

**THE
BOMBAY PROVINCIAL CO-OPERATIVE BANK Ltd.**

(Established in 1911)

**SIR VITHALDAS D. THACKERSEY MEMORIAL BUILDING,
9, Bakehouse Lane, Fort, Bombay**

(1949)

BOMBAY.

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PREFACE

The main object of this publication is to make available in a concise and handy form all the salient facts regarding the working of the Bombay Provincial Co-operative Bank. In recent years, numerous enquiries have been received regarding the history and functions discharged by this Institution and prominent co-operators from other parts of the country and also from foreign countries who have recently visited the Bank, often desired to have a handbook containing not only a concise history of the Bank but also an outline of the functions it at present discharges. To meet this demand, it was decided by the Board of Directors to print the Annual Administration Report of the Bank for the year ending 30th June 1948 together with a short history of the Bank with graphical illustrations and tables showing the progress made by the Bank since its inception. In this publication, therefore, a lecture delivered by our Chairman, Syt. Ramanlal G. Saraiya, in 1943, which traced the history of the Bank since its very inception, is reproduced after revision of the figures. The Administration Report of the Bank for the year ended 30th June 1948 which gives details of the working of the Bank and its Branches, is included. To indicate the progress of the Bank since its registration in 1911, a table is appended and to indicate the areas financed directly by the Bank, a map of the Province of Bombay demarcating such areas is given. To illustrate the progress of the Bank during the past ten years in the matter of owned and borrowed resources, investments and advances, two graphs prepared for our Office are also reproduced in this publication.

As the chief means for ameliorating the condition of agriculturists groaning under a heavy burden of indebtedness, the Co-operative Movement was introduced in India by Government about 45 years ago as a result of the investigation and report of Sir Frederick A. Nicholson. The first Co-operative Societies Act of 1904 in India did not, however, contemplate the registration of co-operative banks to finance societies, as it was believed that primary credit societies organised on *raiffeisen* system with unlimited liability would be able to raise all the funds they required for normal business locally at reasonable rate. This expectation could not, however, be fulfilled. Sir Vithaldas D. Thackersey and Sir Lalubhai Samaldas in Bombay then conceived the idea of starting a co-operative bank with the sole object of providing finance to primary

agricultural societies. The finance required was for the redemption of old debts for normal agricultural operations and improvements in lands of members. Long-term debentures, therefore, formed a prominent feature of the financial mechanism of their scheme and in order that long-term debentures could be issued at a cheap rate, guarantee of Government was considered essential. After protracted discussion between the Government of Bombay, the Government of India and the Secretary of State for India, approval was accorded to the scheme and in accordance with the formal agreement between the Promoters and Government, the Bombay Central Co-operative Bank, Ltd., came into being and was registered as an urban co-operative credit society under Act X of 1904 on 11th October 1911. The second Co-operative Societies Act (Act II of 1912) was enacted soon after by the Government of India and this Act provided for the registration of co-operative banks to finance societies. In 1914 the McLagan Committee on Co-operation, of which Sir Lalubhai Samaldas was a prominent member, examined the financial structure of the co-operative movement and classified and defined the functions and duties of various co-operative financing agencies. As a result of the recommendations of this Committee, the Bombay Central Co-operative Bank, Ltd., was converted into the apex financing agency of the Movement in Bombay. Its constitution was changed to conform with its new duties and its name to the Bombay Provincial Co-operative Bank, Ltd., in the year 1920. Even after the assumption of the functions as the apex financing agency, the Bank continued and still continues to function as a central bank providing finance to primary societies in districts in which no central co-operative bank has so far been organised.

As will be indicated by the Report, Table and Illustrations, the resources and functions of the Bank grew with the growth of the Movement in the Province. Under the constant vigilance and guidance of the late Sir Vithaldas Thackersey and Sir Lalubhai Samaldas and a host of co-operators and sympathisers assisted by Svt. Vaikunth L. Mehta, the Hon'ble Finance Minister to the Government of Bombay at present, who was the Managing Director, the Bank evolved and developed a new system of agricultural credit suitable to Indian conditions, ensuring cheap, adequate and prompt finance to members of societies as and when needed through a network of branches. The introduction of this improved method of agricultural finance coupled with the saga-

cious and sound management of its affairs made it possible for the Bank to develop to its present position as the leading co-operative bank of the Co-operative Movement in the country without any serious check or incident throughout its career spread over the long period of 37 years.

I shall be failing in my duty if I do not acknowledge here the splendid work and the co-operation I have all along received from my colleagues, Mr. V. M. Thakore and Mr. Y. B. Gaitonde, in the conduct of the affairs of the Bank, which has made it possible for me to carry its heavy responsibilities. My thanks are also due to Dr. M. G. Bhagat, Senior Inspector of the Bank, for preparing the draft Administration Report and for collecting and arranging the material and charts for this publication, and also to Mr. B. V. Desai for preparing the Table and correcting the proof.

V. P. VARDE,

Hony. Managing Director.

BOMBAY,

16th June 1949.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

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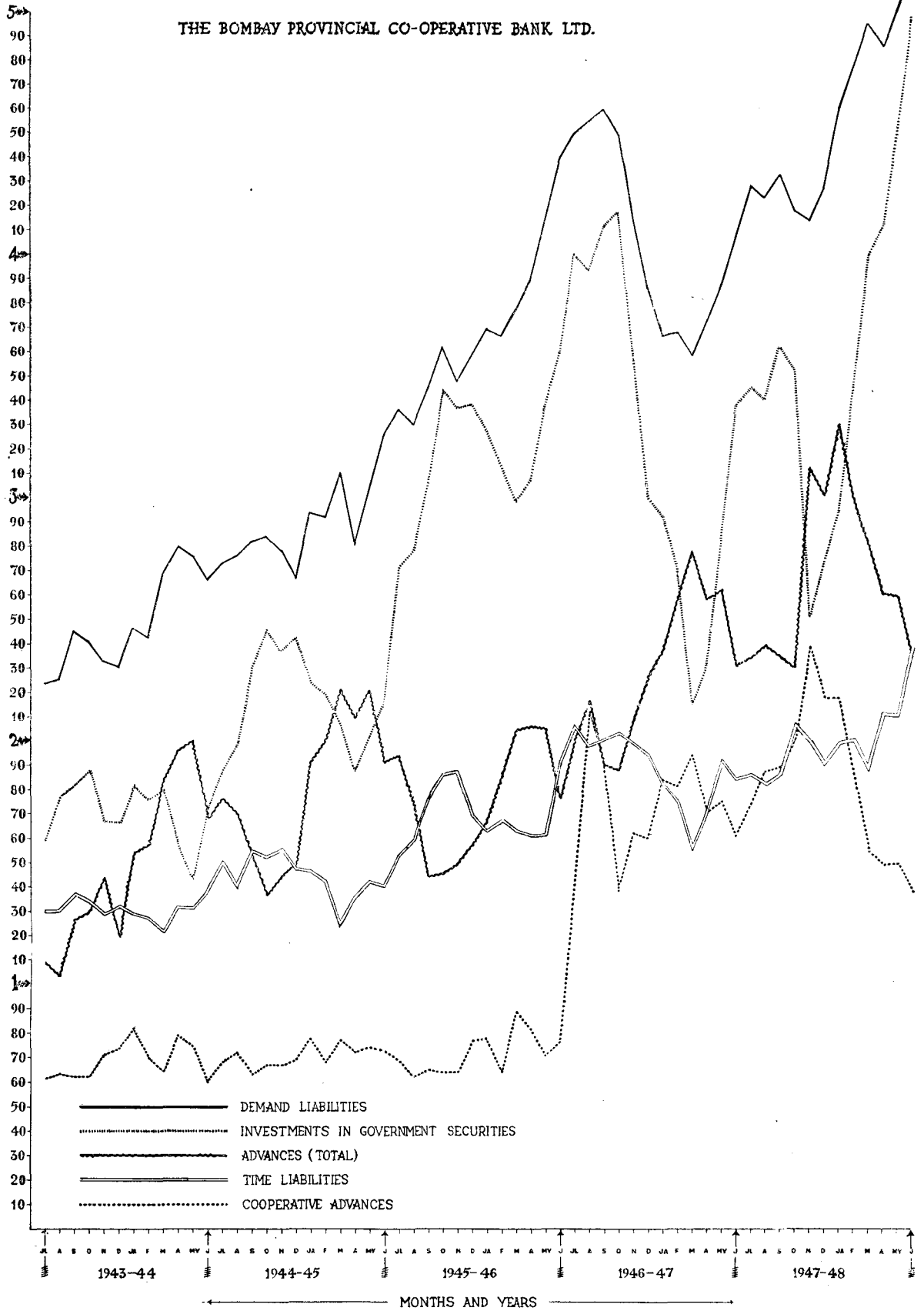
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THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.



A SHORT HISTORY OF THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.*

By

R. G. SARAIYA,

Chairman, Bombay Provincial Co-operative Bank, Ltd.

The Bombay Provincial Co-operative Bank, Ltd., may be said in many respects to have grown with the growth of the co-operative movement in the Province of Bombay. It may be recalled that the co-operative movement was first introduced in India about 45 years back, and originally its principal activity was the formation of rural credit societies. It was soon found that such credit societies could not raise the funds necessary for their normal operations and had to depend, in their initial stages, on loans for small amounts from Government. As early as 1906, therefore, the Registrar of Co-operative Societies induced a few friends in Bombay to start an urban co-operative credit society for the purpose of providing capital for rural societies. Sir Vithaldas D. Thackersey and Sir Lalubhai Samaldas then conceived the idea of starting a central bank with the object principally of providing finance to co-operative societies. One of the principal features of its constitution was a scheme of debentures, interest on which was to be guaranteed by the Government of Bombay. After considerable discussion between the Government of Bombay, the Government of India and the Secretary of State for India, a formal agreement between the promoters and the Government was arrived at, and the Bombay Central Co-operative Bank was registered on 11th October 1911 as an urban co-operative credit society under the Government of India Act X of 1904. It was laid down that no loans could be advanced by the Bank except on the recommendation of the Registrar of Co-operative Societies, subject to certain specified exceptions. The Bank also agreed to maintain a specific amount in liquid resources against its demand liabilities, and to invest its surplus funds in Government securities or with banks approved by Government. Government on their part agreed to grant permission to the Bank to raise debentures to the extent of three times its paid-up share capital with a maximum of Rs. 20,00,000 to be secured by a floating charge on the general assets of the Bank, and to guarantee interest on the debentures till the date of their redemption.

The Bank commenced operations by taking over the loans allowed to societies in various districts by the Bombay Urban Co-operative Credit Society and also the Tagavi loans of Government (under the Agricul-

* Text of a lecture delivered on 18th November 1943 at a training class held under the auspices of the Bombay Co-operators' Education Committee. The figures have been brought up to 30th June 1948.

turist Loans Act of 1884) in a group of 29 villages in the Nira Canal tract. The area of operations of the Bank extended all over the Presidency proper ; Sind which then had a separate Co-operative Department was not included within its jurisdiction. Soon after it was brought into existence, attempts were made to start direct central banks ; and some of the existing urban societies such as those at Surat, Broach and Ahmednagar, were gradually transformed into central banks for their respective districts. The desire of various districts to have local banks of their own got a stimulus after 1916 as a consequence of the recommendations of the Maclagan Committee on Co-operation in India, and more local banks came to be started on the lines laid down by that Committee. At the same time, the Bombay Central Bank utilized as its responsible local agencies the guaranteeing unions of primary societies which too came into existence in response to the recommendations of the Maclagan Committee. It was not until 1920, however, that the policy was laid down that there should be only one financing agency in any one tract ; and steps were taken thereafter to prevent overlapping of operations and to delimit the sphere of influence of the Bombay Central Bank in its direct relations with primary agricultural societies. The Bank's business in areas served by district central banks as they came to be started in different districts was transferred to these banks wherever the latter agreed to take it over.

In harmony with the above developments, and the change in its status, the name of the Bank was altered to the ' Bombay Provincial Co-operative Bank ' in 1924, to denote that the Bank's primary function would be to serve as an apex bank balancing the surpluses and deficiencies in the resources of its affiliated banks. Nevertheless, the Bank continues to have direct relations with primary societies in a few districts where its business with them has not yet been taken over by the existing central banks for various reasons, either because the areas are not fully developed or the amounts already advanced are very large and local banks cannot, therefore, be organized to take over the operations. The Bank has investigated the possibility of converting some of the branches into banking unions. Its operations in the Kalol Branch area were taken over by the Kalol and Halol Taluka Co-operative Banking Union started in June 1942 and the Purva Panchmahal Banking Union has recently been registered to which the assets of the Jhalod Branch of the Bank are transferred and the assets of the Dohad branch are transferred after 30th June 1948.

From the outset it was realized that where the Bank transacted business on any considerable scale, it should establish some link with societies in the area by opening a branch ; and in pursuance of this policy its first branch was opened at Baramati in the Poona District, when the Bank took over the Government's loan operations in the Nira Canal tract. The next branch to be opened was at Kopergaon in the Ahmed-

nagar District to serve the group of societies for sugarcane growers on the Godavari Canal which were organized on the model of societies in the Nira Canal area. After 1920, the Bank definitely came to the conclusion that in districts where it had to continue business relations with primary agricultural credit societies, it should establish branches so as to be in close and constant touch with the societies and their members. Accordingly, the number of branches grew gradually and the opening of a branch at the district headquarters was usually followed by the provision of similar facilities in the taluka towns of the same district. Hence the increase in the number of branches indicates not so much the expansion of the area of operations as the extension of facilities to outlying rural centres where there are compact groups of societies. The only primary societies financed by the Bank which still remain to be served by local branches are a few scattered institutions in the Ratnagiri and Kolaba districts, excluding Panwel Taluka where a branch has been organized. The Bank has no direct business relations with primary societies in the whole of the Karnatak and in the districts of East Khandesh, Surat and Broach (excluding the Panchmahals division). Where the volume of work is small, a sub-branch is started which may not be kept open throughout the week and where all types of banking operations are not conducted. Moreover, in some districts arrangements are made at the request of the local societies and the branch committees for the receipt of repayments and the disbursement of loans in central villages. The number of such approved pay-centres is two at present. The number of branches at the close of the year 1948 was 41 excluding 12 sub-branches distributed as under :—

| <i>District</i> | <i>Branches</i> | <i>Sub-branches</i> |
|-----------------------|-----------------|---------------------|
| Satara | 8 | 1 |
| West Khandesh | 8 | 1 |
| Ahmednagar | 6 | 3 |
| Nasik | 6 | 3 |
| Thana | 3 | 0 |
| Panchmahals | 2 | 0 |
| Sholapur | 1 | 1 |
| Ahmedabad | 1 | 1 |
| Kolaba | 1 | 0 |
| Kaira | 5 | 2 |
| | 41 | 12 |

Generally attached to each branch is a branch committee which is entrusted with various duties and powers including the power to sanction loans and credits to societies subject to certain restrictions.

At the outset, the entire body of the Bank's members were individuals, with the single exception of the Nagar Central Bank. Before long, however, the Directors appreciated the desirability of getting co-operative societies to become members, and special facilities were provided for the purchase of shares from existing shareholders for societies which were anxious to become members. Though a few primary agricultural societies did take advantage of this offer, in the early days it was mainly the central and urban banks that purchased the shares of the Bank to any appreciable extent. Since 1925, with the enactment of the Bombay Co-operative Societies Act XV of 1925, it has been made obligatory for all borrowing societies to become members and at present out of a total of 5,893 members 3,219 are co-operative societies. The shareholding of co-operative societies, including central and urban banks, amounts to Rs. 12,17,450 out of a total of Rs. 20,39,200. Although the original bye-laws allowed voting to be based on the number of shares held, under the law now in force in Bombay every member, whatever his holding, exercises only one vote.

To enable members of agricultural credit societies, particularly, to obtain from the Bank advances on the security of gold and silver in ornaments or bars or on the pledge of agricultural produce, a new form of membership was created in 1920. This membership is open only to members of member-societies who pay a fee of Rs. 2. The number of such members called 'B' class members at the close of 1947-48 was 604.

With the introduction of the B.A.D.R. Act new type of 'B' class membership is introduced which is open to individuals who are parties to proceedings under the Act to whom loans are advanced for the raising and marketing of crops. The total number of members of this type at the close of the year 1947-48 was 301.

In the original Board of Directors, there were included two Directors connected with rural interests, one of them the chairman of an agricultural credit society in the Nira Canal. Later on, representative co-operators from various parts of the Province were taken on the Board, and in 1920 it was decided that central banks should be represented on the Board by four Directors. In 1924, it was further decided that this representation should be by direct election and that in addition there should be two representatives of agricultural societies financed by the Bank and one of urban societies financed by it. This scheme underwent a slight modification in 1932. There is a Board of fifteen members at present (including the Managing Director) of whom three represent central banks, two urban banks and three agricultural societies (the election being conducted through the branch committees), while seven are representatives of individual shareholders elected at the general meeting.

That the Bank has been able to serve as a balancing centre for the co-operative movement in the Province is evident from the fact that out of a total sum of nearly Rs. 7,89,74,000 held by it in deposit, so large a portion as Rs. 3,74,63,000 is received from co-operative institutions, mainly central and urban banks. As a balancing centre the Bank has to keep its funds liquid and to meet withdrawals at short notice or on demand. It has to go to the assistance of member-banks in times of crisis by providing funds to meet local withdrawals of deposits. On the fixed deposits of co-operative institutions a slightly higher rate of interest is offered than to individuals. That rate, it may be observed, is regulated from time to time according to the conditions of the money market, but is, however, the same as is quoted by the best banks in Bombay on their fixed deposits. Another important class of depositors are public bodies—local boards, municipalities and school boards—which deposit substantial sums with branches of the Bank. Deposits from these can be accepted without limit as to the amount, in accordance with Government Resolution No. 140-A of 3rd August 1938. The aggregate amount of such deposits on June 30, 1948 was Rs. 15,39,000.

The Bank had until 1928 cash credit arrangements with the Imperial Bank of India, but these were stopped in that year as the legal advisers of the Imperial Bank of India held that the Bank would not have adequate security for its lendings in virtue of the terms of the debenture trust deed of the Bank. The Government were approached in the matter and it has been decided that as cover against the floating charge of the debenture-holders, the Bank should deposit with the Finance Secretary of the Government of Bombay, securities equivalent in value to the amount of the debentures issued by the Bank. This deposit of securities has now been made. The Bank has cash credit arrangements with the Reserve Bank of India, the Imperial Bank of India, the Chartered Bank of India and the Bank of India Ltd., against Government securities. In addition, it obtains call deposits or loans from scheduled banks at current rates of interest. Arrangements have also been entered into with the Reserve Bank of India for advances for financing seasonal agricultural operations or the marketing of crops as provided in Section 17(2) (b) and 17(4)(c) of the Reserve Bank of India Act. These advances are allowed for fixed periods on the security of bills or promissory notes of central banks. A reduced rate of interest is charged on advances for the marketing of crops. Credit limits have been sanctioned under this scheme for two central banks which have agreed to the terms prescribed by the Reserve Bank of India. Incidentally it may be pointed out that the Bombay Provincial Co-operative Bank was the first Provincial Co-operative Bank in India to work out the procedure for enabling advantage to be taken of Section 17(2)(b) and 17(4)(c) of the Reserve Bank of India Act, for the purpose of financing agricultural operations and marketing of crops. Actually, only small loans are occasionally negotiated,

but it is hoped that the recognition of Co-operative Paper by the Reserve Bank and the working out of the procedure for discounting the same will stand the co-operative movement in good stead in times of crisis and will assist as at present in securing a lower rate of interest for agricultural operations in times of plenty.

As noted above, in virtue of the agreement which the Bank entered into with the Government of Bombay when it was established, the Bank is empowered to raise debentures to the extent of Rs. 20,00,000 on which interest is guaranteed by Government until the debentures are redeemed. The debentures bear interest at 4 per cent and have a maturity of 28 to 41 years. The trust deed governing the issue of the debentures provides for a sinking fund being created by the Bank by annual contributions out of its profits at the rate of one to two per cent on the amount outstanding by way of debentures, the contribution varying according to the average rate of interest charged by the Bank on its lendings. The fund is invested separately in approved trustee securities and is held in the names of the Trustees. Debentures to the extent of Rs. 7,80,000 were sold before 1915, but after the outbreak of the War of 1914-18 and the subsequent rise that took place in rates of interest in the money market, it was not found possible to place any more debentures on the market. In 1926, when proposals for the creation of a land mortgage organization were placed before Government they called upon the Bank to function temporarily as a central land mortgage bank for financing the operations of local land mortgage banks by raising additional debentures. Government themselves then agreed to subscribe to debentures upto a limit of Rs. 5 lakhs. Subsequently debentures of the value of Rs. 2 lakhs were taken up by Government and the remaining three lakhs of debentures were sold to private parties and co-operative institutions. With the repayment in 1941-42 of the first two series of debentures amounting to Rs. 6,30,000 the amount of the debentures now outstanding is Rs. 6,50,000. The sinking fund for debentures stands at the figure of Rs. 3,07,000.

A separate organization for the provision of long-term land mortgage credit, the Bombay Provincial Co-operative Land Mortgage Bank Ltd., was started in 1936. It has taken over some of the loans advanced by the Bank to the local mortgage banks referred to above. A sum of Rs. 24,277, however, still remains outstanding from two of the local banks. The Bank incurred certain losses on its land mortgage department, a portion of which amounting to Rs. 24,000 has been reimbursed by Government.

At the request of Government, the Bank agreed in 1922 to serve as an agency for the distribution of loans under the Land Improvement Loans Act. Government issued a special set of rules in that year providing for the grant of an annual allotment to the Bank to be disbursed by it to co-operative societies for works of land improvement, finance

being made available by the Bank through central banks in areas served by them and elsewhere through the societies financed by it direct. The rate of interest for the ultimate borrowers was to be the same as they would pay direct to Government in case they borrowed from the local Revenue authorities. The Bank agreed to charge a margin of only $\frac{1}{4}\%$ for its management expenses in case of advances to central banks and $\frac{1}{2}\%$ in case of loans to primary societies. Under the Rules, loans were sanctioned jointly by the Bank and Registrar and preference was given to co-operative schemes. The total allotments drawn from Government were Rs. 9,80,300; but since 1936 these allotments have been stopped mainly on the ground that the Bank was in a position to give petty loans for land improvement out of its own resources while large loans could be had from land mortgage banks. All the sums borrowed from Government have been repaid in full.

The original bye-laws of the Bank provided for its interesting itself in the work of selling on commission agricultural produce on behalf of members of societies and supplying to them agricultural requisites such as manures, fertilizers and improved implements. This business was first undertaken at Baramati and Nira on the Nira Canal through a shop run jointly on behalf of societies and the Bank. Similar arrangements were later on, introduced at Kopergaon on the Godavari Canal and at Belapur on the Pravara Canal. The Bank's experience of this work led it to organize shops for marketing and supply at Kolhapur (for societies in the Walva Taluka in Satara Dist.), at Kurduwadi and Akluj in Sholapur, at Dohad in the Panchmahals, at Malegaon and Yeola in Nasik and at Dhulia, Dondaicha and Shirpur in the West Khandesh District. The shops at all the centres after having worked successfully for a number of years have been transferred to newly registered co-operative purchase and sale unions or societies, there remaining with the Bank only one shop at Yeola at present.

At these shops and depots, it became necessary for the Bank to make advances against agricultural produce pending sale or delivery or against requisites sent for disposal on consignment account, and the bye-laws of the Bank were modified to permit this being done. Through the shops efforts were made to introduce new varieties of seeds, manures, fertilizers and implements including power-driven cane-crushing plants and these have since been continued through branches. In recent years, the Bank has interested itself in the introduction of medium staple cotton in place of the local short staple variety in the West Khandesh and Nasik Districts. In consultation with the Department of Agriculture, it has purchased Jarilla cotton seed and made it available to members of co-operative societies and other agriculturists. After the cyclone of 1940, which overwhelmed the rural population in the coastal belt of the Thana district, the Bank undertook, at the desire of Government, the supply of oil-cake

and other manures to agriculturists in the affected areas. This work has been continued in the tract even after the passing of the emergency.

Though power has been assumed for the Bank to grant advances against agricultural produce or requisites to individuals who are members of the Bank, advantage is taken of this facility only where no other local organization such as an urban bank or purchase and sale society can take up the work. The minimum amount for advances by the Provincial Bank is in excess of the maximum that can be sanctioned by an urban bank or the sale society operating in the area. Notwithstanding these restrictions this form of business has expanded considerably in recent years. The number of centres where these advances were made was 63 at the end of 1947-48, the number of members financed being 306. The aggregate amount of the loans outstanding at the close of the year 1947-48 was Rs. 96,04,544.

For the convenience of members of societies special arrangements have been devised to grant advances to such members on the security of their agricultural produce or of gold and silver ornaments. As stated above, a new type of B class member, drawn from persons who are members of affiliated societies, has been created to whom advances against agricultural produce and gold or valuables can be made by the Bank direct. The amounts of advances against gold and valuables are Rs. 1,89,778 while against produce no substantial advances are at present outstanding.

Accommodation on the security of manufactured industrial products or raw materials can be allowed to industrial co-operative societies and assistance given in the purchase of raw materials or the sale of finished products. At present financial assistance of this type is granted mainly to various district co-operative industrial associations, the number of such associations that have obtained credits from the Bank being 66 and the aggregate amount sanctioned being Rs. 18,71,000, mostly against yarn. Several of the associations had received orders from the Supply Department for the supply of various requirements for military purposes. Since the cessation of the War the work of production has slackened and now they are mainly undertaking the work of distribution of yarn and some of the older Associations have undertaken dyeing and weaving cloth for civil requirements.

The work of marketing of agricultural produce and supply of agricultural requirements is done by co-operative purchase and sale organizations, multipurpose societies, consumers' stores and a few selected co-operative credit societies. On account of Government control on the movement and sale of foodgrains and reductions in the area of land under commercial crops, the operations of marketing of such produce handled by these organizations is very much restricted. Some of these institutions have, however, undertaken the supply of agricultural requi-

sites like oil-cake; manures and the distribution of controlled articles like foodgrains, sugar, jaggery, cottonseed, kerosene, and cloth, etc. either as wholesale distributors or as rationing shops both in urban and rural areas. The number of purchase and sale societies, multipurpose and agricultural credit societies and consumer stores which were financially assisted by the Bank in handling this work was 495, the total credits sanctioned being Rs. 1,36,41,000 and the amount actually outstanding at the end of the year being Rs. 36,24,000.

All the district central banks in the Province are affiliated to the Provincial Bank although at present few borrow from it against co-operative paper in view of the growth of their own resources. All the affiliated banks use the Provincial Bank as their balancing centre and overdraft accommodation is allowed to them on special terms against Government securities. Similar facilities are allowed to urban banks which wish to carry on inland exchange banking operations with Bombay. Thus the Provincial Bank indirectly provides fluid resources for the movement as a whole. The Bank also functions as a clearing house for the affiliated banks all over the Province and special arrangements have been devised for the discounting and collection of cheques drawn on co-operative banks. Through the medium of current accounts at the Bank, co-operative banks in various centres are able to conduct a fairly substantial volume of remittance business arranging for the transfer of funds from one centre to another. For banks all over the Province, machinery has been devised for the mutual collection of cheques and the issuing of drafts by co-operative banks in one place on banks situated elsewhere. This machinery which involves adjustment of accounts through the medium of the Provincial Bank has worked satisfactorily. Recently, the Bank has entered into arrangements with the Banks' Clearing House in Bombay for the clearing, through its agency, of cheques drawn on approved co-operative banks in Bombay City. The number of co-operative banks which have secured admission to the Clearing House as sub-members is 15. The Bank was itself admitted to the membership of the Clearing House in the year 1930, and is among the first few leading members in respect of the number of cheques cleared through its agency.

It may be observed that the Co-operative Department with the approval of Government took special steps in 1922 to promote the development of the banking side of the activities of the co-operative movement by permitting central and urban banks the opening of current accounts, and encouraging the use of cheques, drafts, hundies and other instruments of credit. Though in the earlier years banks used to take advantage of the facility of free remittance through the Treasury granted by Government, since 1940 no free transfers of funds are permitted to co-operative societies. The charges payable for such transfers

through the treasury are fixed at half of those for the general public. The Bank has, however, entered into arrangements with the Reserve Bank of India according to which its branches and approved central banks are permitted to send to Bombay remittances of Rs. 5,000 or its multiple once a week free of charge and other remittances at 1/64 per cent. As a condition of the arrangement, the Bank has to keep balances with the Reserve Bank of India to the extent of 2½ per cent of its demand liabilities and 1 per cent of the time liabilities. The benefit of the concession is passed on to central banks without their being called upon to maintain corresponding minimum balances with the Provincial Bank.

Of the total working capital of the Bank, amounting to Rs. 8,97,37,000 at the close of the year 1948, investments in Government and other authorized trustee securities amounted to Rs. 5,05,07,000. Short-term deposits and money at call or in current account are kept with joint stock and other provincial co-operative banks approved for the purpose by Government. As at the close of the year the amount of such deposits was Rs. 79,80,000. The provision of liquid resources is much in excess of the standard of 40 per cent of liabilities at call to be maintained in the shape of cash and other liquid resources in accordance with the Agreement with Government. Ordinarily the Bank has always before it the problem of idle balances for which it cannot find suitable employment within the co-operative movement.

The amount of advances within the movement including sums involved in overdraft and cash credits to banks was Rs. 1,37,83,000. Of this amount a sum of Rs. 37,10,000 represented short-term loans to primary agricultural societies. Fresh advances of this type during the previous year amounted to Rs. 50,05,000 and the repayments to Rs. 50,69,000 including repayments of instalments due in future years amounting to Rs. 9,17,000. Excluding balances with societies in liquidation, the overdue amount in loans of this type was Rs. 3,59,000. The proportion of arrears had gone up considerably during the period of the agricultural depression a few years ago, but with the increase in the price of agricultural produce there has been a marked improvement in the position and the present arrears are mostly from societies in areas where there was partial or complete failure of the crop in the previous season due to insufficient or excessive rains.

It may be noted here that in the early days Government assisted the Bank by placing at its disposal a staff of Special Mamlatdars, originally paid entirely by Government and later on partly by Government and partly by the Bank. In course of time, and particularly since 1920, the Bank began engaging its own staff, but the services of one Special Mamlatdar were retained till 1942 for the group of societies for Bhils in the Dohad Taluka. He has since been replaced by a more junior member of the staff of the Co-operative Department. These societies were

intended for the aboriginal community of Bhils and the Supervising Officer working under the Co-operative Department attended to their supervision and control. Similar arrangements have been made for co-operative societies for Bhils in the Taloda Taluka and neighbouring parts of the West Khandesh District. In all other areas, the Bank has its own staff for inspection, the total strength of the inspecting staff being 53, and the number of societies to be inspected by them being 2,252. The duties of the Inspectors are to scrutinize the applications for loans and credits, to check the statements of normal credits on the basis of which finance is required from the Bank, to verify the statements of the landed assets of members, to stimulate recoveries and generally to inspect the working of affiliated societies. Branches in different districts are grouped together conveniently in six circles, each covering generally a revenue district, and one Senior Inspector is placed in charge of each circle. The Managing Director and the Managers occasionally visit branches and important groups of societies. Directors of the Bank also occasionally attend the general meetings held once a year at branches at which are considered reports of working and matters of common interest.

Large parts of the Province served by the Bank are unfortunately liable to famine. When famine occurs in areas containing societies financed by the Bank, extension in the period of repayments is granted and at the same time arrangements are made to provide fresh finance for fodder, maintenance, raising of crops under irrigation and similar essential objects. Such finance is usually allowed at specially reduced rates of interest. Various measures were taken by the Bank within the limits of its own capacity to meet the situation created by the last depression. One of the most prominent of these, was the adoption of a policy of reviving and continuing business with societies even with growing overdues by the promise of fresh finance to their members upto the limit of repayments. Every inducement was held out to members of societies to repay loans to the best of their ability, in consideration of which fresh finance was promptly made available against repayments. Due care was taken to see that the burden of debt instead of increasing was gradually reduced from year to year. Extensions for the payment of the balance of the loans were allowed where repayments were made on this basis. During the last few years, special steps have been taken for the rectification of the mismanaged or defaulting societies. This includes the suspension of the managing committees of societies and the transfer of the management for a short stipulated period to administrators. The number of societies subjected to this line of action was 5. With the deterioration of the agrarian situation some years back, a number of weak societies had to be taken into liquidation. At present, the number of societies in liquidation, which have outstanding loans payable to the Bank is 120 and the amount payable by them is Rs. 5,23,788. The

amount due from such societies has shown substantial reduction due to recoveries during the last seven years. To expedite the process of liquidation, which was very dilatory, Government have approved of the appointment of the Bank as liquidator. This work is allocated by the Bank to its inspecting staff.

Three years back the application of the Bombay Agricultural Debtors' Relief Act (Act XXVIII of 1939) has been extended to all the districts served by the Bank. Under Section 78 of this Act co-operative societies, including central financing agencies, have been authorized by Government to provide loans for raising of crops to persons who are parties to proceedings before the Debt Adjustment Boards or in respect of whose debts an adjustment has already been made under that Act. Due to the risky nature of providing finance to persons whose prior debts have to be scaled down to enable them to repay them out of their normal income, the Bombay Government have guaranteed the loss, if any, incurred by co-operative societies including financing agencies upto a certain limit under certain conditions. The Bank is expected to grant crop loans to societies as well as to individual agriculturists and the bye-laws had, therefore, to be so amended as to enable it to undertake this important work. A provision has accordingly been made in the bye-laws for enabling the Bank to enroll 'B' class (nominal) members and provide crop loans directly to such debtors through our Branches. Efforts of the Bank are directed towards the organization of new credit or multipurpose societies in villages where there are possibilities of organizing such societies as such finance can with less cost and inconvenience be best provided through societies only. To ensure close supervision and control over crop finance six new sub-branches had to be opened and several more are under contemplation. Till the areas served develop co-operative and other banking business these new sub-branches are certain to result in an annual recurring loss in working, which the Government of Bombay have undertaken to share in the initial stages.

In the beginning of the year 1947-48 a sum of Rs. 4.48 lakhs in crop loans was outstanding with 387 societies. Fresh crop finance to the extent of Rs. 17.34 lakhs was made and recoveries to the extent of Rs. 7.80 lakhs were effected during the previous year, leaving a balance of Rs. 13.92 lakhs due from 896 societies at the end of the year. Similarly in the beginning of the year the total amount of crop finance outstanding was Rs. 18,011 with 120 'B' class members. Fresh advances were made to such 'B' class members to the extent of Rs. 20,403 and repayments of Rs. 21,495 were received during the year. The balance due at the close of the year was Rs. 16,919 with 116 'B' class members.

About seven years ago the normal lending rate to first class primary societies varied from 6 to 7 per cent out of which a rebate of $\frac{1}{2}$ per cent was allowed for punctual repayments. In addition remissions in interest

were allowed to financially weak and deserving societies, many such having been hard hit in the last economic depression. Concessions in rate or remission were also allowed to stagnant societies with a view to revive them and special or low rates of interest were charged on long-term loans.

In the past five years money market conditions were favourable to the Bank and with a view to pass on the benefit of cheap money to societies, the rate of interest chargeable was reduced in 1945 to $4\frac{1}{2}$ per cent, 5 per cent and $5\frac{1}{2}$ per cent according as a society had no arrears, had authorized arrears or had unauthorized overdues. In the year 1946-47 a rebate of $\frac{1}{2}$ per cent was allowed to the Societies which repaid their current instalments and previous instalments, if any, and were not in arrears authorized or unauthorized at the close of the year. In addition a rebate at $\frac{1}{2}$ per cent was paid out of the profits of the year to all agricultural credit and multipurpose societies for punctual repayments. The total amount of rebate allowed by the Bank during this year amounted to Rs. 9,026 to 707 societies. During the year 1947-48 a rebate at $\frac{1}{2}$ per cent was allowed in the rate of interest charged out of the profits of the year to all societies irrespective of their audit class or arrears to the Bank. A provision of Rs. 19,000 was made out of the profits during the year, for this purpose. Recently the rates of interests have been further reduced to 4 per cent and $4\frac{1}{2}$ per cent respectively to societies which are not in arrears and to those which are in arrears.

The Bank's Agreement with Government prescribes that after the Bank has paid to its shareholders a dividend at the rate of 6 per cent, the surplus profits, if any, have to be shared at the end of every three years equally between the members and borrowing societies. Contributions to the Reserve Fund are to rank as payment to shareholders for this purpose. (The borrowing societies get a rebate out of the profits on the basis of the interest paid by them to the Bank. From the formation of the Bank upto the year 1930, rebates amounting, in the aggregate, to Rs. 1,87,900 were allowed to borrowing societies, in some trienniums this being equivalent to a reduction of one-half per cent in the rate of interest charged. With the reduction in the rate of dividend below 6 per cent, the triennial rebates payable under the Agreement were discontinued, but the Bank has paid, instead, special rebate to deserving borrowing societies amounting to Rs. 56,547, including Rs. 10,000 paid on the occasion of the Bank's Silver Jubilee and another Rs. 10,000 & 19,000 provided from profits of 1945-46 and 1947-48 respectively. It further distributed by way of encouragement to well-managed societies rewards in kind amounting to Rs. 2,300 approximately. The rate of dividend paid by the Bank which was 6 per cent at its commencement for nearly 10 years, had to be brought down gradually since 1933, due to unfavourable circumstances, till it touched 3 per cent in 1940-41. This was again raised to

3½ per cent in 1941-42 to 4 per cent in 1942-43 and to 4 per cent dividend and 1 per cent bonus since 1943-44 to date owing to the improved agricultural situation.

The Bank completed 25 years of its working on 11th October 1936, but owing to the unfavourable agricultural season in several parts of the Province in that year the Board did not deem it proper to incur expenditure on any formal observance of the Silver Jubilee. To mark the occasion in a suitable manner, a special Jubilee Bonus was paid to members at 1 per cent per annum in addition to the ordinary dividend paid at 5 per cent, a special Silver Jubilee Rebate was granted to societies and a special Silver Jubilee Bonus of one month's salary was paid to the staff.

During the last twenty years the Bank has served as a training ground for the employees of urban and central banks. Apart from its recognition for this purpose by the Board set up by Government for the grant of Diplomas in Co-operation and Accountancy and the Provincial Co-operative Institute, Bombay, a large number of institutions depute members of their staff, off and on, for undergoing practical training at the Head Office or branches. Refresher courses have been arranged from time to time for the staff of the Bank itself, as well as of other banks. The services of members of the staff have in the past been lent or transferred to co-operative institutions both in the Province and in adjoining Indian States. The Bank contributes to the funds of the Indian Institute of Bankers, for the examinations conducted of which members of the staff take full advantage. Bonuses are granted to employees passing these and similar examinations.

The Bank has interested itself in the holding of periodical conferences at which representatives of the central financing agencies and of urban banks meet together for discussion of matters of common interest. These activities and the interest shown in the discussion of matters of common interest led to proposals being put forward for starting a co-ordinating agency for the financial side of the co-operative movement in the Province. A body called the Bombay Co-operative Banks' Association was started in the year 1939 and has since been functioning to mutual advantage. The Bank is actively associated with its working, the Chairman of the Bank being *ex-officio* Chairman of the Association and the Managing Director being Hon. Secretary.

The Bank has also been a member of the Bombay Provincial Co-operative Institute since the establishment of that body in 1918. When the Institute decided to erect a building as a memorial to the late Sir Vithaldas D. Thackersey, the first Chairman of the Bank, the Bank made a contribution of Rs. 10,000, to the Memorial Fund. Subsequently, it sanctioned to the Institute a loan of Rs. 1,61,500 to supplement the collections in the Memorial Fund. This loan, however, could not be re-

paid and, therefore, by arrangement with the Institute, the Bank had to take over possession of the Memorial Building to retain its memorial character and has agreed to the Institute retaining the use of the premises occupied by it on payment of a nominal rent of Re. 1 per month.

The development of the Bombay Provincial Co-operative Bank to its present position would not have been possible without the sincere team work of its staff, of its Branch Committees, and of the Board of Directors. The relations of the Bank with the Department and the successive Registrars of Co-operative Societies have also been cordial, and the Bank has found in the present Registrar and in most of his predecessors some of its best friends and supporters. Its relations with the Reserve Bank of India, the Imperial Bank of India and other commercial banks in and outside Bombay are very cordial.

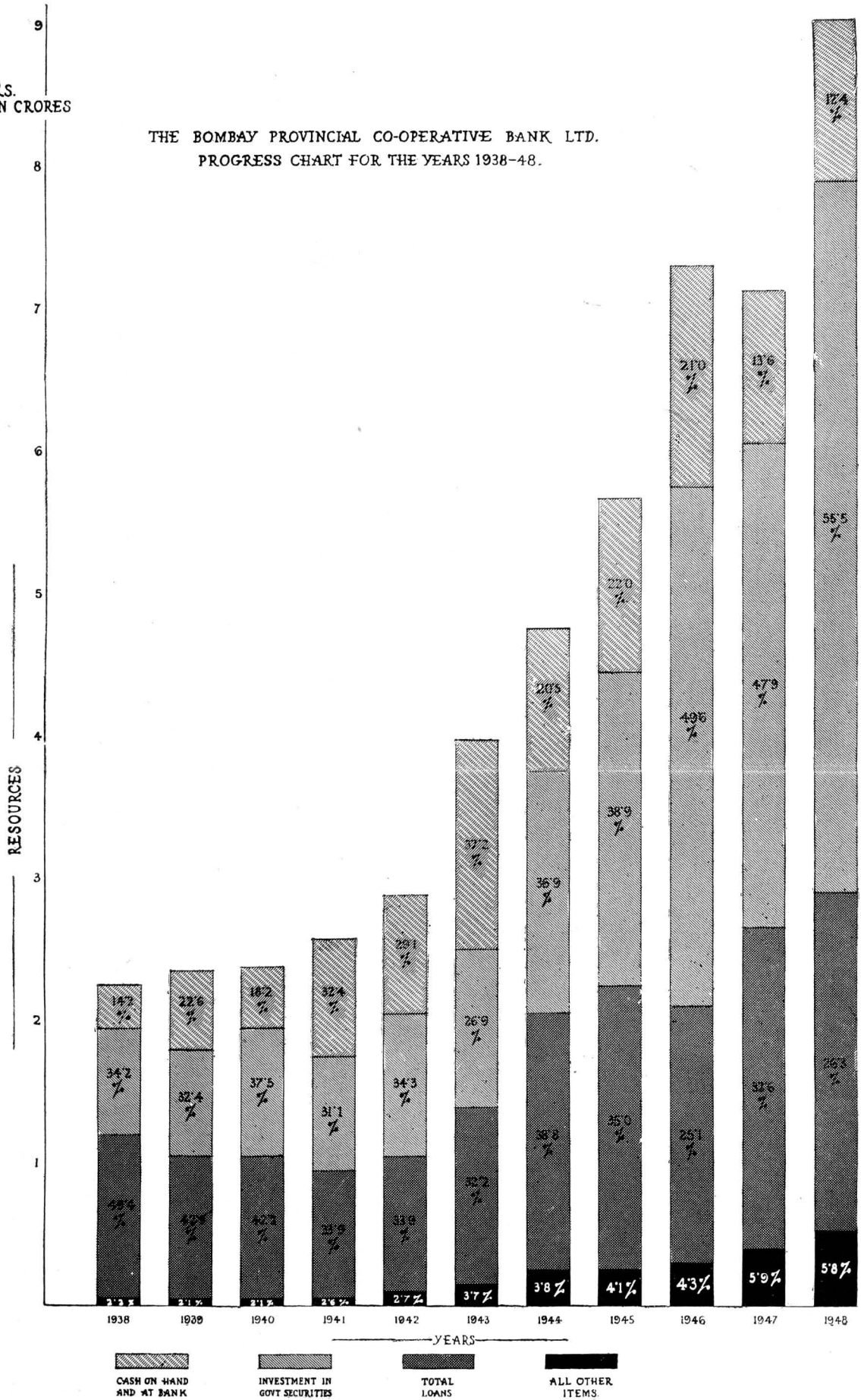
The foregoing is a brief account of the growth and working of the Bombay Provincial Co-operative Bank Ltd. Starting as an institution for the provision of credit to rural societies, the Bank has developed many activities. It provides credit for the normal agricultural operations of members of primary societies. It has been of assistance in providing famine finance, in marketing of crops, in providing loans for productive purposes to industrial co-operative associations, in the acquisition and distribution of controlled and rationed foodgrains, seeds and manufactured articles and in providing better seed and better agricultural implements to agricultural institutions. It has served as a pioneer in the establishment of co-operative land mortgage banking in the Province. It has served as a balancing centre for the co-operative financial institutions in the Province. It has established close relations with the Reserve Bank of India, which have in them a promise of further development. It has also been instrumental in securing some of the remittance facilities for co-operative provincial and central banks which the scheduled banks alone previously enjoyed.) But the fact remains that the prosperity of the Bank depends primarily upon the prosperity of the farmer. It would very much like to see an increasing proportion of its funds absorbed in the agricultural industry for productive purposes. It would like to see an increasing proportion of its loans against agricultural produce to go to co-operative marketing institutions, so that the finance provided by the Bank assists in orderly marketing, in securing better prices for farmers and in enabling them to resist the extraordinary fall in prices which generally takes place when large crops move to the market. It would like to be an instrument for the provision of better seed, better manure, more irrigation facilities, more wells and better godowns to the agriculturist for improvement in the quality and yield of his crop and for the betterment of his prospects, through co-operative channels where possible. It would also like to be an instrument for financing schemes of land improvement so as to ensure increased productivity of land by utilisation of machinery, bunding, planned irrigation, etc. on the basis of large-scale joint farming on co-operative lines.

Before concluding one factor of primary importance must be mentioned and it is the provision of agricultural finance, both short-term and long-term, under efficient control for agricultural and animal husbandary operation in rural areas in accordance with the recommendations of the Policy Committee on Agriculture, Health and Lands. Accordingly, the Government of India had appointed a Committee under the Chairmanship of Prof. D. R. Gadgil to report on the ways in which rural indebtedness could be reduced and finance both short-term and long-term may be made available for agricultural operations. The Committee recommended that the aim should be to provide all creditworthy agriculturists in all areas with an agency from which they could be sure of obtaining finance for all productive purposes on reasonable terms. For this purpose, it suggested the establishment of an Agricultural Credit Corporation assisted in various ways and operating under the general supervision and directions of the State. The Co-operative Banks' Association considered the recommendations of the Agricultural Finance Sub-Committee on the future of the co-operative movement and recommended to Government to utilize the present co-operative financial structure with suitable modifications to carry out the functions proposed for the Agricultural Credit Corporation.

In response to this view of the Association, the Government of Bombay under Government Resolution R.D. No. 2148/45 dated 21st February 1947 appointed a Committee under the Chairmanship of Sir Manilal B. Nanavati to examine the matter and to recommend the terms and the extent of Government assistance to be provided to Co-operative Banks for the purpose. The Committee was also requested to suggest amendments and modifications in the constitution of existing financing agencies for provision of agricultural credit on the lines indicated in Gadgil's Committee report. The Nanavati Committee submitted their proposals in the year 1947 and accordingly the Government of Bombay passed two resolutions, one on 12th March 1948 and the other on 25th June 1948. According to the former resolution the Government accepted the principal recommendations of the Nanavati Committee and in the latter the Government determined the future constitution and structure of the Bombay Provincial Co-operative Bank Ltd., and other central financing agencies and the relations which should subsist between them. The form and extent of Government assistance to the Bombay Provincial Co-operative Bank and other central financing agencies for carrying out these new functions of an Agricultural Credit Corporation were also detailed in the resolution. The Banks' Association subsequently considered and has now approved of the amendments in the constitution of the central financing agencies including the Bombay Provincial Co-operative Bank so as to enable them to undertake the work. The reconstruction of these Banks is expected to be taken in hand in the near future.

RS.
IN CRORES

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.
PROGRESS CHART FOR THE YEARS 1938-48.



T H E BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

ANNUAL REPORT FOR THE YEAR 1947-48

(The figures in brackets represent the previous year's position).

I. Board of Directors : The Board was composed of 15 Directors as in the past, 7 representing individual shareholders and 8 representing co-operative institutions. During the year under report, there were two changes in the personnel of the Board, viz., (i) Sjt. M. P. Nadgouda was elected by the central banks constituency in Karnatak Division in place of Sjt. P. B. Ugargol, and (ii) Sjt. S. S. Deshmukh by the primary societies in Khandesh-cum-Gujerat constituency in place of Sjt. S. T. More who resigned at the close of the previous year on account of his appointment as Parliamentary Secretary to the Hon'ble Minister for Labour & Housing.

II. Area of Operations : The area of operation of the Bank remained the same as in the previous year except that the societies in Dohad and Jhalod Talukas in Panchmahals District were transferred to the Poorva Panchmahal Co-operative Banking Union registered in the year under review which necessitated the closing of our two branches at Dohad and Jhalod. As in the previous year, the Bank continued to directly finance societies in the districts of Satara, Ahmednagar, West Khandesh, Nasik, Thana (excluding Wada and Mokheda Talukas), Kolaba and Kaira. The societies in the talukas of Viramgam, Dhandhuka and Ghoga in Ahmedabad District, Godhra in Panchmahal District and Malshiras in Sholapur District were also directly financed. Besides, there were some old outstandings of the Bank's dues with a few working societies in Ratnagiri and Dharwar Districts, to which no fresh finance was allowed during the year.

III. Share Capital : As advances can only be made to members of the Bank, new societies wishing to borrow from the Bank are required to purchase at least one share of the Bank for affiliation purposes. As shares cannot be easily secured in the open market and are being quoted at present at a premium of Rs. 36 per share, the Bank continued to issue new capital and to allot new shares, one to each of the new co-operative institutions at a premium of Rs. 10 per share for affiliation purpose. No new share has been allotted to any individual. The total number of such shares allotted to societies for affiliation purposes during the year under report was 292 (311).

It may be noted that no share has been allotted to any individual after the year 1945-46 when allotment of new shares then issued was

made on the basis of one new share for every two shares held by an individual with the minimum of one new share per each individual shareholder. The authorised share capital of the Bank was raised in the year 1944-45 from Rs. 15 lakhs to Rs. 25 lakhs.

The paid-up share capital of the Bank increased during the year under report from Rs. 20,24,600 to Rs. 20,39,200. The total number of shareholders also increased from 5,462 to 5,893. Out of the total 40,784 shares issued so far, 16,435 shares are held by 2,674 individual shareholders and 24,349 shares are held by 3,219 registered co-operative institutions. Thus, the share-holding and membership of co-operative institutions are respectively 59.7% (59.3%) and 54.6% (53.5%) of the total, i.e., more than half in both the cases.

'B' Class Membership : In addition to the above ordinary shareholder-member, the Bank has another 'B' class members. There are two types of 'B' class members. Both of them have no right to participate in the management or profits of the Bank. The first is open to individual members of affiliated co-operative institutions wishing to obtain advances against the pledge of their agricultural produce or gold and silver and the second is open to persons who are parties to proceedings under the B.A.D.R. Act, to whom loans are advanced for the raising and marketing of crops. The total number of members in both these categories have respectively increased from 405 to 604 and from 278 to 301 during the year under report.

IV. Reserve Funds : As compared with the previous year's figures, the total reserves of all kinds of the Bank increased during the year from Rs. 25.65 lakhs to Rs. 27.21 lakhs. The various types of reserves are as under (in lakhs of rupees) :—

| <i>Particulars</i> | | <i>1946-47</i> | <i>1947-48</i> |
|----------------------------------|-----|----------------|----------------|
| Statutory Reserve ... | ... | 6.35 | 7.13 |
| Building Reserve ... | ... | 1.40 | 1.40 |
| Sinking Fund for Debentures ... | ... | 2.97 | 3.07 |
| Reserve for Doubtful Debts ... | ... | 6.99 | 7.18 |
| Reserve for overdue interest ... | ... | 3.64 | 3.64 |
| Other Reserves ... | ... | 4.30 | 4.79 |
| | | 25.65 | 27.21 |
| Total ... | ... | | |

The statutory reserve fund together with the building reserve and sinking fund for debentures amounted to Rs. 11.60 (10.72). The other reserves amounted Rs. 15.61 (14.93), out of which a sum of Rs. 10.82 (10.63) was reserved for meeting the loss, if any, in the principal and interest in advances made to societies. The present estimate of bad and doubtful debts of the Bank is Rs. 2.94 lakhs (2.86 lakhs).

It may be noted that the proportion between the owned capital including paid-up share capital and reserves against deposit liabilities in the Bank was 10 : 165.8 (10 : 130).

V. Deposit and Loan Liabilities: A comparative statement is given below of the total outside liabilities of the Bank as on 30th June 1947 and on 30th June 1948 :—

| <i>Particulars</i> | | <i>1946-47</i> | <i>1947-48</i> |
|---------------------------------------|-----|----------------|----------------|
| <i>Fixed Deposits:</i> | | | |
| (i) Societies | ... | 105.59 | 141.77 |
| (ii) Individuals | ... | 63.11 | 78.09 |
| <i>Current, Savings & Others:</i> | | | |
| (i) Societies | ... | 160.33 | 232.86 |
| (ii) Individuals | ... | 260.87 | 329.50 |
| Call Deposits | ... | 2.00 | ... |
| Staff Provident Fund | ... | 6.69 | 7.52 |
| Mortgage Debentures | ... | 6.50 | 6.50 |
| Total | ... | 605.09 | 796.24 |

Thus, the total outside liabilities on 30-6-48 amounted to Rs. 796.24 as against Rs. 605.09 at the end of the previous year. The Branches contributed approximately 41.41% of the total as against 45% in the previous year.

It may be noted that the total deposits of the Bank have increased during the past ten years from Rs. 184 lakhs in 1938-39 to Rs. 796.24 lakhs in 1947-48. This is more or less in keeping with the general increase in deposits in other banks during this period.

It would be interesting to study the trend of demand liabilities in relation to time liabilities excluding debentures during the last four years. The figures are given in lakhs of rupees.

| <i>Year</i> | <i>Time</i> | <i>Demand</i> | <i>Total</i> | <i>Proportion</i> |
|-------------|-------------|---------------|--------------|-------------------|
| Pre-War | ... | 82 | 102 | 1 : 1.24. |
| 1944-45 | ... | 141 | 343 | 1 : 2.43. |
| 1945-46 | ... | 183 | 634 | 1 : 2.48. |
| 1946-47 | ... | 176 | 599 | 1 : 2.50. |
| 1947-48 | ... | 227 | 789 | 1 : 2.55. |

Thus, it is obvious that the proportion of demand to time liabilities is steadily increasing during the past four years. With the increase in deposits and investments in co-operative and other businesses, Rule No. 8 of the Bombay Co-operative Societies Rules as applicable to the Bank had to be relaxed. Under the Rule, the Bank was permitted to utilise in business its outside liabilities upto 12 times its paid-up share capital including its statutory building and sinking fund reserves. At the close

of the year under review, the Government of Bombay at the Bank's request amended this rule No. 8 permitting the Bank to utilise in its ordinary business borrowed funds not exceeding 12 times its paid-up share capital and reserves, including the reserve fund, reserve for marketing advances, building reserve, sinking fund for debentures, dividend equalisation reserve, reserve for bad debts and reserve for overdue interest minus accumulated losses, if any. This Rule was not and is not intended to prohibit the Bank from accepting deposits in excess of the limit prescribed but only to restrict the utilisation of such borrowed funds in ordinary business. The rest of the funds borrowed are permitted to be invested in Government and other Trustee securities or in deposits with approved banks. Out of the total deposits held at the end of the year under review including debentures of Rs. 6.5 lakhs, deposits for a period of one year and over including debentures and staff provident fund were Rs. 72.07 lakhs. Deposits from co-operative institutions were Rs. 3.74 (2.66) lakhs or 47.43% (44.42%) of the total of such liabilities. The rates of interest allowed on various types of deposits remained the same as in the previous year.

VI. Arrangements for borrowing : With the increase in outside liabilities and turnover of the business of the Bank, the call loan arrangements with the Reserve Bank of India and the Imperial Bank of India were respectively increased to Rs. 1 crore and Rs. 50 lakhs. Arrangements for overdrafts and call loans with other commercial banks remained the same as in the previous year. Arrangements for call loans against the repledge with the Reserve Bank of India, of Trustee securities pledged to the Bank were also completed during the year, the limit prescribed being Rs. 1 crore. The Chairman and the Hon. Managing Director of the Bank along with the Registrar of Co-operative Societies also had discussions with the authorities of the Reserve Bank of India with a view to explore the possibility of obtaining accommodation from the Reserve Bank against Co-operative Paper in case of need. But, under the existing provision of the Reserve Bank Act, no further facility than previously available could be provided. There is clearly a necessity for amending the Reserve Bank of India Act, so that this source of the nation's credit is made available through co-operative institutions to the agricultural industry which still continues to be the most important industry of the country.

VII. Fluid Resources and Investment of Surplus Funds : The standard of fluid resource prescribed by the Registrar under Rule 18(a) of Bombay Co-operative Societies Rules for the demand, time and contingent liabilities of the Bank during the year under review was 60%, 33% and 50% respectively. This standard was modified in the succeeding year under the advice of the Reserve Bank of India supported by the Bombay Co-operative Banks' Association, but under the previous standard

as applicable during the year under the old rule, the Bank was required to maintain total liquid resources of Rs. 464 lakhs. Although during the year under review the fluid resources of the Bank on two occasions in the busy season from January to March 1948, went below the standard prescribed at the end of June 1948 the Bank held fluid resources of Rs. 573 lakhs as under which were far in excess of the minimum prescribed under the Rule :—

| | Rs. |
|--|-------------|
| 1. Cash Balance on hand | 30,74,800 |
| 2. Balance in current accounts with approved banks | 73,80,400 |
| 3. Demand bills discounted | 17,26,800 |
| 4. 90% of investments in trustee securities | 4,51,64,400 |
| Total Rs. | 5,73,46,400 |

In addition to this Rs. 6 lakhs were held in short-term deposits with approved banks.

The average daily cash balance either on hand or at the Reserve Bank of India was 47.04 lakhs of rupees against Rs. 39.17 in the previous year. The market value of the investments in gilt-edged securities and authorised shares of other co-operative institutions at the close of the year was Rs. 5,04,94,576 (3,43,88,008) against their book value of Rs. 4,98,07,738 (3,37,93,700). As per the usual policy adopted by the Board, the premium securities were written down by Rs. 90,000 from the profits of the year before the year's accounts were closed, with a view that in their respective years of redemption the book value of the securities held at premium be scaled down to their face value.

VIII. **Inland Exchange Operations :** The following statement gives an idea of the volume of business transacted during the year under review in this respect. The number of bills collected and the amount are shown respectively in hundreds and lakhs :—

| | <i>Drafts issued & local bills collected</i> | | <i>Upcountry bills discounted or collected</i> | | <i>Total</i> | |
|-------------|--|----------------|--|----------------|--------------|----------------|
| | <i>No.</i> | <i>Amount.</i> | <i>No.</i> | <i>Amount.</i> | <i>No.</i> | <i>Amount.</i> |
| Head Office | ... 570 | 1489.9 | 456 | 364.5 | 1026 | 1854.4 |
| | (524) | (1172.0) | (364) | (292.0) | (888) | (1464.0) |
| Branches | ... 1543 | 1774.5 | 729 | 1227.5 | 2272 | 3002.0 |
| | (1500) | (1644.0) | (652) | (1134.0) | (2152) | (2778.0) |
| Total | ... 2113 | 3264.4 | 1185 | 1592.0 | 3298 | 4856.4 |
| | (2024) | (2816.0) | (1016) | (1426.0) | (3040) | (4242.0) |

It may be seen that there is an increase in the total volume of this business both at the Head Office and at the Branches. The total number of bills have increased from 3,04,000 to 3,29,800 giving a rise of 8% and the total amount has increased from Rs. 42,42,00,000 to Rs. 48, 56,40,000 indicating a rise of 14%. The percentage of increase at the Head Office is respectively 4% in number and 16% in amount and at the Branches it is respectively 16% in number and 11% in amount. It may also be noted that the Branches have contributed to the volume of business to the extent of 61.8% (66%) of the total remittance business.

The facility of free remittance of funds given by the Reserve Bank of India between the branches and head office of the Bank is more or less similar to that enjoyed by scheduled banks except that for this purpose district central co-operative banks are treated as branches. In accordance with this arrangement, a total sum of Rs. 167.95 (233.26) lakhs was remitted during the year by our branches to the Head Office free of charge. Some of the District Central Co-operative Banks also availed of this arrangement for remittances free of charge for credit to the account of this Bank at Bombay with the Reserve Bank of India. The total cash in transit at branches during the year exceeded Rs. 10 crores and most of this was required for remittance business. The total premium payable for cash in transit insurance of Branches during the year exceeded Rs. 10,000. This cost plus the cost of loss of interest on idle balances of cash including the proportionate cost of establishment if taken into account, the exchange business does not appear to be as remunerative now as it was before. There is, however, no doubt that without such a facility for remittance offered in the mofussil not served by other banks the popularity of our Branches with the investing public and our produce advance business with individual shareholders must both suffer. With the competition of local commercial banks in some centres, it has not been found possible to generally revise our rates of commission during the year. With the increased cost, the commission rates will have to be reviewed soon.

Bankers' Clearing House : The Bank is a member of the Bombay Clearing House and acts as a clearing agent for other local co-operative banks. Upto 4-2-48, it was also clearing agent for one local joint-stock bank, but this arrangement has since been discontinued. At the close of the year under report, it was acting as clearing agent for 15 (14) co-operative banks in the City. During the year under report 1,042 (1,304) cheques per day on an average were cleared ; while the total number of cheques cleared by other banks on this Bank and its sub-members was on an average 1,237 (1,120) per day.

IX. Advances : (i) Central Financing Agencies : Advances to the central banks are usually made either as overdrafts against Government

and other Trustee securities or as clean advances or advances against Co-operative Paper and authorised securities or on hypothecation of goods or pledge of fixed deposits in the Bank. During the year under report, 16 (17) co-operative institutions of this type have taken advantage of the facility including 2(4) apex co-operative financing institutions from other provinces. No advances were made against fixed deposits during the year under report and two central financing institutions were advanced against securities and hypothecation of goods to the extent of Rs. 68 lakhs and Rs. 6 lakhs respectively. The balance at the close of the year due on these accounts was nil, as such advances are usually availed of in the busy season from October to March or April. There were 16 institutions to which overdraft accommodation against gilt-edged securities was granted to the extent of Rs. 71.90 lakhs and the balance at the close of the year due under such overdrafts was Rs. 4.87 lakhs.

The average borrowing under all types of advances including overdrafts was Rs. 7.3 (7.3) lakhs. The rate of interest charged was between $1\frac{3}{4}\%$ to $2\frac{1}{2}\%$ on loans against Fixed Deposits and 3% on overdrafts against gilt-edged securities.

(ii) **Urban Banks and Societies :** During the year under report, financial accommodation was made available to 93 (79) urban banks and to 49 (40) urban societies. These advances were made against two types of securities, viz., against authorised security or against hypothecation of goods. Fixed loans were also granted against (i) Trustee securities or (ii) Fixed deposits with the Bank. Besides, clean credits were also granted to a number of these institutions. The following statement gives the details about the financial accommodation made available by the Bank during the year under report in lakhs of rupees :

| <i>Type of Credit</i> | <i>No. of Institutions.</i> | <i>Total Credits (in lakhs)</i> | <i>Outstandings at the close of the year. (in lakhs)</i> |
|---|-----------------------------|---------------------------------|--|
| 1. Agst. Authorised Securities ... | 93 (71) | 82.09 (101.70) | 19.47 (18.72) |
| 2. Agst. Pledge of Goods ... | 17 (19) | 6.17 (6.36) | 3.54 (3.06) |
| 3. Fixed loans against trustee securities ... | 3 (6) | 1.53 (21.00) | 0.25 (2.02) |
| 4. Fixed loans against fixed deposits ... | 8 (8) | 5.46 (4.11) | 3.35 (1.01) |
| 5. Clean credits ... | 49 (40) | 15.67 (15.90) | 4.19 (2.92) |
| Total ... | 170 (144) | 110.92 (149.07) | 30.80 (27.72) |

From the above statement, it can be seen that there was an increase in the total number of institutions seeking accommodation against all types of securities except fixed loans against Trustee securities. But the credit limits sanctioned during the year were comparatively lower than those of the previous year.

(iii) **Primary Land Mortgage Banks :** Before the establishment of the Bombay Provincial Co-operative Land Mortgage Bank in the year 1936, this Bank was advancing money to three primary land mortgage banks, viz., (i) the Dharwar Land Mortgage Bank, (ii) the Pachora Land Mortgage Bank, and (iii) the Broach Land Mortgage Bank. The Broach Land Mortgage Bank cleared off all its dues long ago but there are still some outstandings with the remaining two Banks. During the last two years there were no recoveries but this year the Dharwar Land Mortgage Bank has reduced its outstandings by Rs. 2,030 from Rs. 16,778 to Rs. 14,748 and the Pachora Land Mortgage Bank has also reduced its outstandings by Rs. 3,709 from Rs. 13,238 to Rs. 9,529. Thus the total outstandings in this account have been reduced from Rs. 30,016 to Rs. 24,277. The amount of interest has been reduced very slightly from Rs. 21,533 to Rs. 21,246.

A sum of Rs. 4,770 advanced to the Pachora Land Mortgage Bank for meeting its initial expenses is in dispute and is yet outstanding. The matter has been referred to Mr. B. D. Deshmukh, our Director, for full enquiry and report.

(iv) **Land Improvement Loans :** Land improvement loans were advanced in the past out of the funds under Land Improvement Rules, 1922, placed by the Government of Bombay at the disposal of the Bank. There were only two societies indebted to the Bank under this account to the extent of Rs. 5,122. During the year under report there were no recoveries.

(v) **Long-term Loans :** These advances were made in the past for the redemption of the old debts and for land improvement to members of primary co-operative societies. With the establishment of the Bombay Provincial Co-operative Land Mortgage Bank the Directors have discouraged such advances from the Bank. The balance outstanding in this account mainly represents the balance of old advances. In the previous year the balance under this head was Rs. 26,205 due from 16 societies which was reduced to Rs. 19,287 at the close of the year under review.

(vi) **Industrial Associations :** These Associations are mostly weavers' associations. During the year under report they were mainly doing the distribution of yarn to weavers both members as well as non-members. These institutions have increased in number during the year under report from 50 to 66. The total credit limits sanctioned to these institutions amounted to 18.71 lakhs (10.97) and the total outstandings at the close of the year were Rs. 7.11 lakhs (3.53 lakhs). The working of most of these institutions was satisfactory and a few of them were devoting special attention to their main business of finding a better market for the produce of their members. The chief need of these asso-

ciations appeared to be a central marketing organisation which could not only supply the yarn of the varieties and colours needed, but to give them improved designs for copy and purchase and market the finished produce in places where it could secure the best price. The need of a Government Cottage Industries Institute on the lines of similar Institutes of Madras, U.P., Mysore and Bihar is increasingly felt in Bombay.

(vii) **Co-operative Marketing and Supply Organisations :** During the War period these institutions were busy mainly with distribution of foodgrains and other controlled commodities. A few of these societies also carried out their normal functions of collecting the agricultural produce from their members and marketing it to secure better prices for their produce. During the year under review there was Government control on the movement of foodgrains and even on some of the commercial crops. Besides, with the Government policy of "Grow more food", cultivation of commercial crops was reduced. Government rationing of foodgrains came to an abrupt close except in the case of four big cities of Bombay Province, viz., Bombay, Poona, Ahmedabad and Sholapur, with the result that many of these institutions found themselves without any kind of work and were not in a position to resume their normal activities. By the close of the year, due to rise in the prices of foodgrains, Government had again started distribution of foodgrains through the fair price shops in the rural areas, in a modified form, in such a way that 80% of the rural population was served. Many of these rural and urban fair price shops were conducted by the Purchase and Sale Unions, Multi-Purpose Societies and other co-operative institutions. The following statement gives an idea of the financial accommodation granted by this Bank to these institutions in lakhs of Rupees :—

| <i>Type of Institutions</i> | <i>No. of Institutions</i> | <i>Credit Sanctioned</i> | <i>Balance at the close of the year</i> |
|-------------------------------|----------------------------|--------------------------|---|
| Purchase & Sale Unions ... | 153 (113) | 83.04 (65.14) | 21.95 (31.45) |
| M. P. & Credit Societies ... | 239 (360) | 19.29 (20.79) | 5.99 (9.90) |
| Consumers Stores & Others ... | 103 (81) | 34.08 (17.76) | 8.30 (5.74) |
| Total ... | 495 (554) | 136.41 (103.69) | 36.24 (47.09) |

It will be seen from the above statement that the total number of institutions of these type borrowing from the Bank was reduced from 554 in the previous year to 495 during the year, but the amount of total credit limits sanctioned increased from Rs. 103.69 lakhs to Rs. 136.41 lakhs. The outstandings were reduced from Rs. 47.09 lakhs to Rs. 36.24 lakhs. The decrease in the total number of these institutions was mainly due to the reduction in the number of multi-purpose societies borrowing from the Bank which decreased from 360 to 239. These societies after decontrol and derationing had to stop their supply activities and many

of them had to suffer heavy loss on account of the abrupt removal of control on foodgrains and other commodities like jaggery and sugar.

Recently controls have again been reimposed and it is hoped that with the experience gathered in the marketing and supply of agricultural commodities of this as well as previous years, these co-operative institutions will continue their activities after the controls have again been removed, for securing better prices for the produce of their members and in supplying their agricultural needs at reasonable prices.

(viii) **Ordinary Short-term Agricultural Loans :** At the beginning of the year under report there were 1,370 (1,086) co-operative credit societies including 110 (57) multi-purpose societies to whom agricultural finance was made available. During the year 67 (187) societies including 19 (53) multi-purpose societies were newly organised and thus at the close of the year with the liquidating of 1 (4) society there were 1,436 (1,370) societies including 141 (110) multi-purpose societies which were financed by the Bank. Besides these, there were 459 (476) co-operative credit societies which were self-supporting and did not require any finance from the Bank during the year under report.

At the end of the previous year the total balance due under short-term agricultural advance was Rs. 37.74 (30.01) lakhs with these societies. During the year under report Rs. 50.05 (50.39) were advanced and Rs. 50.69 (42.65) lakhs were recovered leaving a balance at the close of the year of Rs. 37.10 (37.75) lakhs. It may thus be noted that repayments of loans advanced were satisfactory during the year as compared with previous year's figures.

Few extensions were granted to societies during the year. In all cases of extensions, care was taken to examine each case in the light of the prevailing high prices and till the Bank was satisfied that there was a complete or major failure of crop, no extension was given. Extensions were granted in very special cases only to a few societies which had paid up dues equal to the previous year's advances. The following statement will give a correct idea about the arrears and overdue interest under short-term loans :—

| <i>Particulars</i> | <i>1946-47</i> | <i>1947-48</i> |
|-------------------------------|------------------|----------------|
| <i>Authorised arrears :</i> | | |
| (i) Number of Societies | ... 97 | 15 |
| (ii) Amount | Rs. ... 82,256 | 9,303 |
| (iii) % to the total dues | ... 2.2% | 0.24% |
| <i>Unauthorised arrears :</i> | | |
| (i) Number of Societies | ... 267 | 231 |
| (ii) Amount | Rs. ... 3,31,356 | 3,59,038 |
| (iii) % to the total dues | ... 8.4% | 9.4% |
| <i>Overdue Interest :</i> | | |
| (i) Number of Societies | ... 33 | 45 |
| (ii) Amount | Rs. ... 8,161 | 9,951 |

From the above statement it will be seen that there has been a substantial reduction in authorised arrears from Rs. 82,256 to Rs. 9,303 only. The number of societies with authorised arrears also decreased from 97 to 15. The number of societies with unauthorised arrears decreased from 267 to 231 but the amount in arrears increased from Rs. 3,31,356 to Rs. 3,59,038.

Analysis of the Bank's outstandings according to audit classification of the societies showing the percentage of societies to total in each audit group and their dues was as under :—

| <i>Audit Classification</i> | <i>1946-47</i> | | <i>1947-48</i> | |
|---------------------------------|------------------|-------------|------------------|-------------|
| | <i>Societies</i> | <i>Dues</i> | <i>Societies</i> | <i>Dues</i> |
| A ... | 17% | 37% | 20% | 33% |
| B ... | 55% | 49% | 55% | 54% |
| C ... | 19% | 8% | 18% | 7% |
| D ... | 9% | 6% | 7% | 6% |
| Total | 100% | 100% | 100% | 100% |

It can be seen that the percentage of societies in D class is reduced from 9% to 7% during the year. There was no material change in the number of B and C class societies but societies in A class have increased from 17% to 20%. The variations in the number and amount due from societies in each class indicate that there was a noticeable improvement in the working and financial position of the societies affiliated to the Bank.

Rate of Interest : The rate of interest charged on such advance by the Bank was the same as in the previous year. Societies with no arrears were charged $4\frac{1}{2}\%$; societies with authorised arrears 5% and the societies with unauthorised arrears were charged $5\frac{1}{2}\%$. A rebate at $\frac{1}{2}\%$ was allowed in the rate of interest charged out of the profits of the year to all societies which had borrowed from the Bank irrespective of their audit class or arrears to the Bank. A provision of Rs. 19,000 was made out of the profits during the year under report for this purpose.

(ix) **Famine Finance :** No fresh advances for maintenance were made during the year under report to any society. The opening balance in this account was Rs. 16,578 and interest of Rs. 665 was added to this amount. Total recoveries were to the extent of Rs. 9,730 leaving a balance of Rs. 7,513 at the close of the year.

(x) **Crop Finance :** The Bombay Agricultural Debtors' Relief Act was made applicable to the whole of the Province during the year under review. Finance was made available at $4\frac{1}{2}\%$ to members of agricultural credit societies who were parties to proceedings under the B.A.D.R. Act. To adjusted debtors who were not members of societies and admitted

as 'B' class members of the Bank crop finance was made available at 7-13/16% per annum. Government has guaranteed losses in this respect to the extent of 5% of the total crop finance provided by co-operative banks to societies and to the individual 'B' class members. At the beginning of the year a sum of Rs. 4.38 lakhs was outstanding with 387 societies. Fresh crop finance advances to the extent of Rs. 17.34 lakhs were made and recoveries to the extent of Rs. 7.80 lakhs were effected during the year leaving a balance of Rs. 13.92 lakhs due from 896 societies.

(xi) **Societies in Liquidation :** The following statement gives the exact position of the liquidated societies together with their outstandings during the year under report :—

| <i>Particulars</i> | 1946-47 | | 1947-48 | |
|--|--------------|-----------------------|--------------|-----------------------|
| | <i>Stys.</i> | <i>Amount Rs.</i> | <i>Stys.</i> | <i>Amount Rs.</i> |
| 1. Outstandings at the beginning of the year ... | 138 | 5,48,540 | 135 | 5,54,146 |
| 2. Dues added from the societies cancelled during the year ... | 4 | 51,711 | 1 | 6,353 |
| 3. Repayments during the year ... | 7 | 46,105 | 16 | 36,711 |
| 4. Outstandings at the close of the year | 135 | 5,54,146 | 120 | 5,23,788 |

It will be noticed that during the year under report 16 societies cleared off their dues in full thus reducing the number of liquidated societies having Bank's outstandings from 135 to 120. But the total recoveries from liquidated societies during the year were not substantial as only Rs. 36,711 were recovered as against Rs. 46,105 in the previous year. There were no repayments from 66 (33) either in principal or in interest. In view of the high prices of agricultural produce and rise in wages these recoveries cannot be considered satisfactory. The total outstandings were reduced from Rs. 5,54,146 to Rs. 5,23,788.

Interest after the date of liquidation was recovered to the extent of Rs. 1,945 (1,379) from 7 (7) societies.

The recoveries are not satisfactory for various reasons the chief of which is that the present outstandings in most of the societies are due from members having little or no assets and where legal proceedings are protracted or delayed. The lands taken over in the process of execution of awards and liquidation orders have also not in most cases yet been settled or disposed off. The alternative left is to stimulate recoveries by granting remissions, occasionally liberal in interest and even in principal when found necessary and thus compromise these long

standing cases. The lands taken in possession in execution proceedings be reconveyed to the original owners if payment is made in cash in lump or by instalments.

There is another important factor why recoveries were poor from the liquidated societies. Out of 120 societies in liquidation, 99 societies owing Rs. 64.7% of our total outstandings were liquidated before the year 1940. As the agricultural depression had adversely affected agricultural economy before the War had started, there was abnormal prolongation of liquidation proceedings. Special steps are now necessary to accelerate recoveries by directing the Special Recovery staff to devote special attention to all such old cases where coercive measures have been unduly prolonged and where very large amounts have been involved, to transfer the lands under Sec. 59(A) within a year from the date of filing the execution proceedings. Otherwise most of these dues will prove irrecoverable when the agricultural prices again go down. The societies responsible for these heavy accumulation of dues are concentrated mostly in Dharwar, Ahmednagar, West Khandesh, Thana and Kaira Districts.

In addition to the inspectorial staff of the Bank acting as official liquidators of such societies, there are two full-time Government Officers and about 20 part-time Government Officials to conduct the liquidation proceedings. The recoveries from the societies in the charge of the latter, however, have generally been poor due to the fact that they cannot devote adequate attention and time to this work owing to their other duties. The number of societies for which the Bank's Inspectorial Staff acts as liquidator is 163 out of the total number of 183 societies. Out of these societies 49 societies are indebted to the Bank only on account of accumulated interest after the date of liquidation to the extent of Rs. 2,26,736 (1,91,768).

(xii) **Advances to Individuals :** There are three types of individual members to whom advances are made directly. They are (i) A class members holding ordinary shares, (ii) 'B' class members who have applied and paid admission fee who are members of the co-operative societies, and (iii) 'B' class members who have applied and paid admission fee who are parties to proceedings under the B.A.D.R. Act.

Advances to 'A' class members are made only against the pledge of Government and other Trustee securities or against Fixed Deposit in the Bank, gold and silver ornaments or agricultural produce. Advances against pledge of agricultural produce, gold and silver ornaments are made to 'B' class members who are members of co-operative societies affiliated to the Bank. Clean crop loans under the B.A.D.R. Act are advanced directly to all 'B' class members whether they are members of societies or otherwise who are parties to proceedings under that Act within the limit approved by the local Collectors. The follow-

ing statement gives details about the total advances made to all classes of individual members of the Bank at the end of the year under review as figures of such advances in the previous year are also given to enable comparison :—

| <i>Particulars</i> | <i>1946-47</i> | | <i>1947-48</i> | |
|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | <i>No. of persons</i> | <i>Amount outstanding Rs.</i> | <i>No. of persons</i> | <i>Amount outstanding Rs.</i> |
| 1. Agricultural Produce ... | 288 | 65,09,317 | 306 | 96,04,544 |
| 2. Trustee Securities ... | 8 | 1,24,522 | 3 | 10,289 |
| 3. Fixed Deposits ... | 1 | 151 | 3 | 2,363 |
| 4. Gold & silver ... | 222 | 1,67,568 | 313 | 1,89,778 |
| 5. Crop finance under B. A. D. R. Act ... | 120 | 18,011 | 116 | 16,919 |
| Total ... | 639 | 68,19,569 | 741 | 98,23,893 |

(1) Advances against agricultural produce to individual members were made at 44 (46) Branches and sub-branches and at 19 (17) other approved centres under our Branches. It can be seen from the table that the outstandings at the close of the year as compared with the last year's figures have increased from Rs. 65.09 lakhs to Rs. 96.05 lakhs. The maximum amount outstanding under this head during the year at one time was Rs. 113.70 (83.31) lakhs and the total amount advanced during the year was Rs. 208.52 (198.08) lakhs. Out of the 306 members to whom advances against agricultural produce were made, there were only four 'B' class members the remainder being 'A' class. The increase in advances against agricultural produce to 'A' class members was due mainly to the prevalent high prices in producing centres coupled with transport difficulties. The chief articles produced against which accommodation was the largest was jaggery in Ahmednagar District and groundnut in Khandesh District.

(2) As a general policy laid down by the Board of Directors, advances to individuals and commercial institutions against gilt-edged securities continued to be discouraged during the year as there was greater demand for finance from co-operative institutions. As will be seen from the above statement, advances against trustee securities have decreased from Rs. 1,24,522 with 8 members at the end of the previous year to Rs. 10,289 only with 3 members at the end of the year under review. In the slack season at the end of the official year of the Bank co-operative institutions in the Province have surpluses to invest and do not borrow funds against gilt-edged securities as many of them do in the busy season.

(3) Advances against fixed deposits at the end of the year were negligible being Rs. 2,363 due from three members only.

(4) Advances against gold and silver increased from Rs. 1.68 lakhs to 288 members at the end of the previous year to Rs. 1.90 lakhs to 313 members at the end of the year under report. This rise is obviously due to the application of the B.A.D.R. Act and the Money-lenders' Act to all districts served by the Bank and by the Government of Bombay. With the application of the Money-lenders' Act credit facilities usually available from private money-lenders were further curtailed and consequently there was greater demand for accommodation against the pledge of gold and silver ornaments from members of societies. Eleven (10) Branches of the Bank were approved for undertaking this business during the year. If suitable arrangements for the safe custody of pledged articles could be made available by Government in the Sub-treasuries for keeping boxes of valuables at all the Taluka places, such advances would further increase, as there is now a demand from agriculturists especially in Khandesh and Nasik Districts for such advances during agricultural season.

(5) Arrangements have also been made for advancing crop finance to agriculturists admitted as 'B' class membership who are parties to proceedings under the B.A.D.R. Act but who are not members of any co-operative society. It may be mentioned here that a large number of such adjusted debtors are scattered over a number of villages in various districts served by the Bank. The cost of supervision with a view to ensure proper inquiry and to secure prompt repayment with such scattered adjusted debtors was out of proportion to the total advance made to them. Such advances had therefore to be restricted to a radius of 10 miles from Branch offices of the Bank selected for the purpose. At the beginning of the year, the total of such advances was Rs. 18,011 with 120 members. Fresh advances were made to the extent of Rs. 20,403 and repayments were received during the year to the extent of Rs. 21,495. The balance at the close of the year was therefore Rs. 16,919 with 116 members.

(xiii) **Bank's Total Loan Operations :** Total advances of all kinds to societies as well as to individual members including bills discounted and loans against provident funds to staff amounted to Rs. 253.91 lakhs at the end of the year under report as against such advances of Rs. 246.45 lakhs at the end of the previous year. The following statement gives the details of various types of advances during this as well as the previous year :—

| <i>Particulars</i> | | <i>1946-47</i> | <i>1947-48</i> |
|--------------------|---|----------------|----------------|
| | | <i>Rs.</i> | <i>Rs.</i> |
| 1. | Long-term loans ... | 63,343 | 48,686 |
| 2. | Short-term loans ... | 42,27,328 | 52,09,000 |
| 3. | Cash credits (ag. general assets) ... | 15,11,273 | 20,47,342 |
| 4. | Overdrafts (ag. trustee securities) ... | 43,23,542 | 24,47,351 |
| 5. | Fixed advances on tangible securities ... | 52,93,396 | 35,06,630 |
| 6. | Dues from liquidated societies ... | 5,54,146 | 5,23,788 |
| 7. | Total advances to individuals ... | 68,18,569 | 98,23,894 |
| 8. | Inland Bills purchased ... | 17,99,838 | 17,26,857 |
| 9. | Staff Provident Fund loans ... | 53,083 | 57,808 |
| Total Rs. ... | | 2,46,45,518 | 2,53,91,356 |

From the above statement, it will be seen that total advances have increased from Rs. 246.46 lakhs to Rs. 253.91 lakhs during the year under report. The increase in advances of all kinds during the year was of Rs. 7.45 lakhs while in the previous year the increase was of Rs. 50.33 lakhs.

A comparative statement is given below showing total advances in relation to deposit liabilities and total working capital of the Bank during the past two years :—

| <i>Particulars</i> | | <i>1946-47</i> | <i>1947-48</i> |
|--------------------|--|-----------------------|-----------------------|
| | | <i>(Rs. in lakhs)</i> | <i>(Rs. in lakhs)</i> |
| 1. | Working capital ... | 712.53 | 897.37 |
| 2. | Deposit liabilities ... | 605.09 | 796.24 |
| 3. | Total advances ... | 246.46 | 253.91 |
| 4. | % of total advances in the working capital ... | 34.5% | 28.3% |
| 5. | % of the total advances to deposit liabilities ... | 40.72% | 31.88% |

The working capital and deposit liabilities have increased during the year under report by 26% and 32% respectively while total advances of all kinds have increased by only 3%. The percentage of total advances to working capital and deposit liabilities has, therefore, decreased from 8.84% of the previous year to 6.2% during the year under review.

Out of the total loans due from societies and individuals of Rs. 2,53,91,000, Rs. 2,94,524 are estimated to be doubtful and are fully provided for. The following statement shows the arrears both authorised and unauthorised and the estimated doubtful debts and overdue interest :—

| <i>Particulars</i> | | <i>1946-47</i> | <i>1947-48</i> |
|--------------------|-----------------------------|-----------------------|-----------------------|
| | | <i>(Rs. in lakhs)</i> | <i>(Rs. in lakhs)</i> |
| 1. | Unauthorised arrears ... | 10.84 | 9.50 |
| 2. | Authorised arrears ... | 1.99 | 0.09 |
| 3. | Estimated doubtful debt ... | 2.86 | 2.94 |
| 4. | Overdue interest ... | 1.03 | 1.06 |

It will be noticed that arrears both authorised and unauthorised have decreased. There is a slight increase in the amount of estimated doubtful debts and in overdue interest. A sum of Rs. 1,000 (1,581) was written off from overdue interest during the year under report.

X. Average Borrowing and Lending Rates : The average borrowing rate for deposits of all kinds during the year under report was 0.72% (0.80%). The management expenses were 1.41% (1.33%) of the total deposit liabilities. Thus, the net cost of borrowed funds including management expenses of 1.41% was 2.13% (2.13%).

After deduction of income-tax the average net yield on investments in gilt-edged and other securities during the year was 1.32% (1.39%) ; on advances to co-operative institutions, the net yield was 5.03% (3.42%) and on advances to individuals the yield was 4.38% (5.04%).

The average income on all types of advances including commission earned on bills discounted, gilt-edged investments and interest on cash balances with approved banks was approximately 2.26% (2.24%).

XI. Profit and Loss Account : The gross profit during the year under report increased from Rs. 12.77 lakhs to Rs. 15.14 lakhs, and the net profit also increased from Rs. 2.98 lakhs to Rs. 3.89 lakhs. The following statement gives the comparative increase in expenses of management during the year under various heads in relation to similar expenses of the previous year :—

| <i>Particulars</i> | 1946-47 (Rs. in lakhs) | 1947-48 (Rs. in lakhs) |
|--|---------------------------|---------------------------|
| 1. Salaries | 5.03 | 6.12 |
| 2. Inspection charges | 1.45 | 1.49 |
| 3. Office rent | .26 | .30 |
| 4. Printing & Stationery | .96 | .84 |
| 5. Postage & Telegrams | .24 | .26 |
| 6. General charges | .63 | .85 |
| 7. Co-operative Propaganda | .12 | .20 |
| 8. Directors' & Auditors' Fees | .23 | .25 |
| 9. Rent, taxes & building expenses | .37 | .40 |
| 10. Depreciation of furniture | .06 | .07 |
| 11. Depreciation of buildings | .03 | .03 |
| 12. Contribution to sinking fund for debentures... | .07 | .07 |
| 13. Staff Provident Fund contribution | .34 | .37 |
| 14. Net Profit | 2.98 | 3.89 |
| Total | 12.77 | 15.14 |

It may be noted that the cost of establishment including inspection charges has shown a marked increase during the year under report. This is due to the increase in the salary and dearness allowance to the existing staff and further increase in the number of staff due to increase

in work and the number of branches of the Bank. It may be stated here that the comparative cost of establishment to deposits liabilities in scheduled banks of the same standing as ours, except the Central Bank of India, is lesser and the proportion of net profit to deposits is greater than that of this Bank. Salaries paid to superior staff in the Bank are comparatively on a lower scale than the salaries paid to similar officers in scheduled banks ; but the total cost of establishment of the Bank is comparatively higher as it has to maintain a very large field staff for supervision, control and guidance of societies. Compared to resources, the net profit is not as large as that of scheduled banks with equal resources, as advances to co-operative societies are made at lower rates, compared to cost of borrowed funds, thus reducing the margin of net income, the loans advanced to societies being usually small and the cost of investigation and recovery being consequently greater than in joint-stock banks.

The distribution of the net profit of the year was made as under as compared to that of the previous year :—

| <i>Particulars</i> | | <i>1946-47</i> | <i>1947-48</i> |
|----------------------------------|----------------------|-----------------|-----------------|
| | | <i>Rs.</i> | <i>Rs.</i> |
| Payment of dividend and bonus | ... .. | 1,00,863 | 1,01,585 |
| Reserve Fund | ... .. | 74,809 | 97,636 |
| Reserve for marketing | ... .. | 35,000 | 50,000 |
| Co-operative Development Fund | ... .. | 5,000 | 5,000 |
| Staff Family Benefit Fund | ... .. | 10,250 | 21,690 |
| Dividend Equalisation Fund | ... .. | ..... | 20,000 |
| Rebate to Agricultural Societies | ... .. | 12,000 | 19,000 |
| Bonus to staff | ... .. | 70,000 | 75,000 |
| Balance carried forward | ... .. | 37,676 | 37,102 |
| | Total Rs. ... | 3,45,598 | 4,27,013 |

Reserves : After making the additions as mentioned in the above statement the total Reserve Fund amounts to Rs. 8,11,000 and the reserve for marketing advances amounts to Rs. 2,25,000. This reserve has been created since 1943 to provide for possible losses in advances against agricultural produce to individual members. Since 1944 a Co-operative Development Fund and the Staff Family Benefit Fund have also been created and after making the additions as per the above statement they stand at Rs. 30,000 and Rs. 50,000 respectively. A Dividend Equalisation Fund was started in the year 1943 and the total amount in this Fund after the additions made this year was Rs. 1,20,000. Before arriving at the net profits of the year under review total provision of Rs. 19,785 for doubtful debts expected during the year and a provision of Rs. 90,000 for scaling down the cost of gilt-edged securities purchased at a premium to their face value on the date of their repayment had also been made.

XII. **Recovery Season :** As has been stated above repayments in short-term loans were satisfactory during the year under report. This was due to normal rainfall in most of the districts served and to the removal of controls during the year. The level of prices of almost all the agricultural crops further increased over that of the previous year except the price of jaggery and tobacco. The price of groundnut increased during the year from Rs. 50 to Rs. 60 per palla, of cotton from Rs. 90 to Rs. 160 per bale and of paddy from Rs. 7 to Rs. 18 per maund. Only the price of jaggery decreased from Rs. 52 to Rs. 40 per palla. This fall in the price of jaggery in the producing centres was mainly due to the difficulty of transport and consequent accumulation of stock. Due to the control of sugar and foodgrains in war years there had been an increase in the manufacture of jaggery during the past few years as it gave a comparatively higher return to the producer. The consequent increased production of jaggery has resulted in the accumulation of stock at producing centres. With the present increase in the price of foodgrains and the fall in the price of jaggery, the production of the latter is expected to diminish but till this adjustment actually takes place the accumulation of stocks of jaggery cannot altogether disappear.

The policy of granting concessions to recover arrears from individual members of societies has been discontinued for over two years in view of the general improvement in the economic conditions and the working of societies. No managing committee of any society directly financed by the Bank was suspended during the year under report. The total number of Committees of societies under suspension was reduced to 5 (6). Enquiry under Section 43 was held in 6 societies during the year under report.

Accurate figures are not available of the total number of cases of defaulters referred to arbitration during the year, but the following information has been collected from the reports of our Inspectors in order to indicate the amount involved in arbitration and the progress made in effecting recoveries of the dues involved.

| <i>Arbitration awards and liquidation orders</i> | 1946-47 | | 1947-48 | |
|--|----------|----------|---------|----------|
| | No. | Amount | No. | Amount |
| At the beginning of the year | ... 4706 | 7,09,772 | 4069 | 6,42,522 |
| Additions during the year | ... 93 | 29,133 | 64 | 16,483 |
| Total | ... 4799 | 7,38,905 | 4133 | 6,59,005 |
| <i>Less Recoveries</i> | ... 730 | 96,383 | 602 | 66,686 |
| Balance | ... 4069 | 6,42,522 | 3531 | 5,92,319 |

From the above statement it can be seen that there has been a substantial reduction both in the total number of cases and the amount

involved in arbitration. However, it may be noted that the major portion of the above recoveries could be effected only by coercive measures. This, as compared with the normal recoveries of the Bank, cannot be considered satisfactory especially as special recovery staff for these dues had to be maintained in almost all the districts in the direct charge of the Bank.

For the areas served by the Bank there were 13 Special Recovery Officers with 3 Circle Inspectors appointed by the Revenue Department on the recommendation of the Registrar. Some of the Inspectors of the Bank and Supervisors of the Union were invested with powers to execute distraint warrants issued by the Special Recovery Officers. The number of the Inspectors of the Bank to whom this power was delegated was 7. Only six warrants were received and one was executed during the year.

Co-operative finance in order to achieve its purpose has not only to be adequate and prompt but repayments must also be punctual. The special facility for recovery of overdues of co-operative institutions as arrears of land revenue with the assistance of the Special Recovery Officers have not yielded the expected result due to the unusual delay in obtaining awards against defaulters and getting them executed through the Revenue authorities when received. Besides, the control exercised by the Assistant Registrars over the Special Recovery Officers is not effective, while the control of the Collector over them is nominal. The Bank is required to make good the deficit in the cost of establishment of the special recovery officers. During the year under report, a provision of Rs. 7,000 was made for this purpose making a total provision of Rs. 48,489 by the end of June 1948. A sum of Rs. 7,011 was debited to this account during the year under report for deficit in the establishment of the special recovery officers in Ahmednagar, Kaira, Nasik and Satara Districts. It is expected that the amendment of Section 24-AA in the Bombay Co-operative Societies Act, 1925, regarding the charge on immoveable property of members borrowing loans from societies and the recent constitution of the Bombay Co-operative Tribunal will improve matters in this respect, in future.

Lands in possession of societies indebted to the Bank at the close of the year were approximately 3,658 (4,978) acres worth Rs. 1,74,975 (Rs. 2,45,720). Lands to the extent of 451 (637) acres were disposed of during the year for Rs. 26,472 (46,030). It has been the general policy of the Bank to reconvey the lands to the original owners even if liberal remissions have to be granted for the purpose and only in very few or exceptional cases where the original defaulters did not come forward to compromise their original dues had their lands to be sold to outsiders.

XIII. **Branches of the Bank :** At the end of the previous year there were 39 branches and 13 sub-branches. One of these sub-branches was converted into a full-fledged branch during the year under report. One branch was closed and two new branches were opened during the year so that at the close of the year there were 41 branches and 12 sub-branches.

The question of opening fresh branches in other centres came to the forefront in view of the application of the B.A.D.R. Act and Money-lenders' Act to the whole of the Province and also in view of the addition of the States recently merged in the Province. The Government of Bombay under their letter No. 5180-J/45 dated 30-1-1948 have stated that pending the passing of orders on the recommendations of the Agricultural Credit Organisation Committee it would bear half the deficit or loss suffered on account of opening of new branches in co-operatively undeveloped areas for the provision of crop or rural finance subject to a maximum of 15 branches for the Bank provided the maximum cost to Government on each such branch deficit did not exceed Rs. 3,000 and subject to the condition that the Registrar, C.S., certified the need for the opening of the branch and considered its continuance essential for the provision of crop finance to debtors under the B.A.D.R. Act.

The average expenditure of a Branch to the Bank is approximately Rs. 4,500 per annum. If a branch, therefore, has to be self-supporting from co-operative business only, it should have an average investment of slightly over one lakh in its societies and members. The Head Office charges interest at 3% on day-to-day balance on amount drawn by any branch which has not sufficient local deposits for its requirements of finance to societies or to individuals. Similarly, the Head Office allows interest at 1½% on day-to-day credit balance of a Branch kept with the Head Office. No Branch is required to maintain any fluid resource against its deposit liability. It has, however, to maintain cash balance to meet its daily requirements. The profit or loss is transferred to the Head Office at the close of each half-year.

The following statement classifies branches and sub-branches in accordance with co-operative business during the year under review as compared to that of the previous year :—

| <i>Amount of co-op. lendings</i> | | 1946-47. | 1947-48. |
|----------------------------------|-----|------------------------|------------------------|
| <i>(in lakhs of Rs.)</i> | | <i>No. of Branches</i> | <i>No. of Branches</i> |
| Upto ½ lakh | ... | 1 | 2 |
| Between ½ and ¾ lakh | ... | 3 | 5 |
| " ¾ " 1 " | ... | 3 | 3 |
| " 1 " 1½ " | ... | 5 (2) | 2 (1) |
| " 1½ " 1¾ " | ... | 4 | 2 (1) |
| Over 1½ lakh | ... | 23 (11) | 27 (10) |
| Total | ... | 39 (13) | 41 (12) |

The minimum co-operative investment required to make a branch self-supporting as stated previously is Rs. 1¼ lakhs. Thus there were only 28 branches which were self-supporting from co-operative business only, the remaining 12 branches having co-operative investments below the minimum required. The deficit due to lack of adequate co-operative business in some was partly made up by other businesslike advances against produce to individuals and commission earned on bills issued and discounted. At the end of the year under review only 5 branches out of 40 showed a loss in working.

It may be noted that the Board has accepted the policy of opening new branches in districts served by this bank so as to have one branch in each of the taluka headquarters in each district in order to facilitate the provision of finance to societies, reduce delay in obtaining funds from Head Office and with a view to provide closer supervision and control over the societies and other borrowers. Four proposals for starting new branches of the Bank in States recently merged in the Province were recommended by the Registrar during the year. Besides, approximately, ten proposals for additional branches in districts served by the Bank were received through local co-operative institutions and branch committees. None of these proposals could, however, materialise during the year due to various reasons, the chief of which was the want of adequate trained staff and lack of data regarding the possibility of developing co-operative business in these centres.

XIV. Agencies for Supervision : There were about 40 supervising unions working in the areas served by the Bank. There were no supervising unions in the districts of Ratnagiri, Panchmahals, Kaira, the Adivasi tracts of West Khandesh and the area formerly served by the Nasik District Central Co-operative Bank now in liquidation. Except in Ratnagiri district, special arrangements were made by Government for supervision work. Government has now undertaken the responsibility of meeting the entire cost of supervision over agricultural societies. The Bank used to contribute towards this supervision cost before this arrangement came into force. The Bank has in future only to contribute towards the supervision of non-agricultural credit societies financed by the Bank at ¼% on the loans outstanding. The amount debited to the account for supervision cost during the year under report was Rs. 1,547 only.

For the successful working of any agricultural credit society the efficiency of management, maintenance of accounts and punctual recovery are important factors and, therefore, on the efficiency of the secretaries of rural credit societies and arrangement for the supervision over them must largely depend the effectiveness and efficiency of the arrangement made for provision of agricultural credit. The arrangement for supervision arranged to be provided has come in for a consider-

able amount of criticism. It is essential that there should be a proper integrated system of supervision over the whole of the credit structure, right from the Provincial to the primary unit. The new arrangement vesting control over supervision to a local Board consisting of the representatives of primary units, the financing agency and the Department has yet to be watched to see if it proves to be more effective than the supervision provided by financing agencies as in the past.

XV. Bank's Staff: The total strength of the staff of the Bank excluding peons was 375 (337). Out of these, 76 (80) were graduates or otherwise qualified having passed the Institute of Bankers' Examination or an examination of an approved Commercial Institute. The Bank had deputed 4 employees to the Co-operative Training College in the previous year, all of whom passed in the examination, two having secured first class marks and two second class marks. Besides, three members have passed the C.A.I.I.B. examination and one in the G.D.C.A. examination. On the whole, the staff engaged by the Bank were qualified and found by experience to be competent to handle the work allotted to them.

For field work, there were six Senior Inspectors, one Special Inspector, twenty-seven full-time Inspectors and twenty-six Agent-cum-Inspectors. These Inspectors and Agent-cum-Inspectors have to work under the supervision of the Senior Inspectors. Besides the field staff, the Bank had a staff of three Branch Auditors who have been entrusted with the work of internal checking and audit of the Branch accounts.

The average touring of the Senior Inspectors, Inspectors and Agent-cum-Inspectors was respectively 15.4, 17.1 and 11.3 days per month. There were 1,436 credit societies indebted to the Bank as against 1,370 societies in the previous year. Detailed inspection of societies classed 'A' or 'B' was done every alternate year by the inspecting staff; others were visited and inspected frequently. The number of societies not inspected during the year under report was 505 (544), most of these being of 'A' and 'B' audit classification or those which owed no dues to the Bank.

XVI. Forest Labourers' Societies: A mention may be made of a new development in the organisation of forest labourers' societies in the hilly tracts of the Province in the interests of the Adivasis. During the year under report, Government decided to try an experiment with a view to eliminate the forest contractor and to have in his place an agency of co-operative organisations to help the Adivasis to work the coupes with the intention that the Adivasis should therefrom get full remuneration for the work they put in during the season without fear of being exploited by contractors and would in addition earn the profits which had till that date been going into the pockets of the contractors. Looking to the utter ignorance and the individualistic tendency of the Adi-

vasis, Government thought that it was essential that in the initial stages some social workers devoted to the cause of uplift of Adivasis should be associated with these Adivasi co-operative organisations to help them in conducting the coupe business. During the year under report, nine societies of this type were organised in the area served by the Bank, viz. 3 in Thana district, 3 in Kolaba district and 3 in Nasik district. Government in the Forest Department gave special concessions to these societies. The Bank advanced in February 1948 Rs. 10,000 to Kashele Vibhag Adivasi Co-operative Society, Karjat, and this amount was fully repaid by the end of June 1948. The society made a profit of Rs. 14,622 in this season, its share capital being only Rs. 755. Such societies of Adivasis as a rule cannot in the initial stages have adequate resources of their own to provide the requisite margin or cover for the advances of the Provincial Bank. Government have, therefore, agreed to guarantee 40% margin on such advances soon after the close of the year under review.

XVII. Conclusion : After the publication of the Nanavati Committee's Report in the previous year for provision of finance, both short-term and medium-term, to all credit-worthy agriculturists and the facilities for this purpose to be provided by Government to central financing agencies, the Government of Bombay passed two resolutions, one on 12th March 1948 and the other on 25th June 1948. According to the former Resolution, the Government accepted the principal recommendations of the Nanavati Committee and in the latter, Government not only decided the future constitution and structure of the Bombay Provincial Co-operative Bank, Ltd., but also the relations which should subsist between the District Central Co-operative Banks and the Provincial Bank, Government grant and other assistance to the Bombay Provincial Co-operative Bank and other central financing agencies for carrying out these functions of an agricultural credit corporation were also detailed in the latter resolution. The Banks' Association subsequently approved the amendments in the bye-laws of the central financing agencies including the Provincial Bank necessary to enable them to undertake the work and the reconstruction of these banks is expected to be taken in hand in the very near future.

This report will be incomplete without acknowledging our debt of gratitude to our previous Managing Director but now the Finance Minister, the Hon'ble Sri V. L. Mehta, who has inculcated the twine ideals of service and brotherhood amongst the members of staff of the Bank as well as amongst other co-workers who came in close touch with him in the co-operative field. His ideals are still held in very high esteem by all those who came in close contact with him. These, combined with the sacrifice and clear perception of our present Managing Director, Sri V. P. Varde, and the care and sympathy with which our Chairman, Sri R. G. Saraiya, and the Board of Directors handled and

gave guidance in all important problems affecting the Bank, have enabled this Institution to successfully complete another year of service to the agricultural community and to undertake and successfully discharge heavy additional responsibilities imposed both by the increase in its work and its activities. We have also to thank the Registrar of Co-operative Societies and the Co-operative Department for the constructive and helpful suggestions uniformly received from them in the day-to-day working of this Bank. The staff of the Bank, in spite of adverse economic factors and at great pains and sacrifice, discharged their duties so as to uphold the traditions of efficiency built up by the previous Management. The task of the undersigned Managers has been considerably lightened by the co-operation and assistance they uniformly received from all quarters and especially from the staff under them. In fact, the credit for the present position of the Provincial Bank is due entirely to the above factors, especially in view of the fact that both the Managers were inexperienced in the duties they had to discharge.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

BRANCHES AND SUB-BRANCHES :

District Satara :

SATARA.
KARAD.
KIRLOSKARWADI.
KOREGAON.
ISLAMPUR.
SHIRALA.
TASGAON.
WAI.
* LONAND.

District Nasik :

NASIK.
LASALGAON.
MALEGAON.
NANDGAON.
YEOLA.
* GHOTI.
* MANMAD.
SATANA.
* KALWAN.

District Kolaba :

PANWEL.

District Ahmednagar :

AHMEDNAGAR.
BELAPUR ROAD.
* BELAPUR TOWN.
KOPARGAON.
* PATHARDI.
RAHURI.
SANGAMNER.
SHEVGAON.
* VAMBORI.

District Ahmedabad :

VIRAMGAM.
* DHANDHUKA.

District Thana :

BHIWANDI.
KALYAN.
PALGHAR.

District Sholapur :

AKLUJ.
* NATEPUTE.

District West-Khandesh :

DHULIA.
DONDAICHA.
NANDURBAR.
SAKRI.
SHAHADA.
* NARDHANA.
SHIRPUR.
SINDKHEDA.
TALODA.

District Kaira :

NADIAD.
ANAND.
BORSAD.
* KAPADWANJ.
* MEHMEDABAD.
MATAR.
THASRA.

District Panchmahals :

DOHAD.
GODHRA.

* This denotes sub-branches.

APPENDIX No. 1

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.
Chairmen of the Board of Directors.

| Year | | Period | NAME |
|---------|---------|---------|--------------------------------------|
| From | To | | |
| 1911—12 | 1914—15 | 4 years | Sir Vithaldas Damodardas Thackersey. |
| 1915—16 | 1918—19 | 4 „ | Sir Fazalbhoy Currimbhoy Ebrahim. |
| 1919—20 | — | 1 year | Sir Chunilal Vrajthukhandas Mehta. |
| 1920—21 | 1921—22 | 2 years | Sir Vithaldas Damodardas Thackersey. |
| 1922—23 | 1924—25 | 3 „ | Sir Lalubhai Samaldas. |
| 1925—26 | 1928—29 | 4 „ | B. F. Madon, Esqr. |
| 1929—30 | 1937—38 | 9 „ | Sir Chunilal Vrajbhukhandas Mehta. |
| 1938—39 | 1947—48 | 10 „ | Ramanlal G. Saraiya, Esqr. |

APPENDIX No. 2

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

Balance Sheet as on 30th June 1948

| LIABILITIES | | Rs. | ASSETS | | Rs. |
|---|-------------|--------------------|--|-------------|--------------------|
| Paid-up Share Capital | ... | 20,39,200 | Cash on hand and in Banks | ... | 1,04,55,300 |
| Reserve and other funds | ... | 26,68,000 | Deposits with approved banks | ... | 6,00,000 |
| 650 Mortgage Debentures @ 4% —Rs. 1,000 each | ... | 6,50,000 | Investment in gilt-edged and Govt. Securities | ... | 4,98,07,700 |
| DEPOSITS : | | | ADVANCES : | | |
| | Rs. | | | Rs. | |
| (a) Societies | 3,74,63,000 | | (a) Societies | 1,37,82,800 | |
| (b) Individuals | 4,15,11,000 | | (b) Individuals | 98,23,900 | |
| | | 7,89,74,000 | | | 2,36,06,700 |
| Miscellaneous | ... | 53,99,900 | Miscellaneous | ... | 52,67,400 |
| Total Rs. | | <u>8,97,37,100</u> | Total Rs. | | <u>8,97,37,100</u> |

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LIMITED.

Progress Statement from October 1911 to June 1948.

Registered on 11th October 1911

[In 100 Rupees]

| Year | Paid-up Share Capital | Reserve & Other Funds | Debentures | Deposits | Total Working Capital | Advances | Invest- ments in Gilt-edged and Govt. Securities | Deposits with approved Banks | Cash on hand or at Banks | Divisible Profit | Rate of Dividend | No. of Branches | Remarks. |
|---------|-----------------------------|-----------------------------|------------|----------|-----------------------------|----------|--|---------------------------------------|--------------------------------|---------------------|---------------------|--------------------|----------|
| Rs. | Rs. | -Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | % | | |
| 1911-12 | 2,100 | ..... | ..... | 3,370 | 6,220 | 5,220 | ..... | ..... | 860 | 50 | 6% | 1 | |
| 1912-13 | 2,100 | 20 | ..... | 7,070 | 12,330 | 11,620 | ..... | ..... | 180 | 185 | 6% | 1 | |
| 1913-14 | 3,500 | 190 | 6,150 | 5,110 | 15,720 | 13,740 | ..... | ..... | 1,170 | 281 | 6% | 1 | |
| 1914-15 | 3,500 | 350 | 6,300 | 6,820 | 18,020 | 16,850 | ..... | ..... | 360 | 380 | 6% | 1 | |
| 1915-16 | 4,900 | 580 | 6,500 | 6,660 | 19,600 | 17,420 | ..... | ..... | 1,170 | 430 | 6% | 1 | |
| 1916-17 | 7,000 | 760 | 6,680 | 9,020 | 24,210 | 21,850 | ..... | ..... | 1,490 | 510 | 6% | 1 | |
| 1917-18 | 7,000 | 960 | 6,830 | 14,960 | 31,970 | 29,830 | ..... | ..... | 560 | 756 | 7% | 1 | |
| 1918-19 | 7,000 | 1,280 | 7,010 | 18,830 | 35,910 | 28,500 | ..... | 4,800 | 1,490 | 661 | 6% | 1 | |
| 1919-20 | 7,000 | 1,570 | 7,200 | 21,270 | 38,240 | 33,150 | ..... | 3,250 | 1,410 | 759 | 7% | 1 | |
| 1920-21 | 7,000 | 1,860 | 7,390 | 30,780 | 48,360 | 44,400 | 1,000 | ..... | 2,100 | 880 | 7½% | 3 | |
| 1921-22 | 7,000 | 2,240 | 7,590 | 47,910 | 66,590 | 51,180 | 4,010 | 7,000 | 3,520 | 1,026 | 7½% | 3 | |
| 1922-23 | 7,000 | 2,650 | 7,800 | 67,030 | 87,880 | 48,960 | 12,540 | 22,500 | 2,190 | 1,231 | 7½% | 5 | |
| 1923-24 | 7,500 | 3,140 | 7,800 | 85,050 | 1,09,310 | 51,860 | 25,260 | 24,000 | 3,620 | 1,181 | 7½% | 8 | |
| 1924-25 | 8,040 | 3,530 | 7,800 | 72,310 | 99,300 | 62,840 | 24,740 | 6,000 | 1,390 | 1,245 | 7½% | 11 | |
| 1925-26 | 9,670 | 4,020 | 7,800 | 93,040 | 1,25,880 | 80,810 | 26,770 | 5,300 | 6,820 | 1,345 | 8% | 13 | |
| 1926-27 | 9,960 | 4,340 | 7,800 | 1,10,590 | 1,44,770 | 88,930 | 41,130 | 4,420 | 3,710 | 1,614 | 8% | 16 | |

| | | | | | | | | | | | | |
|------------------------|--------|--------|--------|----------|----------|----------|----------|--------|----------|-------|-----|----|
| 1927-28 | 12,650 | 5,240 | 7,800 | 1,31,370 | 1,69,530 | 77,560 | 41,680 | 34,580 | 6,480 | 1,719 | 8% | 19 |
| 1928-29 | 12,740 | 5,700 | 7,800 | 1,45,530 | 1,85,600 | 73,800 | 49,090 | 49,970 | 5,050 | 1,638 | 8% | 22 |
| 1929-30 | 12,880 | 6,000 | 9,800 | 1,20,520 | 1,57,380 | 80,110 | 44,190 | 9,630 | 4,060 | 1,129 | 6% | 27 |
| 1930-31 | 12,970 | 6,500 | 9,800 | 1,19,340 | 1,57,290 | 1,00,430 | 29,880 | 12,990 | 3,090 | 1,157 | 6% | 30 |
| 1931-32 | 12,970 | 6,900 | 10,250 | 1,29,580 | 1,72,510 | 99,120 | 31,840 | 25,020 | 4,760 | 1,438 | 6% | 29 |
| 1932-33 | 12,970 | 10,960 | 10,420 | 1,92,750 | 2,40,820 | 94,510 | 91,650 | 38,160 | 3,680 | 928 | 4% | 28 |
| 1933-34 | 12,970 | 12,130 | 12,800 | 1,76,030 | 2,24,780 | 94,530 | 78,630 | 34,160 | 5,350 | 1,563 | 4% | 28 |
| 1934-35 (15 months) | 12,970 | 14,390 | 12,800 | 1,71,640 | 2,23,040 | 90,600 | 58,930 | 51,120 | 9,570 | 2,117 | 5% | 28 |
| 1935-36 | 12,970 | 15,920 | 12,800 | 2,02,040 | 2,55,640 | 85,630 | 74,390 | 69,080 | 11,880 | 1,433 | 5% | 29 |
| 1936-37 | 12,980 | 16,440 | 12,800 | 1,89,570 | 2,44,130 | 91,350 | 57,620 | 71,040 | 9,370 | 1,406 | 6% | 30 |
| 1937-38 | 13,000 | 16,900 | 12,800 | 1,69,010 | 2,24,960 | 1,08,000 | 70,480 | 22,000 | 9,580 | 1,362 | 5% | 30 |
| 1938-39 | 13,000 | 18,960 | 12,800 | 1,83,720 | 2,34,670 | 98,650 | 68,430 | 40,000 | 13,310 | 1,357 | 4% | 30 |
| 1939-40 | 13,000 | 19,950 | 12,800 | 1,85,030 | 2,37,370 | 99,120 | 81,130 | 31,000 | 11,620 | 951 | 3½% | 30 |
| 1940-41 | 13,000 | 20,420 | 12,800 | 2,04,810 | 2,57,480 | 85,040 | 73,300 | 60,500 | 22,370 | 651 | 3% | 31 |
| 1941-42 | 13,000 | 19,630 | 6,500 | 2,40,490 | 2,88,980 | 96,200 | 96,600 | 58,000 | 25,950 | 1,010 | 3½% | 28 |
| 1942-43 | 13,010 | 18,110 | 6,500 | 3,43,630 | 3,97,330 | 1,25,780 | 1,04,580 | 94,000 | 53,970 | 1,917 | 4% | 39 |
| 1943-44 | 13,120 | 19,090 | 6,500 | 4,15,850 | 4,73,430 | 1,81,810 | 1,72,920 | 45,000 | 51,870 | 2,802 | 5% | 43 |
| 1944-45 | 19,960 | 22,090 | 6,500 | 4,89,830 | 5,68,160 | 1,95,590 | 2,14,580 | 49,000 | 75,710 | 3,399 | 5% | 44 |
| 1945-46 | 20,090 | 23,660 | 6,500 | 6,44,050 | 7,31,930 | 1,81,230 | 3,57,980 | 48,000 | 1,06,020 | 3,689 | 5% | 50 |
| 1946-47 | 20,250 | 25,250 | 6,500 | 5,98,590 | 7,12,530 | 2,27,910 | 3,35,470 | 21,000 | 76,280 | 3,456 | 5% | 52 |
| 1947-48 | 20,390 | 26,680 | 6,500 | 7,89,740 | 8,97,370 | 2,36,070 | 4,98,080 | 6,000 | 1,04,550 | 4,270 | 5% | 53 |

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