is by no means exhaustive of those who have done good work because there are some districts and many societies which I have not yet been able to visit, but in which work is being well and quietly done. In Muzaffarnagar Chaudhri Ganga Ram has again carefully supervised the operations of the Barwala society. In Bulandshahr Jewar the largest central bank in the Provinces owes everything to the public spirit and energy of Thakur Khushal Singh. In Aligarh Mr. Herbert Smith, Special Manager of the Court of Wards, has continued his efforts to benefit by means of co-operation the tenantry under his charge. In Mainpuri Babu Ganga Prasad has not only successfully organized the district bank, but has taken great pains to train the rural societies of the district to work on correct lines. In Budaun the popularity of the movement is principally due to the exertions of Munshi Nathu Singh, Secretary of the Sahaswan Central Bank. In Fatehpur that most public spirited gentleman, Lala Ishwar Sahai, not only organized the societies themselves and made arrangements to finance them, but has ever since supervised their operations and instructed the members, with such success that they will soon be able to manage the societies themselves.

In Benares Munshi Muhammad Abdul Alim as Honorary Secretary, Haji Nur Muhammad as Honorary Manager and Maulvi Khalil-ul Rahman one of the Directors of the Silk Weavers' Association, have been chiefly instrumental in its success. In Gorakhpur M. Nath Bahadur as Honorary Manager has worked unsparingly in the cause of the District Bank, while in Basti the same work was taken up in turns by Babu Nageshar Prasad Singh and Pandit Ramanand Pande and by the Collector of the District. In Oudh Raja Rampal Singh, C.I.E., of Kurri Sudauli, has made the central bank which he organized into a most flourishing co-operative institution, while M. Wasi-uz-Zaman has continued to direct with energy and skill the operations of the Miyanganj central bank. Munshi Kabul Ahwad of Sandila is also deserving of special mention. In Unao Munshi Kali Charan Nigam, a retired Munsif, has taken up without remuneration the arduous work of Secretary to the Town Bank. The thanks of the Department are also due to the taluqdars of Bara Banki, Rai Bareli and Unao and especially Raja Tasadduq Rasul Khan, C.I.E., of Jehangirabad and Rana Sheoraj Singh of Khajurgaon, without whose willing support in money and in influence it would have been difficult if not impossible to float these large district banks.

44. *Services of officers and staff*.—I wish also to record my acknowledgments to all those district officers to whom the operations of the Department have caused extra work and especially to Mr. Ingram, Collector of Aligarh, Mr. Way of Mainpuri, Mr. Allen of Bareilly, and Mr. Radice of Benares, for their supervision of the co-operative institutions in their districts. The following officers—Messrs. Harrison at Moradabad, Molony at Gorakhpur, Morgan at Basti, C. A. Sherring at Bara Banki and Dewhurst at Rai Bareli—devoted much time and energy to the successful organization and administration of the District Banks of the Board of Directors of which they are *ex-officio* Chairmen. In particular my thanks are due to Mr Swann, Deputy Commissioner of Unao, who himself organized the Town Bank and its connected rural societies down to the remotest detail and drafted a new form of by-laws for each institution, for much valuable help and advice regarding the most suitable line of advance for the co-operative movement in these Provinces. To the popularity and energy of Munshi Muhammad Azim Khan, Deputy Collector, the success of the Bara Banki Bank is largely due. The three Inspectors of the Department have been on tour almost throughout the year and have had very hard work which they have carried through with tact and resource. Babu Krishna Chandra in charge of the Moradabad Bank and the office staff have also continued to do good work.

I have the honour to be,

SIR,

Your most obedient servant,

S. H. FREMANTLE,

Registrar.

APPENDICES.

(2A)

APPENDIX I.
General progress.

Kind of society.	Central, urban or rural.	Liability.	Number of societies—		Number of members—		Remarks.
			At beginning of year.	At end of year.	At begining of year.	At end of year.	
Cash ...	Central ...	Unlimited...	8	10	1,669	2,669	There are 1,539 affilia- ted societies. Amethi seed societies.
	Urban ...	Limited ...	2	16	2,182	24,397	
	Rural ...	Unlimited...	49	130	10,234	16,339	
Productive ...	Urban ...	Limited ...	1	1	567	567	
	Rural ...	Unlimited...	12	12	144	144	
Distributive ...	Urban ...	Limited ...	...	1	...	354

APPENDIX

Profit and Loss statement, Central Banks,

District.	Society.	Profit.			Total.
		Interest earned and due.	Profits on sales of stock.	Other items.	
1	2	3	4	5	6
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Bulandshahr ...	Jewar ...	2,389 2 8	...	63 4 0	2,452 6 8
Bareilly ...	{ Salehnagar ...	568 12 6	...	2 0 0	570 12 6
	{ Dalelnagar ...	323 4 9	...	...	323 4 9
Budaun ...	Saheswan ...	947 0 11	...	18 0 0	965 0 11
Fatehpur ...	Fatehpur ...	549 1 10	...	...	549 1 10
Banda ...	Bargarh ...	937 10 6	..	6 8 0	944 2 6
Naini Tal ...	Khatima ...	861 3 8	...	4 8 0	865 11 8
Unao ...	Miyanganj ...	1,980 9 7	29 13 3	152 2 6	2,162 9 4
Rae Bareli ...	{ Kurri Sudauli ...	1,132 12 0	...	27 3 0	1,159 15 0
	{ Dih ...	106 1 4	...	6 8 0	112 9 4
	Total ...	9,795 11 9	29 13 3	280 1 6	10,105 10 6

APPENDIX

Profit and Loss statement, Urban Banks

District.	Society.	Profit.			Total.
		Interest earned and due.	Profit on sales of stock.	Other items.	
1	2	3	4	5	6
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Bulandshahr ...	{ District Bank, Bulandshahr ...	413 11 11	...	596 12 3	1,010 8 2
	{ Jehangirabad Urban Bank... ..	683 10 6	31 3 6	247 8 0	962 6 0
Maipuri ...	{ Mainpuri District Bank ...	673 6 6	...	1 9 0	674 15 6
	{ Clerks' Urban Bank ...	10 10 9	...	...	10 10 9
	{ Miscellaneous Urban Bank ...	52 2 0	...	8 0 0	60 2 0
Moradabad ...	Moradabad District Bank ...	16,642 14 8	...	1,358 12 1	18,001 10 9
Banda ...	District Bank, Banda ...	523 12 2	...	...	523 12 2
Gorakhpur ...	{ Kasia District Bank ...	7,947 5 8	...	98 2 6	8,045 8 2
	{ District Bank, Gorakhpur... ..	1,708 4 3	...	1 0 0	1,709 4 3
Baeti ...	District Bank, Basti ...	2,375 10 3	...	...	2,375 10 3
Lucknow ...	Mohanlalganj Urban Bank ...	823 4 8	...	119 12 0	943 0 8
Unao ...	Unao Town Bank ...	2,123 4 8	...	700 4 2	2,823 8 10
Rae Baroli ...	Rae Bareli District Bank ...	4,692 3 10	...	1,416 4 0	6,108 7 10
Hardoi ...	Sandila Urban Bank ...	263 13 0	...	71 13 3	335 10 3
Fyzabad ...	Fyzabad District Bank ...	...	...	...	...
Bara Banki ...	Bara Banki District Bank ...	7,186 7 8	...	2,750 7 6	9,936 15 2
	Total ...	46,120 10 6	31 3 6	7,370 4 9	53,522 2 9
Benares ...	Kashi Co-operative Society, Limited.	261 13 8	103 6 9	...	365 4 5

IIIA.

from 1st April 1906 to 30th June 1907.

Loss.			Total Loss.	Net profit plus or loss minus.	Remarks.
Interest paid and due.	Establishment and contingent charges paid and due.	Other items.			
7	8	9	10	11	12
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
1,191 12 8	61 6 0	...	1,253 2 8	1,199 4 0	
213 9 0	31 8 0	...	245 1 0	325 11 6	
110 13 6	24 0 0	...	134 13 6	188 7 3	
321 8 6	123 9 0	10 4 4	455 5 10	509 11 1	
417 9 3	40 9 6	...	458 2 9	90 15 1	
458 0 9	53 0 0	2 9 9	518 10 6	425 8 0	
242 7 1	153 0 0	22 6 0	417 13 1	447 14 7	
1,118 2 1	79 12 9	9 15 9	1,207 14 7	954 10 9	
516 8 6	60 0 0	1 3 0	577 11 6	582 3 6	
34 7 0	...	2 14 0	37 5 0	75 4 4	
4,624 11 4	631 13 5	49 4 10	5,306 0 5	4,799 10 1	

IIIB.

from 1st April 1906 to 30th June 1907.

Loss.			Total loss.	Net profit plus or loss minus.	Remarks.
Interest paid and due.	Establishment and contingent charges paid and due.	Other items.			
7	8	9	10	11	12
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
256 9 8	100 0 0	31 1 3	387 10 11	622 13 3	
108 2 9	70 1 6	...	178 4 3	781 1 9	
...	53 7 0	85 0 0	138 7 0	536 8 6	
...	...	...	...	10 10 9	
53 5 4	...	...	53 5 4	6 12 8	
6,288 1 2	1,332 11 4	70 0 0	7,690 12 6	10,310 14 3	From 26th February 1906.
254 13 7	...	...	254 13 7	268 14 7	
1,375 1 3	1,169 14 6	260 13 0	2,805 12 9	5,239 11 5	
482 14 5	440 4 9	42 15 0	966 2 2	743 2 1	
730 0 6	268 2 0	...	998 2 6	1,377 7 9	
55 7 5	61 15 0	...	117 6 5	825 10 3	
1,035 9 5	364 15 0	309 14 2	1,710 6 7	1,113 2 3	
1,910 10 5	468 3 0	...	2,378 13 5	3,729 10 5	
227 4 1	...	...	227 4 1	108 6 2	
Returns not received. 3,203 8 11	1,051 1 0	...	4,254 9 11	5,682 5 3	
15,931 8 11	5,380 11 1	799 11 5	22,161 15 5	31,360 3 4	
...	358 4 9	11 14 9	370 3 3	- 4 14 10	

Profit and Loss Statement, Rural Banks,

Districts.	Profit.			Total.
	Interest earned and due.	Profit on sales of stock.	Other items.	
1	2	3	4	5
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Muzaffarnagar	327 10 10	...	16 12 0	344 6 10
Bulandshahr	953 9 10	...	81 5 0	1,034 14 10
Aligarh	417 8 3	...	4 12 0	422 4 3
Total, Meerut Division ...	1,698 12 11	...	102 13 0	1,801 9 11
Agra	45 9 0	...	2 8 0	48 1 0
Mainpuri	1,126 5 5	...	167 8 0	1,293 13 5
Etah... ..	201 9 8	...	1 4 0	202 13 8
Total, Agra Division ...	1,373 8 1	...	171 4 0	1,544 12 1
Bareilly	72 13 6	...	1 8 0	74 5 6
Budaun	1,402 13 0	...	350 2 2	1,752 15 2
Pilibhit	641 5 5	...	49 0 11	690 6 4
Total, Rohilkhand Division ...	2,116 15 11	...	400 11 1	2,517 11 0
Fatehpur	626 15 6	...	95 0 0	721 15 6
Banda	597 1 4	...	51 0 11	648 2 3
Allahabad	439 2 3	...	74 12 0	513 14 3
Jhansi	9 7 2	...	...	9 7 2
Total, Allahabad Division ...	1,672 10 3	...	220 12 11	1,893 7 2
Jannpur	253 10 5	...	51 3 2	304 13 7
Ghazipur	367 9 3	...	49 0 0	416 9 3
Total, Benares Divisions ...	621 3 8	...	100 3 2	721 6 10
Azamgarh	424 14 7	...	9 4 0	434 2 7
Total, Gorakhpur Division ...	424 14 7	...	9 4 0	434 2 7
Unao	1,529 12 4	...	2,581 11 0	4,111 7 4
Rae Barcli	46 14 4	...	2 12 0	49 10 4
Hardoi	409 0 11	...	7 12 0	416 12 11
Total, Lucknow Division ...	1,985 11 7	...	2,592 3 0	4,577 14 7
Fyzabad	169 15 7	...	39 5 3	209 4 10
Gonda ... ..	...	...	...	...
Bahraich	196 4 7	...	15 0 0	211 4 7
Sultanpur	658 5 0	...	136 1 10	794 6 10
Partabgarh ... ..	...	...	...	...
Bara Banki	633 0 0	...	60 8 0	693 8 0
Total, Fyzabad Division ...	1,657 9 2	...	250 15 1	1,908 8 3
Total, United Provinces ...	11,551 6 2	...	3,848 2 3	15,399 8 5

III.C.

from 1st April 1906 to 30th June 1907.

Loss.			Total loss.	Net profit plus or loss minus.	Remarks.
Interest paid and due.	Establishment and contingent charges paid and due.	Other items.			
6	7	8	9	10	11
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
95 6 6	...	2 11 0	98 1 6	246 5 4	
352 2 6	17 8 0	7 4 0	376 14 6	658 0 4	
185 2 2	...	3 4 0	188 6 2	233 14 1	
632 11 2	17 8 0	13 3 0	663 6 2	1,138 3 9	
25 7 4	...	...	25 7 4	22 9 8	
572 1 4	12 5 9	148 7 11	732 15 0	560 14 5	
56 9 4	1 13 0	10 0 0	68 0 4	134 7 4	
654 2 0	14 2 9	158 7 11	826 12 8	717 15 6	
39 10 0	22 12 0	...	62 6 0	11 15 6	
634 14 4	77 9 6	70 5 7	782 13 5	970 1 9	
254 0 4	61 12 3	1 2 0	316 14 7	373 7 9	
928 8 8	162 1 9	71 7 7	1,162 2 0	1,355 9 0	
524 0 0	5 0 0	...	529 0 0	192 15 6	
337 4 4	19 13 6	1 3 0	353 4 10	289 13 5	
222 13 10	54 14 0	0 2 0	277 13 10	236 0 5	
5 0 0	...	...	5 0 0	4 7 2	
1,089 2 2	79 11 6	1 5 0	1,170 2 8	723 4 6	
149 0 9	...	...	149 0 9	155 12 10	
187 8 0	81 12 6	...	269 4 6	147 4 9	
336 8 9	81 12 6	...	418 5 3	303 1 7	
132 12 9	...	...	132 12 9	301 5 10	
132 12 9	...	...	132 12 9	301 5 10	
864 12 3	250 6 9	26 7 0	1,141 10 0	2,969 13 4	
29 8 0	1 8 0	...	31 0 0	18 10 4	
369 11 6	10 0 0	10 0 0	389 11 6	27 1 5	
1,263 15 9	261 14 9	36 7 0	1,562 5 6	3,015 9 1	
96 13 6	6 0 0	0 10 0	103 7 6	105 13 4	
138 9 0	Returns not received.	40 7 6	179 0 6	32 4 1	
469 11 4	...	24 4 8	531 2 0	263 4 10	
252 7 5	37 2 0	130 15 9	453 11 2	234 12 10	
957 9 3	Returns not received.				
	75 4 0				
	118 6 0	196 5 11	1,272 5 2	636 3 1	
5,995 6 6	735 9 3	477 4 5	7,208 4 2	8,191 4 3	

APPENDIX VA.

Revenue Statement of the Benares Silk Weavers' Co-operative Association from
1st April 1906 to 30th June 1907.

Receipts.			Expenditure.				
	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	
1. By shares paid in ...	16,937	0 0	1. Purchase of manufactured silks	39,201	7 6		
2. " admission fees ...	31	0 0	2. Preparing silks for market ...	269	14 3		
3. " sale of silk stuffs—						39,471	5 9
Rs. a. p.			3. Purchase of raw materials—				
(a) Sale of stuffs purchased from the weavers ...	19,987	6 6	(a) Indian silk, 4,452	7 0			
(b) Sale of stuffs manufactured by the Association...	4,642	6 9	(b) Italian silk 5,530	11 3			
(c) Sale of stuffs deposited on commission sale ...	2,298	15 6	(c) Kalabatun (gold thread)	937	0 0	10,920	2 3
	26,928	12 9	4. Paid to Karkhauadars as price of cloth sold on commission ...			2,606	0 9
4. By sale of raw materials ...	7,838	15 3	5. Commission paid to salesmen and others ...			1,366	1 3
5. " receipt of commission ...	39	8 3	6. Deposits withdrawn by members ...			24	15 0
6. " members deposits ..	3	6 9	7. Amount paid for charitable purposes ...			112	14 6
7. " charity from the members	282	7 0	8. Loans given to weavers ...			221	14 3
8. " repayment of loans ...	120	0 0	9. Advances given to firms for purchase for raw materials ...			3,995	2 6
9. " settlement of accounts with firms ...	4,676	1 0	10. Settlement of accounts with wholesale buyers ...			4,880	5 9
10. " receipt of advances from wholesale buyers ...	6,366	0 0	11. Wages paid to weavers for manufacturing Kashi silk cloth ...			1,324	14 0
11. " value payable receipts	95	12 0	12. Distribution of profits ...			921	15 6
12. " withdrawal from Bengal Bank (Government Treasury) ...	10,000	0 0	13. Purchase and repair of furniture, &c. ...			233	10 6
13. Miscellaneous receipts (including Rs. 65 of divisible profit) ...	93	10 9	14. Price of gold thread sold on commission ...			1,419	4 3
Balance in hand on 1st April 1906 ...	599	2 9	15. Contingencies ...			1,325	6 0
			16. Cash in hand on 30th June 1907 ...			5,187	12 3
Grand Total ...	74,011	12 6	Grand Total ...	74,011	12 6		

APPENDIX VB.

*Profit and Loss account of the Benares Silk Weavers' Co-operative Association,
" Limited," from 1st April to 30th June 1907.*

Profit.			Loss.		
	Rs.	a. p.		Rs.	a. p.
1. Profit by sale of stuffs—			1. Distribution of profits ...	921	15 6
(a) Purchased by the Association ...	4,471	10 3	2. Investment of reserve fund ...	327	0 0
(b) Manufactured by the Association ...	1,334	5 3	3. Commission paid ...	1,381	15 6
(c) Deposited by the weavers ...	439	13 9	4. Commission due ...	349	4 0
2. By sale of raw materials—			5. Pay of establishment ..	640	8 9
(a) Indian silk ...	294	1 9	6. Stationery ...	54	11 0
(b) Gold thread ...	90	12 0	7. Printing ...	224	13 0
3. By value of dead-stock in hand ...	300	0 0	8. Postage stamps and telegrams ...	32	7 0
4. „ commission received ...	58	6 3	9. Railway fare ...	64	14 3
5. „ value payable due ...	39	0 0	10. Rent and taxes ...	160	0 0
6. „ value payable receipt ...	98	6 0	11. Purchase and repairs of dead-stock ...	296	3 6
7. „ value payable due ...	16	5 3	12. Value payable expenses ...	149	5 9
8. Miscellaneous ...	42	4 3	13. Miscellaneous ...	283	8 3
				4,886	10 6
			Actual profit ...	2,298	6 3
Total ...	7,185	0 9	Grand Total ...	7,185	0 9

APPENDIX VC.

*Balance Sheet of the Benares Silk Weavers' Co-operative Association, " Limited,"
on June 30th, 1907.*

Assets.			Liabilities.		
	Rs.	a. p.		Rs.	a. p.
1. Value of silk stuffs in hand at cost price ...	25,172	5 0	1. Shares paid up ...	32,999	0 0
2. Value of silk stuffs kept on commission sale ...	1,437	9 0	2. Admission fees ...	4	0 0
3. Value of raw materials in hand at cost price ...	609	3 9	3. Members' deposits ...	16	5 9
4. Value of raw materials advanced to weavers ...	300	14 9	4. Charitable deposits ...	184	10 0
5. Amount due from customers for price of cloths sold on credit ...	6,659	15 9	5. Due to Karkhanadars for price of cloth sold on commission ...	361	15 0
6. Commission due from gold thread merchant ...	39	0 0	6. Value of cloth kept on commission sale ...	1,437	9 0
7. Loans outstanding ...	101	14 3	7. Commission due to salesmen and others' ...	349	4 0
8. Amount due from firms ...	19	1 6	8. Sums received in advance from customers ...	1,485	10 3
9. Value of dead-stock in hand ...	300	0 0	9. Divisible dividend ...	65	0 0
10. Cash in hand ...	5,187	12 3	10. Placed to Reserve ...	626	0 0
			Total Liabilities ...	37,529	6 0
			Profit ...	2,298	6 3
Total Assets ...	39,827	12 3	Total Liabilities including profit ...	39,827	12 3

APPENDIX VI.

*Annual Report on the development of the Co-operative movement in the Unao District from 1st April 1906 to 30th June 1907.**From—F. S. P. SWANN, Esq., I.C.S., Deputy Commissioner of Unao,**To—The Registrar, Co-operative Credit Societies, United Provinces.**Dated Unao, the 8th August 1907.*

SIR,

I HAVE the honour to submit a report on the progress of the Co-operative movement in this district during the past fifteen months.

In April 1906 there was only one Society in the district, that at Miyanganj. This had worked most successfully during the previous year and had proved that, provided capital could be found to finance the members, a Rural Society on Raiffeisen lines was well suited to the conditions of this country. The rapid increase in membership showed, however, that once the villager realized the advantages of joining such a Society the demand for capital would be so enormous that it would be useless to encourage the formation of new Societies until some machinery for providing fairly ample supplies of capital was available. It was clear that the managing committee of a village society with little experience of business and out of touch with the main avenues of finance would find it difficult, if not impossible, to obtain the credit they needed, especially as the capitalist would probably have no knowledge of even the existence of the society, or if it came to his knowledge would have no means of testing its solvency.

The best means of providing the link required appeared to be the institution of a headquarters organization for the district, on a basis sufficiently extensive to allow of clear accounting and the best business management available, and to afford a plain guarantee of solvency to the capitalist and banking community. It is true that on paper such a body already existed in the Organization Society which had been founded some years previously. This, however, was an amorphous body with no definite constitution and a very doubtful legal status; the members took no interest in its working, there was no committee of management, and the Secretary who held the funds and kept such accounts as there were only distributed profits when instructed to do so my ma. The founding of a new Society appeared an easier task than the reconstruction of this existing body on workable lines.

After consultation with your predecessor I, about August last, consulted a number of the leading residents of Unao, and as they seemed to think that a scheme for such a central organization would prove generally attractive and acceptable a large committee was appointed to discuss details. I submitted to them a draft of by-laws for the proposed society which, after full and detailed consideration, was largely amended and expanded and met with general approval. The committee then constituted themselves into a society and applied for registration on the basis of those by-laws.

Public meetings were held at a large number of centres throughout the district to explain and advertise the constitution and objects of the society, many hundred copies of the prospectus being distributed. Applications for shares were received from some nine hundred persons, totalling to nearly 50 per cent. in excess of the authorized number of shares. The allotment of the 5,000 shares was made in full.

During this preliminary work the Tahsildars had to be asked for considerable assistance, but from this point on, the society was able to stand entirely on its own legs and has needed no official assistance whatever.

Some nine hundred of the shares allotted were ultimately not taken up; but so keen was now the general interest in the scheme that directly it was intimated that shares were still available for allotment applications poured in, amounting in all to nearly double the number of shares available. The whole of these nine hundred and odd shares were then reallocated at a stiff premium.

In constitution this Society, known as the Unao Town Bank, Limited, is of a mixed type; in so far as the shares are payable by small instalments and the liability of the shareholders is limited, it resembles the Luzzatti type, but it differs from this type in the fact that its shareholders and borrowing members are a separate body of persons; in so far as the borrowing members are responsible jointly and without limit for the loans taken by the whole body of such members it is of the Raiffeisen type.

So far as the Society exists for the purpose of financing rural societies it would have simplified constitution and management had there been no provision for borrowing membership. But at the foundation of the Society the general view was that unless the Society could offer facilities for credit to individuals, at any rate in the neighbourhood of its headquarters, it would arouse very little general interest, and the joint constitution was accordingly adopted. In order, however, that the management might have personal knowledge of the status and solvency of its debtors, actual residence in the town of Unao was made a condition necessary for membership.

That the guarantees this constitution provides for solvency and financial stability are generally looked upon as sufficient is clear from the facts that, within seven and a half months from its foundation deposits exceeding Rs. 80,000 had been received from the general public, and the Allahabad Bank had advanced a loan of Rs. 10,000; while since the close of the year a capitalist in the Fyzabad District has lent the Society Rs. 25,000 on a long-term instalment loan.

The annual accounts already submitted show most successful results the profit actually earned on the paid-up capital being at the rate of over 35½ per cent. per annum. A substantial sum of Rs. 825 or 16½ per cent. on the paid-up capital has been invested as a Reserve Fund.

These results may at first sight appear inferior when compared with those obtained by certain other district Organizations working on a basis of "Affiliated Societies." In the latter case it must be remembered, however, that the District Society retains the whole profit and maintains the only Reserve Fund. Here the Bank deals with separate Societies which each retain their own profits and accumulate their own separate Reserve Funds which they deposit with this Bank. If the profits made by the Rural Societies be taken into consideration, the total profits for the year amount to Rs. 5,337 and the total Reserve Funds to Rs. 4,882.

The Directors recognising that their first duty is to make the solvency of the Society so evident as to be above all possibility of cavil have since the close of the year decided to build up, in addition to the legal Reserve fund, a considerable floating reserve. It is hoped in a few months to raise this floating reserve to at least 10 per cent. of the total liabilities, a proportion at which it should thereafter be easy to maintain it.

The Society has bought out the shares of the old Organization Society and accordingly remains the sole Headquarters Organization of the District. The members of the original Organization Society when they joined that body probably but little expected to see the return of their money, looking on the purchase of a share more as a charitable subscription than an investment. They have now, however, received their money back in full together with a 5 per cent. interest for the whole time it has been out of their hands.

That the credit facilities provided for local members are appreciated is clear from the fact that the outstanding loans now amount to over Rs. 10,000. At first there was a tendency on the part of members to delay in making their repayments, but this is being steadily repressed and the Directors have now very little cause for complaint on this score. There has been only one case of actual default, due to a person who absconded after committing some embezzlements while employed in the Civil Courts.

A demand has recently sprung up on behalf of the larger traders of the town for credit at a cheaper rate than that at which the Society can afford to lend to its ordinary members. I hope shortly to be able to meet this demand by the foundation of a separate Traders' Co-operative Credit Society.

Turning to Rural Societies we find that so enormous has been the demand for credit from the villages that even the comparatively large resources, which the foundation of the Town Bank has rendered available, falls short by about half a lakh of the applications made to the Bank of the Rural Societies already in operation. It is to be regretted that these demands could not be met in full, as the immediate effect of the starting of a Rural Society is a general contraction in the credit to be obtained from the usual local resources; there is on the one hand the doubt whether a client who has dealings both with a Society and a mahajan offers as good security to the latter as one who deals solely with himself, and on the other hand a recognition that the operations of these Societies must bring down the general rate of interest to be obtained even from non-members. The line of defence the bania or village mahajan adopts is to boycott any old client who joins one of these Societies. Provided that sufficient capital be available to fully finance the Societies which are actually at work, this tendency must soon disappear, and the small capitalist will recognise that his best policy is to lend his money to these Societies instead of opposing them. That things are already beginning to move in this direction would appear from the fact that some ten of the recently constituted Societies have been largely financed by deposits made to them by the smaller capitalist class. To reduce as far as possible the inconvenience to the agriculturalist from being unable to obtain his full needs from the Rural Society to which he may belong, I have since the insufficiency of the sources available became evident refrained from stimulating the formation of fresh Societies. There is no doubt now that the scheme has really caught on in the villages and that as funds become available the number of Rural Societies will increase practically without limit.

To co-ordinate the work throughout the district I deemed it advisable that so far as possible one constitution should be adopted for all the Societies in the district.

The "Central and Branch Society" system in force at Miyanganj had shown the great utility of sub-dividing what would otherwise be an unwieldy body of members. But the Simla Conference had brought out the fact that this constitution was not really legal under the terms of the Act. The problem of combining the advantages of that system with a legal constitution was solved by the adoption of the plan of a single society with an internal sub-division into *Pattis*.

A detailed draft of by-laws on this plan was prepared and after obtaining your predecessor's approval was adopted as the model form for the district, to be recommended to all new societies. No society is forced to adopt the model, but so far this model with here and there unimportant modifications has been adopted by all the Rural Societies.

I also prepared and distributed to the societies a memorandum explaining the reasons underlying the main provisions of these by-laws, and containing instructions on the working of a Society in those points where experience had shown that the management was most likely to make mistakes.

Model account forms have also been drawn out and arrangements made with a local press for supplying them to Societies needing them, at a fixed contract rate.

There are at the present moment twenty-four Rural Societies in the district whose operations I now proceed to discuss more in detail.

Miyanganj.—This Bank in the previous year was a purely credit society, advancing money to its members solely for the cultivation of each crop singly. During the year it has introduced other varieties of loan, instalment loans for the purchase of cattle, construction of wells, or other similar heavy expenditure, with repayments spread over a period of two years, instalment loans to artisans and petty traders with monthly repayments spread over a year, short-term loans for weddings or other non-reproductive expenditure at a rate of interest considerably higher than that charged on loans for reproductive purposes. These schemes have all been shown to be workable and highly popular and have been adopted by all the new Rural Societies.

Towards the close of the present year the Society has taken another great step forward, and has added co-operative trading to its purely credit business.

The first scheme taken up was that of co-operative grain dealing. The original plan provided that the major portion of the money (some Rs. 6,000) recoverable from the members at the rabi harvest should be invested in the purchase of grain at harvest rates, and held for some two months to obtain the advantage of the rise in prices which always occurs when the crop has left the cultivators' hands. Unfortunately owing to a family bereavement the *sarpunch* was unable at the critical time to attend to the detailed work involved in the purchase, and only some Rs. 1,300 worth of grain was actually bought. This is still being sold, so that a full report on the scheme cannot yet be made, but it is already clear that at the prices now obtainable the profits will be very considerable.

The second scheme was the supply of the local weavers, who are very numerous, with thread; the Society buying whole sale in Cawnpore and retailing the material at the prices prevailing locally. The plan was brought into action about the middle of May last; at first persons were somewhat shy of dealing with the society, but this effect is now wearing off and the value of the daily transactions is rising fast. After allowing for all interest and management charges the business, even on the small turnover done, shows a small clear profit; and as the business increases the profits should rise to a very considerable amount. In practice it is generally necessary in order to enable a member to deal with the society to advance him a cash loan in order that he may clear his indebtedness to the bania. An interesting side-light is thrown on the utility of these societies by the fact that immediately the Society commenced operations the local thread merchants put down the price of thread to a point lower than it had ever before been known to reach: the Society has thus conferred a general benefit on the local weaving community whether they are members or not.

The third scheme is the purchase of cloth at current local prices and its subsequent sale in bulk. As this was only brought into actual working operation since the close of the year it is too early yet to discuss the question of financial results.

A further scheme is now under consideration for the establishment by the Society of a local workshop fully equipped for the repair of the usual iron sugar-pressing roller-mills.

In all these schemes the Society is ready to deal with members and outsiders equally, but members obtain an advantage by having returned to them half the clear net profits on the volume of business they individually do with the society.

These societies got to work in December-January last and were able to finance their members for the cane sowing and also for the irrigation of the rabi. Recovery of loans due on the rabi was made in full and the societies have since then all largely increased their membership and working capital. The first named has so far been financed solely by deposits made by the Taluqdar Lala Shambhu Dyal and his friends who have become members, and by the corresponding Government grants. The second has obtained a portion of its resources from a similar source and the remainder from the Unao Town Bank. The remaining two have depended mainly on credit from the latter source, supplemented towards the close of the year by compulsory harvest deposits from their members and the corresponding Government grants.

The Safipur society so rapidly increased in numbers that a second society and subsequently a third had to be formed to accommodate the members coming forward for membership, as the society threatened to become too unwieldy to be efficiently managed by a single committee.

These societies actually commenced operations in May and June with the advance of considerable sums to their members for the purchase of cattle.

The first named has depended solely on the Unao Town Bank; the remainder while obtaining some credit from that institution have depended very largely on considerable sums deposited by their wealthier members and the corresponding Government grants. The last named has recently refused a loan from the Unao Town Bank on the ground that the interest asked (8 per cent.) was too high, since they could obtain accommodation locally at a cheaper rate.

These societies have during the year under report accumulated their initial working capital, but have only commenced actual operations since the close of the year. The last named has received a credit from the Unao Town Bank, but the remainder are at present depending on the amounts deposited by their wealthier members and the corresponding Government grants.

Purwa.	Somerpur.	The societies having completed their internal organization have applied to the Unao Town Bank for credit. They should shortly get really to work.
Barn.	Kaniba	
Bhagwantnagar.	Nawabganj.	
Mohan.	Bhaulti.	The societies having completed their internal organization have applied to the Unao Town Bank for credit. They should shortly get really to work.
Rasulabad.	Mustafabad.	

These remaining four societies will probably be a little longer in actually getting to work, but should all be in full operation long before the close of the current year.

Safipur No. 2.	Hassanganj.	work, but should all be in full operation long before the close of the current year.
Paisar.	Ghatampur.	

From a general point of view it is most interesting to observe that the villager is really beginning to realize the advantages of and take an interest in the co-operative movement as the following facts show.

The Rasulabad Bank was started by members of the Miyanganj society, who thought they would prefer to have an independent society of their own in preference to belonging to a society with its headquarters three miles away.

The tenants of one village which lies in the local area served by both the Padri and Achalganj Banks, after joining the former society, applied to be transferred as a body to the latter because they thought the management promised to be better.

The Paisar and Mustafabad Banks were deliberately started by the residents of those villages after seeing the success achieved by the Safipur No. 1 society a few miles away.

Three groups of villagers invaded my Court on different occasions, saying that they had wanted to join the Dirwa Bank but had been refused admission on the ground that their village lay outside the local area of that society's operations. They enquired whether they could not have banks of their own, and are now being assisted to form three new societies.

The total liabilities of the Rural Societies now amount to roughly Rs. 1,09,160 distributed as follows :—

	Rs.	
To Government ...	6,400	} The difference of Rs. 1,420 being due to accrued interest and management charges due.
" Unao Town Bank ...	81,750	
" other outsiders ...	4,850	
" their own members ...	14,740	

As against these liabilities the total assets amount to roughly Rs. 1,13,420, which is represented by—

	Rs.	
Loans due from members ...	98,020	} The difference of Rs. 1,180 being due to interest earned.
Cash or stock in hand ...	14,220	

Including in the account the excess of interest earned over that due from the societies, the total of the sums already accumulated as "Gross Annual Earnings" now stands at Rs. 4,258, showing a percentage of 395 on the total liabilities—a result by no means unsatisfactory considering that work on anything like an extended scale has only been proceeding during the last few months.

The following gentlemen deserve special notice for the interest they have taken in the foundation and management of the Rural Societies for which they are respectively *sarpanch* :—

Chandri Mahendra Singh ...	... Bangarmau.
Lala Chembhu Dyal ...	... Maurawan.
Mir Imtiaz Ahmad ...	... Safipur No. 1.
Sheikh Kurshed Ahmad ...	... Kursat.

But above all I must record my thanks to M. Wasi-uz-Zaman the *sarpanch* of Miyanganj, who well deserves the title of "Father of the Co-operative Movement" in this district, for the unflagging zeal and energy with which he has guided the destinies of the Miyanganj Society; in conducting experiments in various forms of co-operative work he has accumulated experience which must prove invaluable as a guide to the future not only in this district, but throughout the Provinces.

The Directors and staff of the Unao Town Bank also deserve recognition for the valuable assistance they have afforded to the movement in general, especially that rendered by the Managing Director, Babu Kali Charan Nigam, who has in the most public-spirited manner devoted his energy and time to ensuring the growth and success of the society.

I have the honour to be,

SIR,

Your most obedient servant,

F. S. P. SWANN,

Deputy Commissioner, Unao.

ORDERS OF GOVERNMENT.

No. $\frac{3457}{I-1060-1907}$ OF 1907.

RESOLUTION.

REVENUE DEPARTMENT.

Dated Allahabad, the 9th December 1907.

READ—

Letter no. $\frac{409A}{XII-49}$ dated the 11th October 1907, from the Registrar, Co-operative Credit Societies, being the report on the working of the Co-operative Credit Societies Act (X of 1904) for the period from 1st April 1906 to 30th June 1907.

OBSERVATIONS.—The Lieutenant Governor has read with interest the report which deals with the operations under the control and supervision of the Registrar for a period of fifteen months.

Good progress has been made both in the opening of additional district and rural banks and in strengthening the position of those already in working order. In the current year there is expected to be a marked advance in industrial co-operation and in consequence the staff of inspectors will be doubled.

2. The report was received a month after the date on which it was due and the Registrar should arrange for its punctual submission in future years. Fractions of a rupee should not be shown in the tabular statements.

3. The Lieutenant Governor notices with pleasure the names of those gentlemen, both non-official and official, who are mentioned by the Registrar as having afforded assistance to him. Mr. Hope Simpson, who was its first occupant, left the post of Registrar during the year. To his zeal and energy the success so far achieved is largely to be attributed.

ORDER.—Ordered that a copy of the resolution be forwarded to the Registrar, Co-operative Credit Societies, United Provinces, for information.

By order &c.,

J. M. HOLMS,

Chief Secy. to Govt., United Provinces.