

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

(ESTABLISHED IN 1911)

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**ANNUAL REPORT**  
**on the working for the year**  
**1950-51**

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**SIR VITHALDAS D. THACKERSEY MEMORIAL BUILDING,  
9 BAKEHOUSE LANE, FORT,  
BOMBAY.**

# THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

(Registered under the Co-operative Societies Act, X of 1904, replaced by the  
Bombay Co-operative Societies Act, VII of 1925)

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	Rs.
AUTHORISED AND ISSUED CAPITAL .. .. .	50,00,000
SUBSCRIBED & PAID-UP CAPITAL .. .. .	48,69,750
TOTAL RESERVE & OTHER FUNDS .. .. .	37,16,000
TOTAL WORKING CAPITAL .. .. .	11,30,26,000

## Board of Directors :

Sri R. G. SARAIYA, *Chairman.*

Sri Janardan A. Madan, Bombay.	Sri Gordhandas G. Morarji, Bombay.
„ B. S. Dabke, Bombay.	„ R. V. Vandekar, Nasik.
„ Jyotendra L. Mehta, Bombay.	„ Dahyabhai A. Patel, Ahmedabad.
„ Sundarrao P. Pandit, Sirsi, Kanara.	„ B. J. Patel, Baroda.
„ F. B. Laxmeshwar, Dharwar.	„ G. R. Tulshibagwale, Poona.
„ P. B. Ugargol, Belgaum.	„ R. D. Hajisheth, Broach.
„ L. C. Gandhi, Surat.	„ S. D. Patil, Jalgaon, E.K.
„ S. T. Patil, Bijapur.	„ G. E. Patil, Sholapur.
„ L. M. Shrikant, Dohad.	„ C. A. Vyas, Kaira.
„ D. V. Potdar, Poona.	„ M. V. Vishvarupe, Barsi.
„ V. B. Govankop, Dharwar.	„ V. C. Jadav, Surat.
„ W. G. Patil, Nasik.	„ D. J. Zunjarrao, Thana.
„ D. N. Purohit, Viramgam.	„ P. R. Patil, W. Khandesh.
„ K. V. Vichare, Satara.	„ V. L. Jagtap, Ahmednagar.

The Secretary to the Government of Bombay, Finance Department.

The Registrar, Co-operative Societies, Bombay State, Poona.

Sri D. R. Gadgil (Financial Expert).

Sri V. P. VARDE, *Hon. Managing Director.*

*Chief Accountant :*

H. V. HALBE.

*Manager :*

Y. B. GAITONDE.

*General Manager :*

V. M. THAKORE.

*Solicitors :*

Messrs. PAYNE & CO.

*Auditors :*

Messrs. K. S. AIYAR & CO.

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# THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.

## BRANCHES AND SUB-BRANCHES :

### District North Satara :

1. SATARA.
2. KOREGAON.
3. WAI.
4. \*LONAND.

### District South Satara :

5. KIRLOS KARWADI.
6. ISLAMPUR.
7. SHIRALA.
8. VITA.

### District Nasik :

9. NASIK.
10. LASALGAON.
11. MALEGAON.
12. NANDGAON.
13. YEOLA.
14. \*GHOTI.
15. \*MANMAD.
16. SATANA.
17. \*KALWAN.
18. SINNAR.

### District Kolaba :

19. PANWEL.

### District Ahmednagar :

20. AHMEDNAGAR.
21. SHRIRAMPUR.
22. \*BELAPUR TOWN
23. KOPARGAON.
24. \*PATHARDI.
25. RAHURI.
26. SANGAMNER.
27. SHEVGAON.
28. \*VAMBORI.
29. NEWASA.
30. SHRIGONDA.

### District Ahmedabad :

31. VIRAMGAM.
32. DHANDHUKA.

### District Thana :

33. BHIWANDI.
34. KALYAN.
35. PALGHAR.
36. MURBAD.
37. DAHANU.

### District Sholapur :

38. AKLUJ.
39. \*NATEPUTE.

### District West Khandesh :

40. DHULIA.
41. DONDAICHA.
42. NANDURBAR.
43. SAKRI.
44. SHAHADA.
45. \*NARDHANA.
46. SHIRPUR.
47. SINDKHEDA.
48. TALODA.
49. NAVAPUR.

### District Panchmahals :

50. GODHRA.
51. DEVGAD BARIA.

### District Banaskantha :

52. PALANPUR.
53. DEESA.

### District Sabarkantha :

54. HIMATNAGAR.
55. MODASA.
56. TALOD.

### District Kolhapur :

57. KOLHAPUR.
58. GADHINGLAJ.

### District Ratnagiri :

59. SAWANTWADI.
60. \*KUDAL.

### —District Dangs :

61. AHWA.

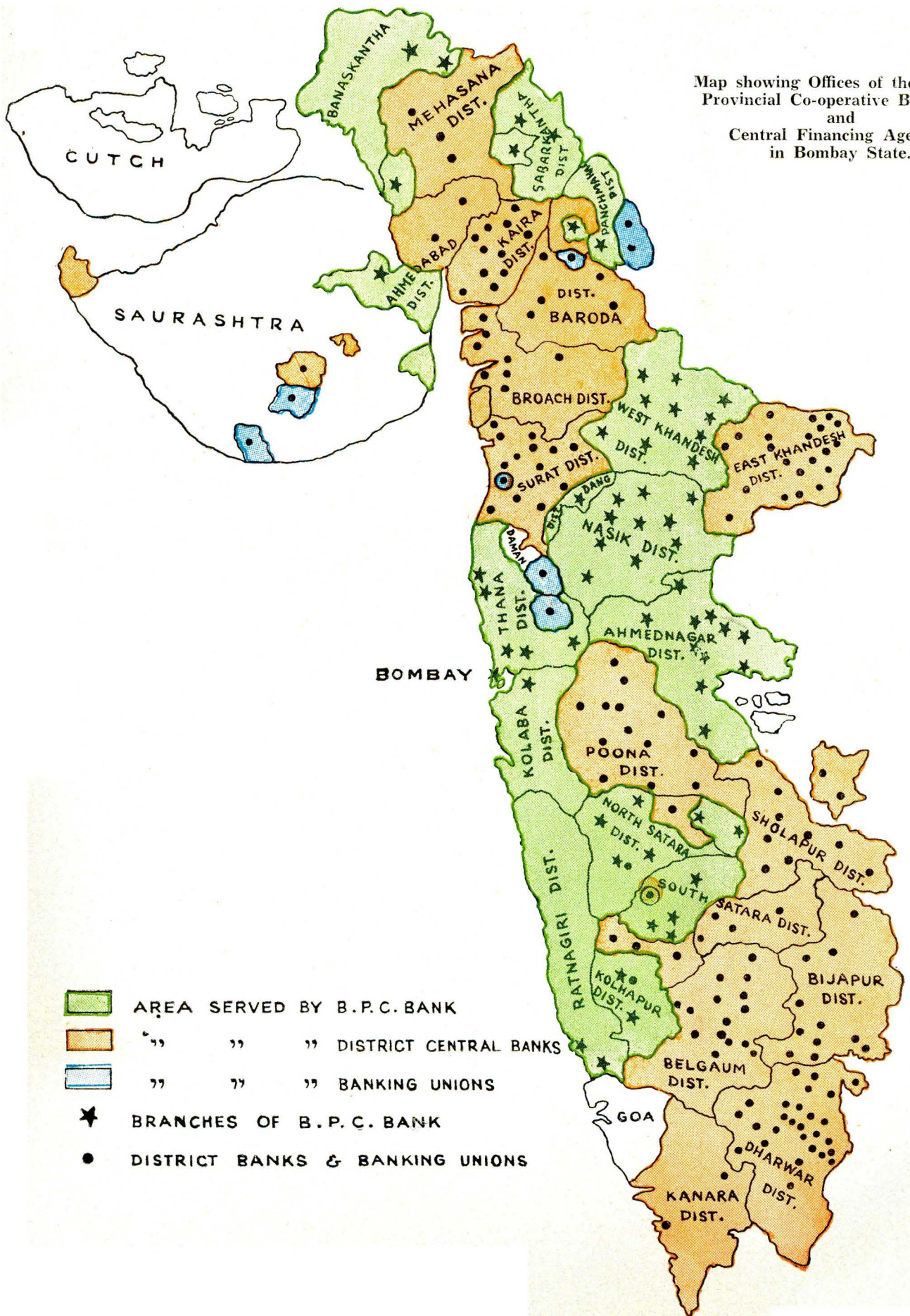
NOTE.—\* Indicates sub-branches.

# THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD., BOMBAY.

*Balance Sheet as at 30th June 1951.*

CAPITAL & LIABILITIES				Rs.	a.	p.	PROPERTY & ASSETS				Rs.	a.	p.						
<b>CAPITAL :</b>							<b>CASH</b>												
Subscribed & Paid-up Share Capital				48,69,750	0	0	On hand and Deposits with Banks				83,75,408	12	4						
<b>FUNDS :</b>							<b>INVESTMENTS :</b>												
				37,16,220	12	3	In Government & Trustee Securities & Shares				4,62,04,824	10	11						
Reserve Fund				12,69,438	0	0	<b>LOANS, CASH CREDITS AND OVERDRAFTS :</b>												
Other Funds				24,46,782	12	3	To Co-operative Societies & Banks:				Rs.	a.	p.						
4% Mortgage Debentures				6,50,000	0	0	Long-term Loans				39,906	10	2						
Loan from State Government				1,00,000	0	0	Intermediate-term Loans				12,763	0	0						
Advances from the Reserve Bank of India				36,00,000	0	0	Short-term Loans				1,51,46,007	0	2						
Advances for Central Financing Agencies arranged with the Reserve Bank of India				97,00,000	0	0	Cash Credits				68,67,434	9	3						
Bombay State Government Contribution to the Share Capital of Central Financing Agencies				3,00,000	0	0	Overdrafts				87,72,342	13	9						
<b>DEPOSITS :</b>							<b>Other Advances</b>							93,75,262	13	8			
Fixed				2,11,17,966	7	7	Advances arranged with the Reserve Bank of India for Central Financing Agencies				36,00,000	0	0						
Current & Savings				5,68,96,331	8	10					4,38,13,716	15	0						
Call Deposits				17,81,303	15	0	<b>ADVANCES to Individuals</b>				84,32,032	8	8						
Staff Provident Fund				11,04,178	8	2	Interest Receivable				5,56,788	2	2						
				8,08,99,780	7	7	Inland Bills Purchased				27,23,862	15	0						
Interest Payable				2,58,501	7	0	Branch Adjustments				3,75,038	12	1						
Branch Adjustments				52,87,394	13	4	Land, Buildings & Furniture				3,60,365	11	9						
Sundries including Bills for Collection				30,64,698	6	7	Sundries including Bills Receivable				21,84,838	13	10						
Profit & Loss Account				5,80,531	7	0								Total Rs.	11,30,26,877	5	9		
<b>Total Rs.</b>				<b>11,30,26,877</b>	<b>5</b>	<b>9</b>								<b>Total Rs.</b>	<b>11,30,26,877</b>	<b>5</b>	<b>9</b>		

Map showing Offices of the Bomb  
 Provincial Co-operative Bank Lt  
 and  
 Central Financing Agencies  
 in Bombay State.



- AREA SERVED BY B.P.C. BANK
- " " " DISTRICT CENTRAL BANKS
- " " " BANKING UNIONS
- BRANCHES OF B.P.C. BANK
- DISTRICT BANKS & BANKING UNIONS

# The Bombay Provincial Co-operative Bank Limited.

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## ANNUAL REPORT FOR THE YEAR ENDING 30th JUNE 1951

I have the pleasure in presenting the Fortieth Annual Administration Report of the Bombay Provincial Co-operative Bank for the financial year ending 30th June 1951.

2. The area of operation of the Bank extends to the whole of the State of Bombay. With the merger of Indian States in the Bombay State this Bank was required, as was mentioned in the last year's review, to extend its operations to newly formed districts by opening of new branches to facilitate proper development of the undeveloped or underdeveloped and co-operatively backward areas, especially in North Gujarat.

3. In the review on the working of the Bank last year, it was mentioned that since the assumption of office by popular Ministries and more especially after the declaration of Independence and acceptance of the ideal of Co-operative Commonwealth in the Constitution of the Indian Union, the Co-operative Movement has assumed larger responsibilities and is harnessed to the State policies in the sphere of all activities of economic development and rural reconstruction. The Government of Bombay pursuant to their aims to establish a "Welfare State", interested itself in the promotion of development programmes, especially in the agricultural and industrial sectors and harnessed the co-operative organisations and co-operative machinery to execute their schemes of development. In the words of the Co-operative Planning Committee, a co-operative society provides the local unit which can fulfil the dual function of educating public opinion in favour of a plan and of executing it. With an ardent Co-operator of all-India reputation—Shri V. L. Mehta—at the head of the Ministry of Co-operation, therefore, the Government of Bombay associated the co-operative organisations in an increasing measure not only in the formulation of their plans but also in the implementation and execution of their programmes of economic rehabilitation. The co-operative organisations play a very important role, as the most suitable medium for democratisation of economic planning. In the matter of distribution of controlled commodities, more especially those in short supply, and promotion of village industries and organisation of industrial workers and backward class people, co-operative organisations were given preference. As some of the societies,



especially of industrial workers, were recently organised and they were unable to provide the necessary capital, Government assistance by way of (1) working funds, (2) subsidies to meet the initial capital outlay or secretarial or technical establishments, and (3) guarantees to the financing agencies to raise adequate funds required by them, was made available, which enabled them to undertake the various activities.

4. With the establishment of the State Co-operative Council on which various co-operative interests and organisations are represented, a channel for canalising co-operative opinion in the State and a medium for their association with the Government in the formulation and execution of plans for rural development and organisation of agriculture, marketing and small-scale industries, was created. The Provincial Bank was represented on the Council by its Chairman and Managing Director.

5. The Provincial Bank, as the apex banking institution in this State, is called upon to play a very important function and a very useful role. Since last year the Provincial Bank, with the close association of the central financing agencies and the primaries, has assumed the responsibility of providing agricultural and marketing credit to credit-worthy agriculturists in the Bombay State, in addition to its normal responsibility of providing short-term finance to all types of co-operative organisations. This has brought us in closer contacts not only with the Development Department of the Government of Bombay but also with the authorities of the Reserve Bank of India for evolving an integrated system of agricultural credit in this State. The Directors have had various conferences and discussions with the Government and the Reserve Bank authorities during the year under review, which have been helpful in promoting better understanding of our problems and in securing their association and assistance in meeting them squarely.

## II. STATE ASSISTANCE

6. In accordance with the recommendations of the Policy Committee on Agriculture, Forestry and Fisheries, the Government of India appointed a sub-committee to report on the ways in which rural indebtedness could be reduced and finance, both short-term and long-term, provided, under efficient control, for agriculture and animal husbandry. The Government of Bombay had previously enacted certain legislation such as the Bombay Agricultural Debtors' Relief Act and the Money Lenders' Act. The Agricultural Credit Organisation Committee, under the Chairmanship of Sir Manilal Nanavati, made certain recommendations with a view to enable the Co-operative Movement in Bombay State to carry out the functions of an Agricultural Credit Cor-

poration as the agency for provision of credit to creditworthy agriculturists, on lines recommended by the Sub-Committee of the Policy Committee.

7. The Government of Bombay having accepted a majority of the recommendations of the Agricultural Credit Organisation Committee, Government association and a certain measure of assistance were extended to the co-operative movement through the Provincial Co-operative Bank and the central financing agencies. In order to enable the Provincial Bank and the central financing agencies to undertake this work, their constitution was revised so as to associate Government nominees on the Board of the Provincial Bank and to associate the Provincial Bank in the working of central financing agencies. Financial assistance from the State Government was also extended to the Provincial Bank and the Central Banks.

8. In pursuance of this policy accepted by the State Government, Government nominated 3 representatives on the Board of Directors of this Bank, one Financial Expert, viz. Prof. D. R. Gadgil, Director of the Gokhale Institute of Politics & Economics, Poona, the other two nominees being the Secretary, Finance Department, and the Registrar, Co-operative Societies.

9. The Government of Bombay, under their Resolution, Revenue Department, No. 2148/45, dated 25th June 1948, indicated the nature and extent of financial assistance Government would provide to the Provincial Bank and the central financing agencies. During the year under review Government was approached to provide necessary financial assistance as indicated hereunder :

#### **Contribution to Share Capital :**

10. The Government of Bombay agreed to subscribe to the share capital of the Bombay Provincial Co-operative Bank to the extent of the paid-up capital of the Bank subscribed by the co-operative societies and individuals subject to a maximum of Rs. 50 lakhs. On a request from the Board, Government contributed initially a sum of Rs. 16 lakhs towards the share capital of the Provincial Bank.

11. The Government further agreed to contribute to the share capital of the central financing agencies by providing funds to the Provincial Bank to take up shares of the central financing agencies bearing interest at 3 per cent subject to the condition that such contribution should not exceed Rs. 5 lakhs to any one central financing agency and Rs. 25 lakhs in the aggregate. Under this arrangement, during the year under review, the Provincial Bank contributed to the share capital of the Sholapur and Kaira District Central Co-operative Banks to the



extent of Rs. 2 lakhs and Rs. 1 lakh respectively. Further applications for contribution to share capital from four central financing agencies were under consideration of the Board at the close of the year.

### **Credit Stabilisation Fund :**

12. Government agreed that any dividend paid in excess of 3 per cent on the Government contributions to the share capital of the Provincial Bank and of central financing agencies would be retained by the Provincial Bank as a special reserve to be called the Credit Stabilisation Fund. In accordance with this arrangement a sum of Rs. 8,600 was appropriated to create this fund out of the dividend paid by the Provincial Co-operative Bank on the share capital contributed by Government.

### **Subsidies for uneconomic branches :**

13. In order to facilitate the provision of agricultural finance in rural areas and to minimise cost to the agriculturist borrowers, Government agreed to grant subsidies to central financing agencies on certain terms for a period of three years for meeting the deficit in working expenses in branches opened with the approval of the Registrar, Co-operative Societies. In accordance with the provisions contained in Government Resolution, Revenue Department, No. 599, dated the 31st October 1949, a subsidy amounting to Rs. 34,918 for deficit for six branches opened with the approval of the Registrar, Co-operative Societies, for the financial year 1949-50, was claimed from Government. A subsidy of Rs. 10,343-12-2 for four branches for the previous year was received from Government during the year under review.

14. As the Bank was required to open branches in backward and undeveloped areas where the co-operative movement had not sufficiently developed to justify opening of branches by the central financing agencies and where the initial expenditure was bound to be higher than in the developed areas, Government was approached to bear the entire deficit of such uneconomic branches and to extend the period from three to ten years.

### **Subsidies for "Crop loans" under B.A.D.R. Act :**

15. With the application of the Bombay Agricultural Debtors' Relief Act in the entire Bombay State, the provision of finance to persons who were parties to proceedings under the said Act was entrusted to co-operative societies in rural areas. As the lands owned by adjusted debtors cannot be alienated without the express sanction from the Debt Adjustment Board, advances to such debtors involve a certain amount of risk. The Government, therefore, guaranteed co-operative

societies providing crop finance to debt-adjusted agriculturists, against losses due to bad debts and other causes, to the extent of five per cent of outstandings on account of finance advanced to agricultural debtors. Government also agreed that guarantee should apply to all finance advanced by the financing agencies to credit societies to provide crop finance to adjusted debtors. In accordance with the provisions contained in Government Resolution, Revenue Department, No. 10670/39, dated 4th November 1944, in this respect, subsidies to the extent of Rs. 42,825 for crop loans advanced to co-operative societies and Rs. 4,536 for crop loans advanced to individual borrowers for the years 1947-48 and 1948-49 have been claimed and it is expected that the amount will be made available during the course of this year.

### Government Guarantees :

16. Government of Bombay agreed to provide guarantees to (1) Industrial Societies and (2) Forest Labour Societies for normal trade margins for finance obtained from this Bank, where the societies were unable to provide such margins out of their own funds. The extent of finance provided by the Bank and the amount of Government guarantee available for different types of societies is indicated in the following table :—

(Amount in lakhs of Rupees)

Types of Societies	No. of Stys.	Nature of Guarantee	Amount of finance sanctioned	Amount of Govt. Guarantee	Amount out-standing
1. Forest Labourers' Societies ...	32	40% margin	11.09	4.41	8.54
2. Industrial Associations (for 'wholesale yarn distribution)	3	20% "	14.00	2.80	9.80
3. Weavers' Societies (special scheme) ...	8	25% "	2.96	.74	nil.
4. Oilmen's Societies (special scheme) ...	1	25% "	.10	.02	nil.
Total ...	44	.....	28.15	7.97	18.34

The total outstandings for which Government guarantee of margin was available amounted to Rs. 18.34 lakhs.

### Government loans :

17. In order to enable co-operative organisations to undertake the distribution of controlled commodities, more especially the wholesale distribution agency for cloth and yarn, the Government of Bombay had in the previous year placed at the disposal of the Provincial Co-operative Bank, a sum of Rs. 2 crores at 3½ per cent for financing the wholesaler co-operative agencies for cloth and yarn. With the relaxation in the control on the distribution of cloth, the amount which was availed of

during the previous year was repaid except a small amount of Rs. 1 lakh. However, the arrangement was renewed during the year under review and a provision for accommodation of Rs. 50 lakhs was requisitioned for the year 1951-52.

### III. ASSISTANCE FROM THE RESERVE BANK

18. With the assumption of responsibility for financing seasonal agricultural operations and marketing of crops to creditworthy agriculturists, through co-operative societies in the Bombay State, the central financing agencies including the Provincial Co-operative Bank, found the resources available to the co-operative movement not adequate enough to meet their obligations. The extent of agricultural finance required for the financing of creditworthy borrowers during the two five-year periods was estimated by the Agricultural Organisation Committee at Rs. 35 crores, the immediate requirements being estimated at Rs. 8 crores. With the inclusion of States merged in the Bombay State and with the expansion of the movement in other sectors of economic activity and the employment of co-operative agency in an increasing measure by the State in other spheres, the funds of central financing agencies were employed to finance such activities. The Provincial Bank and the other central financing agencies were, therefore, required to approach the Reserve Bank of India for accommodation for financing seasonal agricultural operations and the marketing of crops. As a result of the discussions with the authorities of the Reserve Bank of India, the procedure for obtaining such accommodation was simplified and its terms were liberalised. The Reserve Bank also convened an informal Conference of co-operative interests to review the role played by the Reserve Bank in the sphere of rural finance. On the recommendation of this Conference the Reserve Bank appointed a Standing Advisory Committee to establish a closer liaison between the Reserve Bank and Co-operative Banks. Shri R. G. Saraiya, Chairman of the Bank, and Prof. D. R. Gadgil, a Director of this Bank, were nominated as members of the Standing Advisory Committee. This Committee, it is expected, will assist in securing an increasingly fruitful association between the Reserve Bank and the co-operative movement in this State in the matter of rural finance.

19. The Provincial Bank functions as a central financing agency in some districts directly financing co-operative societies through its branches. Section 17(2)(b) of the Reserve Bank of India Act provides for purchase, sale and rediscount of Bills of Exchange and Promissory Notes bearing two or more good signatures, one of which shall be that of a Scheduled Bank or a State Co-operative Bank. The Provincial Bank, as far back as 1939, had approached the Reserve Bank to establish a procedure for enabling it to draw advances from the Reserve Bank

against agricultural paper in times of need. There were considerable difficulties to rediscount the Pro-notes from a large number of primary societies scattered over 12 districts where the Bank made direct advances. The Reserve Bank authorities, therefore, agreed to provide accommodation against pledge of gilt-edged securities held by the Bank under Section 17(4)(a) of the Reserve Bank of India Act, at a concessional rate of interest for enabling financing of primary agricultural societies classed 'A' or 'B' in the area where the Bank functioned as a central financing agency. An arrangement was made with the Reserve Bank of India for obtaining advances against pledge of gilt-edged securities of the Bank, under Section 17(4)(a) of the Reserve Bank of India Act, at a concessional rate of interest, for enabling financing of primary agricultural societies in the area where the Bank functioned directly as a central financing agency. A limit of Rs. 150 lakhs was sanctioned by the Reserve Bank for this purpose, under Section 17(4)(a), on condition that the finance so obtained was utilised for financing agricultural and marketing societies classed 'A' and 'B'.

20. Six central financing agencies were sanctioned accommodation as against five during the previous year, under Section 17(2)(b) for seasonal agricultural operations. The following table indicates the extent of financial accommodation which the central financing agencies and the Provincial Bank obtained from the Reserve Bank of India :—

(Amount in lakhs of Rupees)

Type of accommodation	Limit sanctioned				Maximum drawings				Amount outstanding			
	1950		1951		1950		1951		1950		1951	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Under Section 17 (4) (a) to Provincial Bank ...	...	25.0	...	150.0	...	25.0	...	150.0	...	10.0	...	97.0
Under Section 17 (2) (b) to Central financing agencies...	5	36.0	6	51.0	5	36.0	6	51.0	4	21.0	5	36.0

#### IV. ORGANISATION OF AGRICULTURAL CREDIT

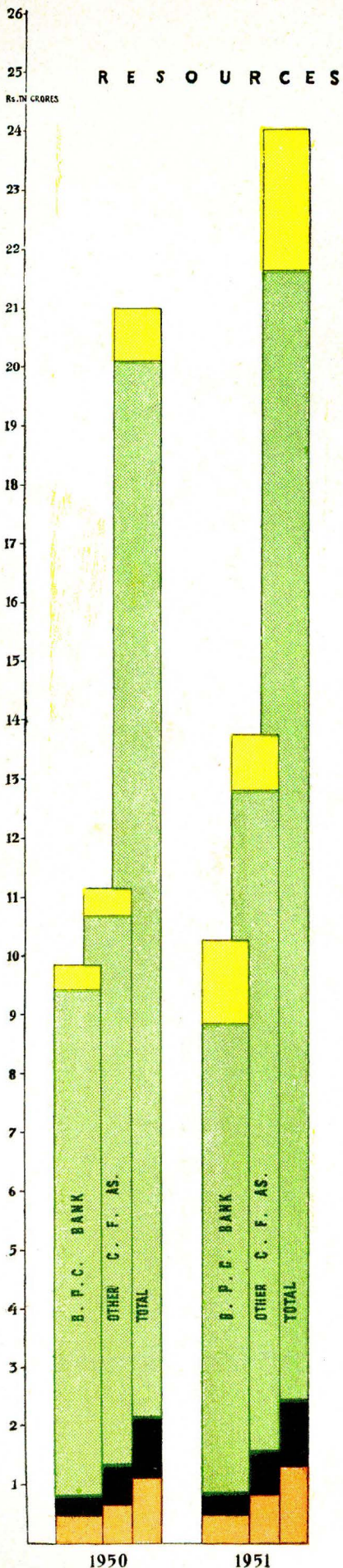
21. A reference was made in the last year's review about the formulation of a procedure for assessing the requirements of credit-worthy borrowers and to determine a uniform policy and procedure for provision of agricultural credit. The scheme was circulated to all central financing agencies in the Bombay State and efforts were made to implement the same during the year under review. With a few exceptions, all the central financing agencies were visited by the officers of the Bank to build up contacts with them, study the local conditions, and to explain the procedure for organisation of agricultural credit. The object of the

agricultural credit organisation, its implications and its obligations are not yet clearly understood by the workers—official and non-official—in the co-operative movement and, therefore, a systematic approach to the problem of agricultural credit is slow and difficult. A systematic procedure visualizes provision of credit for cash requirements of the agricultural industry, as and when required, for the various cultivation operations and a definite attempt at improvement in the methods and manner of cultivation to ensure stepping up of production and a higher standard of efficiency in that industry. In the absence of a proper approach to the problem, the meaning of 'adequate finance' to credit-worthy agriculturists is mistaken for finance required for all operations and there is a tendency to increase the borrowings without a corresponding increase in production.

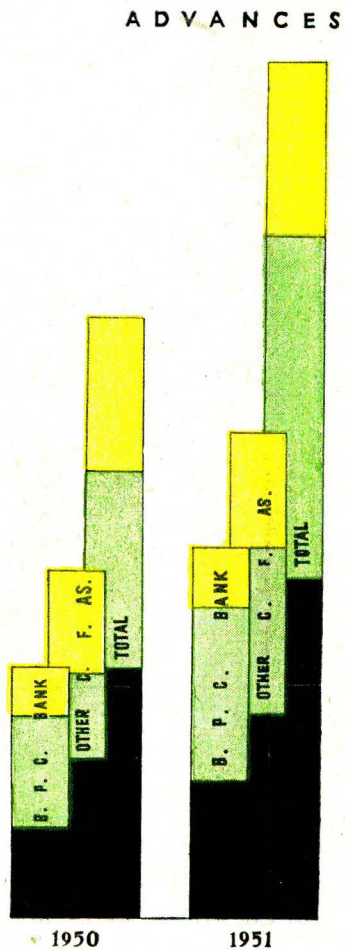
22. Agricultural credit, at present, is not properly linked up with marketing as it ought to be. With the increase in the number of societies as also their members and in the volume of credit made available to them, the need for higher efficiency in the secretarial and supervision arrangement is felt in an increasing measure, without which the development is likely to be lopsided and unsystematic and open to risks in times of emergency like crop failure or depression in commodity prices. Due care and caution in directing the operations of the agricultural credit organisation is, therefore, necessary and attempts are made to educate the borrowers and the primary societies in this direction.

23. Out of the 28 Districts in the Bombay State, eight districts were served directly by this Bank through its branches as a central financing agency, while eleven districts were served by district central co-operative banks. In the remaining eight districts, District Central Banks, Banking Unions and this Bank functioned as central financing agencies for parts of the districts as indicated in paragraph 30 below.

24. **Banking facilities in rural areas:** During the year under review, the central financing agencies and the Bombay Provincial Co-operative Bank through their branches continued to play their role in husbanding rural savings and divert them to the development of agricultural and allied cottage industries through co-operative institutions. The central financing agencies were required to open branches in taluka centres for providing banking facilities to the affiliated societies, to reduce the cost of the borrowers, and to tap local savings. The Rural Banking Enquiry Committee has recommended that banking offices in the rural and semi-urban areas, especially of co-operative banks, were the best suited medium to mobilise the savings of the people. The Government of Bombay assisted the central financing agencies in this respect by providing subsidies on certain conditions to meet deficits in the working expenses of branches opened with the permission of the Registrar, Co-operative Societies, as provided under Government Resolution,



Resources of  
Bombay Provincial Co.op. Bank Ltd.  
and  
Central Financing Agencies.



OTHER BORROWINGS  
 DEPOSITS  
 STATUTORY AND OTHER RESERVES  
 PAID UP SHARE CAPITAL

INDIVIDUALS  
 NON-ABRI-SOCIETIES  
 AGRICULTURAL SOCIETIES



R.D., No. 599 of 31st October 1949. This enabled the banks to open branches in remote and undeveloped parts of the State to provide banking facilities and to facilitate advancing loans to societies. The Provincial Bank and the central financing agencies opened 34 new branches or pay offices during the year under review. The total number of offices including those of the Provincial Bank at the close of the year stood at 206.

25. Resources of central financing agencies: At the close of the year under review in addition to the Provincial Co-operative Bank, 11 District Banks, 6 Banking Unions and 8 Central Banks operating in parts of the districts, were functioning in Bombay State. The following table will indicate the extent of their resources and the extent of agricultural and other advances :—

(Amount in lakhs of Rupees)

Working Funds	Provincial Bank		Central financing agencies		Total	
	1950	1951	1950	1951	1950	1951
1. Paid-up Share Capital ...	48.26	48.70	64.62	81.55	112.88	130.25
2. Statutory Reserve and other funds ...	33.41	37.16	69.95	77.96	103.36	115.12
3. Deposits ...	860.24	797.96	934.46	1122.02	1794.70	1919.98
4. Other borrowings ...	42.50	143.50	46.61	93.54	89.11	237.04
Total ...	984.41	1027.32	1115.64	1375.07	2100.05	2402.39
5. Advances :						
(a) Agricultural societies ...	128.76	192.24	223.06	286.68	351.82	478.92
(b) Non-agri. societies ...	154.19	245.91	120.67	233.89	274.86	479.80
(c) Individuals :						
(i) Agri. operations ...	3.13	4.10	3.97	15.34	7.10	19.44
(ii) Non-agricultural ...	66.52	78.41	141.84	146.32	208.36	224.73
Total ...	352.60	520.66	489.54	682.23	842.14	1202.89

A detailed statement showing the resources and advances of each central financing agency is given in Appendix 'A'.

26. Some of the older district banks have their own resources adequate enough to provide agricultural and other finance to their affiliated co-operatives, while others are new and as such have no adequate resources to meet the entire needs of their districts and have to depend on the Provincial Bank and the Reserve Bank of India for financial accommodation. During the year under review, as a result of propaganda for organisation of new co-operative societies, more especially in the undeveloped and backward areas in new districts created out of Indian States merged in the Bombay State and enrolment of new members in agricultural credit societies to reach the targets laid down by the Agricultural Credit Organisation Committee, there has been an all-round



increase in the number of co-operative societies, their membership and their lendings to members for agricultural operations. Owing to the increased volume of distribution of State controlled commodities through co-operatives, a part of the funds available in the movement is diverted towards this activity. The deposits commanded by the central financing agencies have not kept pace with the expanding activities undertaken by co-operatives, and the resources fell short to meet the demands from their affiliated institutions. The central financing agencies including the Provincial Bank had, therefore, to approach the Reserve Bank of India and the State Government for accommodation in an increasing measure than they did in the past.

27. The inability of some of the central banks to meet their obligations within the limits on their borrowing capacity under the provisions of Rule 8 of the Bombay Co-operative Societies Rules, was brought to the notice of the Government and Government was approached to relax the provisions of Rule 8 in respect of their borrowing limits and to increase the limit under that Rule. The State Co-operative Council in consultation with the Reserve Bank of India have since suggested that the Bombay Provincial Co-operative Bank may be allowed to incur liabilities in special circumstances upto twenty times of its owned capital (including all Reserves) and the borrowing limit may be fixed at 15 times instead of 12 times as at present. It was also recommended that the borrowing limit of central banks be fixed at 12 times their share capital and reserves and this limit may be further relaxed to 15 times should occasion demand it, with the permission of the Registrar. This recommendation of the State Co-operative Council is at present under the consideration of Government.

## V. AREA OF OPERATION

28. The Savantwadi State Bank in Ratnagiri District, though it was a separate institution, was a State concern, without any shareholders. After the merger of the State with the Bombay State, the Government decided to close the Bank. The State Bank then had deposits of about Rs. 26 lakhs and other funds of about Rs. 3.5 lakhs while its advances were about Rs. 3.5 lakhs. There was no co-operative central financing agency in South Ratnagiri District. The Board, therefore, approached the Government of Bombay with a proposal to take over the assets and liabilities of the said Bank as a going concern, so that local deposits, which would otherwise have been returned to the depositors, would be available to this Bank and through it, to the co-operative movement. The Government of Bombay accepted the proposal and the State Bank was amalgamated with this Bank as from 1st July 1950. The Bank also took over the staff of the Savantwadi State Bank, giving them the advantage of continuity of service.

29. Due to the establishment of new District Central Co-operative Banks in Kaira and North Satara Districts served by the Bombay Provincial Co-operative Bank Ltd., and due to recognition having been extended to central financing agencies in merged States, the area of operation of this Bank as a central financing agency was reduced, by transfer of the business in those areas to the new local agencies. Branches of the Bank in Kaira District and a part of the North and South Satara Districts were closed. The business of this Bank in Pandu Mewas Taluka in Baroda District, Tasgaon in South Satara, Karad, Satara, Javli and Patan Talukas in North Satara, was transferred to the respective central banks of the districts.

30. Thus at the close of the year under review, the Bank functioned as a central financing agency in 8 complete revenue districts and in parts of 8 other revenue districts, as detailed below :—

Districts served by the Bank	Parts of Districts served by the Bank	
	District	Parts served by the Bank
1. Nasik	1. Thana ...	Whole district except Wada & Mokhada Taluka.
2. Kolaba	2. Sholapur ...	Malshiras Taluka only.
3. Dangs	3. Kolhapur ...	Karvir, Kagal, Radhanagari, Budhargad, Gadhinglaj Talukas and Ajra Mahal.
4. Ahmednagar	4. Panchmahals ...	Godhra, Devgad-Baria, Santrampur and Lunawada Talukas.
5. Ratnagiri	5. Ahmedabad ...	Viramgam & Dhandhuka Talukas.
6. West Khandesh	6. Amreli ...	Gogho Mahal.
7. Sabarkantha	7. North Satara ...	Koregaon, Wai, Khatau and Man Talukas & Mahabaleshwar Mahal.
8. Banaskantha	8. South Satara ...	Khanapur, Walva, Atpadi and Shirala Mahal.

31. Branches of the Bank : During the year under review, 9 branches of the Bank at Nadiad, Anand, Borsad, Kapadwanj, Mehmedabad, Matar and Thasra in Kaira District, at Karad in North Satara and Tasgaon in South Satara District were closed. Requests from societies as well as from Co-operative Department for opening new branches of the Bank continued to be received for facilitating banking operations and co-operative development in areas not hitherto served by the branches of the Bank. Accordingly, with the approval of the Registrar, 11 new branches were opened during the year under review at Modasa and Talod in Sabarkantha, at Ahwa in Dangs, at Navapur in West Khandesh, at Deesa in Banaskantha, at Devgad-Baria in Panchmahals, at Nevasa and Shrigonda in Ahmednagar, at Dahanu in Thana, at Sinner in Nasik and at Kudal in Ratnagiri District.

## VI. THE BOARD OF DIRECTORS

32. The Board of Directors that was reconstituted and enlarged last year under the revised constitution, continued to hold office during the year under review, as elections to the Board of Directors are held every alternate year. Directors nominated by co-operative institutions and Government are, however, nominated every year and, therefore, there were a few changes in the Directors during the year.

33. During the year under review, the Registrar of Co-operative Societies gave recognition to some of the Banks and Banking Unions operating in merged States, as central financing agencies in their respective areas. The Baroda Central Co-operative Bank Ltd., and the Kaira District Central Co-operative Bank Ltd., were given representation on the Board of Directors under bye-law No. 62(A). Consequent on the closure of all branches of the Bank in the Kaira District representation given to the primary societies from that District under bye-law No. 62(B) ceased during the year under report.

34. At the close of the year under review, the Board of Directors consisted of 33 Directors as under :—

Representatives of Dist. Central Co-op. Banks .. ..	12
do. of Banking Unions and other agencies functioning as central financing agen- cies for a part of the district .. ..	2
do. of Primary Societies affiliated to the Bank	6
do. of the Bombay Provincial Co-op. Market- ing Society Ltd. .. ..	1
do. of Urban Co-operative Banks .. ..	4
Directors nominated by the Government of Bombay ..	3
do. elected by individual shareholders ..	5
	33

35. The Board of Directors meet once in each quarter and the day-to-day administration is carried on by the Executive Committee, elected by the Board out of the Directors, every year. The Executive Committee consisted of 12 Directors, representing the central financing agencies, urban banks and primaries and one nominee of Government. The Board of Directors held four meetings and the Executive Committee held twelve meetings during the year under review. The Executive Committee appointed a Sub-Committee under bye-law No. 77 to whom certain powers of the Executive Committee under bye-law No. 72 were delegated. The Sub-Committee meets every week and held fifty meetings during the year.

36. **Branch Committees :** Bye-law No. 72(i)(2) provides for the formation of Branch Committees to associate the representatives of affiliated co-operative societies with the working of branches and for delegating certain powers of the Board in respect of sanctioning of loans to agricultural societies. As a general rule a Branch Committee is formed where the number of affiliated societies having loan operations with the branch exceeds 40, the strength of the Committee being from three to five, elected by the affiliated societies. The Branch Committees act as an electoral college for the election of six Directors on the Board representing the primary societies in the areas where the Bank directly functions as a central financing agency. The Branch Committees have their own constitution and a separate budget for expenditure. The members of Branch Committees visit affiliated societies, whenever required, for propaganda and stimulation of recoveries and often give valuable guidance to the local officials and serve as a non-official link between the affiliated societies and the Board. The Committees are of considerable assistance to the Bank in establishing contact with primary co-operatives in their respective areas and to understand local conditions.

37. At the close of the year 34 branches had Branch Committees attached to them, the total strength of their members being 153. The Board nominated its nominees on four of the Branch Committees in order to associate eminent co-operators or local co-operative leadership with the working of the branches and to secure their co-operation. Some of the Branch Committees are authorised to sanction loans and credits to agricultural societies within certain limits and on certain conditions prescribed by the Board. 21 Branch Committees, which were so authorised by the Board, sanctioned loans and credits to 470 co-operative societies aggregating to Rs. 37.82 lakhs.

38. Grants amounting to Rs. 7,681 were sanctioned for the expenses of Branch Committees, while the actual amount spent was Rs. 5,681. A sum of Rs. 805 was spent in addition, as grants for Co-operative Conferences and Training Classes on the recommendation of the Branch Committees.

## VII. SHARE CAPITAL AND MEMBERSHIP

39. The authorised share capital of the Bank was increased last year from Rs. 25 lakhs to Rs. 50 lakhs. The paid-up share capital of the Bank increased during the year by Rs. 43,550 due mainly to the allotment of new shares to co-operative societies and banks for purposes of affiliation and acquiring voting qualification.

Contribution to the share capital by the Government of Bombay was Rs. 16 lakhs, as at the end of previous year.

The following table indicates the increase in the share capital and membership of the Bank during the last five years :—

(Amount in lakhs of Rupees)

Year	Paid-up share capital	No. of Members and their shareholding						Govt. contribution to the share capital	
		Co-operative Institutions			Individuals			No. of shares	%
		No. of Institutions	No. of Shares held of Rs. 50 each	% to share capital	No. of members	No. of shares held of Rs. 50 each	% to share capital		
1946-47	20,24,600	2,924	24,036	59.3	2,538	16,456	40.7	...	...
1947-48	20,39,200	3,219	24,349	59.8	2,674	16,345	40.2	...	...
1948-49	20,62,250	3,693	24,933	60.5	2,694	16,312	39.5	...	...
1949-50	48,26,200	4,146	40,703	42.2	3,313	23,821	24.7	32,000	33.1
1950-51	48,69,750	4,855	41,883	43.0	3,623	23,512	24.1	32,000	32.9

Co-operative institutions formed 57.2 per cent of the total membership of the Bank and they held 43 per cent of the total share capital as on 30th June 1951, as against 55.5 per cent and 42.2 per cent respectively of the previous year. The increase in both the membership as well as in shareholding of co-operative institutions over the figures of the previous year, was due to the organisation of new societies and affiliation of societies in the new areas merged to which the Bank's operations were extended and fresh applications for qualification shares from old co-operative institutions.

40. "B" Class Membership : There are three classes of "B" class members admitted under bye-law No. 12(A), viz.—

1. Members of primary agricultural co-operative societies affiliated to the Bank ;
2. Persons who are parties to the proceedings under the Bombay Agricultural Debtors' Relief Act ; and
3. Creditworthy agriculturists other than members of registered co-operative societies.

Members admitted as "B" class members under bye-law No. 12(A) have no right to vote or to participate in the management of the Bank or in the distribution of profits.

41. "B" class membership has gradually increased, as under, during the past five years, as the members of primaries and other agriculturists take more and more advantage of the facilities offered by the Bank for loans against pledge of valuables or agricultural loans for raising of crops :—

Year	Members of Primary Co-operative Societies admitted as 'B' class members	Persons who are parties to proceedings under the B.A.D.R. Act and admitted as 'B' class members
1946-47	405	278
1947-48	604	301
1948-49.	752	304
1949-50	933	314
1950-51	1216	317

It is, however, the policy of the Board not to admit individual agriculturists to direct membership of this class for provision of agricultural loans except in areas where there are no primary co-operative organisations. Even where such persons are admitted as 'B' class members, attempts are made to organise local societies and to transfer the members to the primary organisations.

### VIII. BANKING OPERATIONS

42. There has been a substantial growth in the working capital, paid-up share capital, statutory reserve and other funds of the Bank at the close of the year under review as compared to the figures of the previous year. The following table indicates the extent of the working capital and the funds of the Bank during the previous five years :—

(Amount in lakhs of Rupees)

Particulars	30-6-47	30-6-48	30-6-49	30-6-50	30-6-51
<b>A. Owned Funds :</b>	Rs.	Rs.	Rs.	Rs.	Rs.
1. Paid-up share capital ... ..	20.24	20.39	20.62	48.26	48.70
2. Statutory Reserve ... ..	6.35	7.13	8.16	11.58	12.69
3. Building Reserve ... ..	1.40	1.40	1.40	1.40	1.62
4. Sinking Fund for Debentures ... ..	2.97	3.07	3.25	3.43	3.61
5. Reserve for Bad and Doubtful Debts ... ..	6.99	7.18	7.18	7.16	7.22
6. Reserve for Overdue Interest ... ..	3.64	3.64	3.65	3.65	1.56
7. Other Reserves ... ..	4.30	4.79	5.74	6.19	10.46
Total ... ..	45.89	47.60	50.00	81.67	85.86
<b>B. Working Capital ... ..</b>	713.00	897.00	1063.00	1044.00	1130.00

43. The total reserves of all kinds held by the Bank at the end of the year under review amounted to Rs. 37.16 lakhs, as against Rs. 33.41 lakhs of the previous year. The investment Reserve was specially augmented from Rs. 1.5 lakhs at the end of the previous year to Rs. 5.12

lakhs at the close of the year under review, by transfer of a sum of Rs. 2.09 lakhs from the Reserve for Overdue Interest, where the provision was in excess of actual requirements ; and also by the transfer of a sum of Rs. 1.53 lakhs from other sundry reserves, in order to provide full cover for depreciation in the market value of gilt-edged securities.

44. In pursuance of Government Resolution, R.D., No. 2148/45 dated 25th June 1948, a Credit Stabilisation Fund was created during the year under review by the transfer of a sum of Rs. 8,600 being the amount of dividend and bonus in excess of 3 per cent per annum, payable on share capital contributed by the Government of Bombay.

45. **Deposit and Loan Liabilities :** The deposit and loan liabilities of the Bank at the end of the last five years are indicated in the following table :—

(Amount in lakhs of Rupees)

Particulars	1946-47	1947-48	1948-49	1949-50	1950-51
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>A. Deposits :</b>					
1. Fixed :					
(a) Societies ... ..	105.59	141.77	64.60	94.83	122.55
(b) Individuals ... ..	63.11	78.09	115.30	117.36	88.63
2. Current and Savings					
(a) Societies ... ..	160.33	232.86	209.38	233.49	224.55
(b) Individuals ... ..	260.87	329.50	330.30	343.56	344.41
3. Call Deposits ... ..	2.00	.....	19.00	71.00	17.81
4. Staff Provident Fund ... ..	6.69	7.52	8.52	9.74	11.04
Total ... ..	598.59	789.74	747.10	869.98	808.99
<b>B. Loans :</b>					
1. Debentures ... ..	6.50	6.50	6.50	6.50	6.50
2. Loans from Govt. for cloth & yarn	.....	.....	200.00	5.00	1.00
3. Advances from Reserve Bank under Sec. 17 (2) (b) of the R.B. Act ... ..	.....	.....	5.00	21.00	36.00
4. Advances from Reserve Bank under Sec. 17(4)(a) of the R.B. Act	.....	.....	.....	10.00	97.00
Total ... ..	6.50	6.50	211.50	42.50	140.50
Grand Total ... ..	605.09	796.24	958.60	912.48	949.49
Percentage of owned to borrowed funds ... ..	7.5%	6%	5.2%	8.9%	9%

Current and savings deposits from co-operative institutions recorded a fall of Rs. 9 lakhs, and their fixed deposits increased by nearly Rs. 28 lakhs at the close of the year, as compared with the figures at the end of the previous year ; this increase was of a temporary nature.

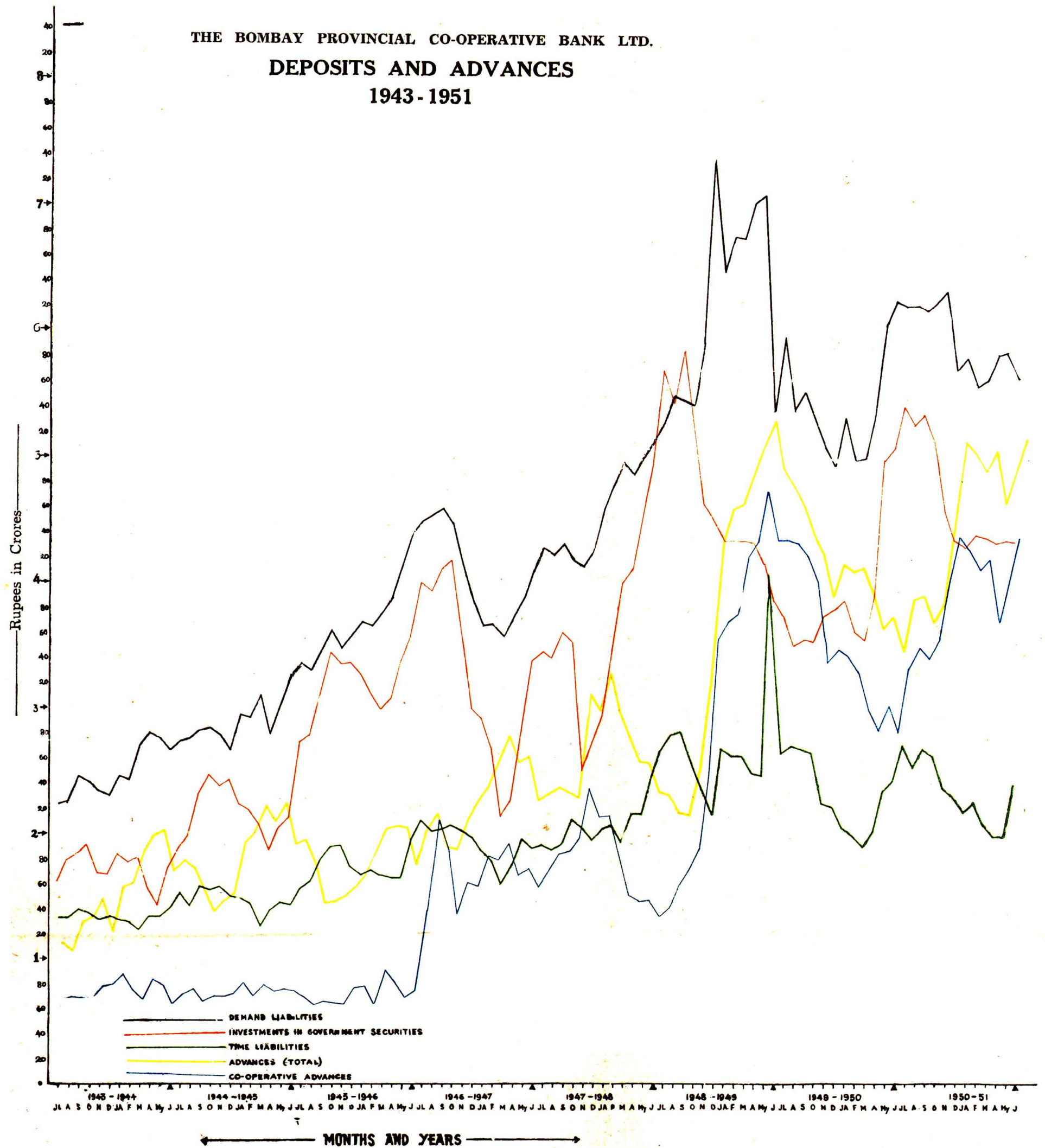
46. The trend of demand and time liabilities under deposits (excluding debentures and borrowings) of the Bank as at the close of the past five years is given in the following table :—



THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LTD.

DEPOSITS AND ADVANCES

1943-1951



(Amount in lakhs of Rupees)

Year	A. Time Liabilities	% to Total	B. Demand Liabilities	% to Total	Total A plus B	Ratio A to B
1946-47	176	29.38	423	70.62	599	1 : 2.40
1947-48	227	28.77	562	71.23	789	1 : 2.47
1948-49	189	25.30	558	74.70	747	1 : 2.95
1949-50	222	25.52	648	74.48	870	1 : 2.91
1950-51	248	30.65	561	69.35	809	1 : 2.26

From the above table it is seen that the ratio between time liabilities and demand liabilities is more or less constant.

47. **Fluid Resources:** Under Rule 18(a) of the Bombay Co-operative Societies Rules, the total fluid resources required to be maintained by the Bank for its deposit liabilities as at the close of the year under review, amounted to Rs. 302.78 lakhs, while on the same date the Bank had fluid resources available to the extent of Rs. 394.02 lakhs as under :—

1. Cash on hand	...	...	...	...	Rs. 37,66,100
2. Cash in Banks (current & at call)	...	...	...	...	" 46,09,300
3. 90% of investments in Govt. & Trustee Securities (Less drawings against them)	...	...	...	...	" 3,10,26,600
					Rs. 3,94,02,000
				Less Required	" 3,02,78,500
				Surplus available	Rs. 91,23,500

As the Bank functions as a central banking institution for the co-operative movement not only in Bombay State but also in some of the other States of the Indian Union, the Bank has to maintain greater amount of fluidity for its deposit liabilities than that prescribed under Rule 18(a).

48. **Investments in Government & Trustee Securities:** Due to the increased demand for funds for co-operative business, the surpluses of the gilt-edged securities held by the Bank were sold. At the end of the year under review, the total investments of the Bank in gilt-edged and other approved securities amounted to Rs. 4.52 crores as against Rs. 5.06 crores at the end of the previous year. The investments have been shown in the Balance Sheet at their cost, less depreciation provided to bring down the cost of premium securities to their face value on the date of their maturity. An amount of Rs. 84,650 was written off from the profits of the year on premium securities, before arriving at the net

profits as shown in the Balance Sheet. The market value of Government securities steadily decreased during the year under review. The market value of investments held by the Bank was Rs. 4.47 crores against their face value of Rs. 4.55 crores. The difference between the cost and the market value of the securities has been covered by augmenting the Investment Reserve.

49. Cash on hand and Bank balances including deposits with approved banks was Rs. 83.75 lakhs at the close of the year under review as against Rs. 132.28 lakhs at the close of last year. The average daily cash balance on hand and with the Reserve Bank of India was Rs. 57.78 lakhs during the year under review.

50. **Average Borrowing Rates:** With the assumption of the responsibility of providing institutional credit to all creditworthy agriculturists, the Bank was required to augment its resources by resorting to borrowings from outside the co-operative movement. The rates of interest on borrowed funds fluctuated depending upon the tendency of the money market at different times. The average borrowing rates during the last five years are indicated in the following table :—

—	1946-47 %	1947-48 %	1948-49 %	1949-50 %	1950-51 %
1. Average borrowing rate for deposits and loans borrowed ... ..	0.80	0.72	1.09	0.92	0.95
2. Management expenses to deposit liabilities ... ..	1.33	1.41	1.36	1.64	1.77
3. Net cost of borrowed funds including management expenses ... ..	2.13	2.13	2.45	2.56	2.72

From the above table it will be observed that the average borrowing rate went up by 0.03 per cent due to the fall in deposits and the increase in the amount of loans borrowed. The management expenses increased by 0.13 per cent during the year under report as against an increase of 0.28 per cent during the year 1949-50.

51. **Inland Exchange Operations and Remittances of Funds:** The Bank, like other commercial banks, is handling inland exchange business and other normal commercial activities to facilitate the working of its branches and other co-operative institutions in the Bombay State and other States. Arrangements are, therefore, entered into at important business centres in Bombay and in other States with either co-operative or commercial banks for issue of drafts and for collection of bills. The following figures indicate the extent of this business handled by the Bank during the past five years :—

(Nos. in Hundreds and Amounts in lakhs of Rupees)

Items	1946-47		1947-48		1948-49		1949-50		1950-51	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
<b>Head Office :</b>										
1. Drafts issued & local bills collected ...	524	1,172	570	1,490	515	1,465	535	1,555	557	1,733
2. Upcountry bills discounted & collected ...	364	292	456	364	470	393	510	322	504	339
<b>Total ...</b>	<b>888</b>	<b>1,464</b>	<b>1026</b>	<b>1,854</b>	<b>985</b>	<b>1,858</b>	<b>1045</b>	<b>1,877</b>	<b>1061</b>	<b>2,072</b>
<b>Branches :</b>										
1. Drafts issued & local bills collected ...	1500	1,644	1543	1,775	1628	2,041	1747	1,823	1802	1,780
2. Upcountry bills discounted & collected ...	652	1,134	729	1,227	754	1,435	743	1,246	725	1,224
<b>Total ...</b>	<b>2152</b>	<b>2,778</b>	<b>2272</b>	<b>3,002</b>	<b>2382</b>	<b>3,476</b>	<b>2490</b>	<b>3,069</b>	<b>2527</b>	<b>3,004</b>
<b>Grand Total ...</b>	<b>3040</b>	<b>4,242</b>	<b>3298</b>	<b>4,856</b>	<b>3367</b>	<b>5,334</b>	<b>3535</b>	<b>4,946</b>	<b>3588</b>	<b>5,076</b>

From the above table it will be noticed that there was a slight increase both in the total number of bills and total amount, of 1.5 per cent and 2.6 per cent respectively during the year as compared with the figures of the previous year.

52. The free remittance facility given by the Reserve Bank of India for transfer of funds from the Branches of this Bank and central financing agencies having offices at headquarters of the Imperial Bank's Branches, to their accounts with this Bank at Bombay, was availed of as in the previous years. Total remittances by branches of our Bank under this arrangement during the year under review amounted to Rs. 122.84 lakhs. In addition, Mail and Telegraphic remittances through Sub-Treasuries amounted to Rs. 363 lakhs.

53. Besides remittances by the Branches to Head Office through the Reserve Bank of India and the Sub-Treasuries, inter-branch remittances amounted to Rs. 837.38 lakhs.

54. In order to avoid risk in carrying remittances, all cash in transit is fully covered by insurance against theft and robbery. Insurance premia of Rs. 8,150-12-0 was paid during the year under review. Similarly, cash in safe at Branches and Head Office was insured for Rs. 28.32 lakhs at an annual premium of Rs. 7,080.

55. **Bankers' Clearing House:** The Bank acts as a balancing centre for all the co-operative institutions in the Bombay State as also

for those in other States of the Indian Union and for its other constituents. With the increase in the general trade activity of the country, as also with the opening of branches by the central financing agencies and this Bank, the average number of cheques cleared by this Bank on behalf of the customers drawn on other banks as also the number of cheques drawn on this Bank and cleared by other banks increased during the year under review very considerably.

The following table indicates the increase in the volume of Clearing House transactions during the last five years :—

(Amount in lakhs of Rupees)

Year	No. of sub-members	No. of cheques and amounts on Banks in Bombay cleared per day		No. of cheques and amounts on this Bank cleared per day	
		No.	Amount	No.	Amount
1946-47	15	1304	Not available	1120	Not available
1947-48	15	1042		1237	
1948-49	14	1015		1286	
1949-50	14	1075	22.96	1443	18.68
1950-51	20	1409	26.25	1863	23.58

The average number of cheques either delivered or received through the Clearing House marked an increase of 30 per cent during the year under review. The average amount of cheques per day was Rs. 26.25 lakhs and Rs. 23.58 lakhs respectively.

A number of co-operative banks in Greater Bombay have been admitted as sub-members of this Bank in the Clearing House. Sub-members increased from 14 at the close of the previous year to 20 at the end of the year under review. The daily average number of cheques drawn on the sub-members was 770, as against 648 during the previous year, and the daily average amount of such cheques was Rs. 4.22 lakhs as against Rs. 3.49 lakhs of the previous year.

## IX. LOAN OPERATIONS

56. **Central Financing Agencies :** Advances to Central Banks and Banking Unions are usually made by this Bank either as overdrafts against pledge of Government or Trustee Securities or as cash credits secured against co-operative paper or hypothecation of goods if the finance is required for dealing in controlled commodities on their own account.

57. During the year under review, 23 co-operative central financing institutions were provided finance by the Bank including 2 Apex co-operative financing institutions of other States, the accom-

modation granted to the latter being against gilt-edged securities as per provisions of bye-law 72(i)(3). The comparative figures of limits sanctioned to and outstandings with the central financing agencies, at the close of the year, are as under :—

Nature of accommodation	Limit sanctioned		Amount outstanding	
	1950	1951	1950	1951
	Rs.	Rs.	Rs.	Rs.
Cash Credits (clean & hypothecation) ... ..	16,25,000	36,75,000	2,13,000	13,80,900
Overdrafts (against Government Securities) ... ..	1,41,48,000	1,47,30,500	11,23,000	31,72,225
Fixed Loan (against Bank's Fixed Deposits) ... ..	5,05,000	1,35,000	nil	45,000

Owing to the increasing investments in co-operative business, both for agricultural operations and for financing of the retail and wholesale trade in controlled commodities, the central financing agencies utilised the overdrafts against Government securities in an increasing measure so that the outstandings on this account at the close of the year were thrice the amount under this head at the close of the previous year.

58. **Primary Land Mortgage Banks:** Before the Bombay Provincial Co-operative Land Mortgage Bank was organised in the year 1936, there were three Primary Land Mortgage Banks, one in each of the three linguistic divisions of the then Bombay Province, and were financed by this Bank direct. Following amounts were outstanding at the end of the year out of the advances made to the Dharwar and Pachora Land Mortgage Banks, the Broach Land Mortgage Bank having paid up its dues in 1943 :—

Name of the Bank	1948-49		1949-50		1950-51	
	Principal	Interest	Principal	Interest	Principal	Interest
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Dharwar ...	13,473	17,489	13,473	18,230	12,573	18,322
2. Pachora ...	9,529	4,622	9,529	5,134	9,341	5,305

During the year under review, only Rs. 1,088 were recovered towards principal from both the Banks (Rs. 900 from Dharwar and Rs. 188 from Pachora) in addition to interest of Rs. 952 (Rs. 600 from Dharwar Bank and Rs. 352 from Pachora Bank). In addition to the above, a sum of

Rs. 4,770 was due from the Pachora Bank, which was advanced for meeting its management expenses in the initial stage.

It will be observed that the recovery work from both these Banks is very slow though the outstandings on this account are overdue since long.

59. **Ordinary (short-term) Loans:** The effect of the procedure laid down for provision of agricultural finance to creditworthy agriculturists which was formulated last year was markedly reflected in the increased volume of advances under this head. As a result of the application of the Bombay Agricultural Debtors' Relief Act and the Bombay Money Lenders' Act, there was very keen demand from primary credit and multi-purpose societies which had to be sanctioned larger limits for agricultural short-term loans than in the past.

The following table will indicate the extent of increase in the number of agricultural credit and multi-purpose societies borrowing from the Bank and their agricultural short-term loan operations (excluding crop loans to persons who are parties to proceedings under the B.A.D.R. Act) as at the end of previous five years :—

(Amount in lakhs of Rupees)

Year	Loans outstanding at the commencement of the year		Advances made during the year	Repayments made during the year	Loans outstanding at the end of the year		Increase %		
	No. of Stys.	Amt.			Amt.	Amt.	No. of Stys.	Amt.	No.
1946-47	...	1186	30.00	50.39	42.65	1370	37.74	15.4	24.5
1947-48	...	1370	37.74	50.05	50.69	1436	37.10	4.7	-1.7
1948-49	...	1436	37.10	68.98	54.19	1549	51.89	7.8	39.9
1949-50	...	1549	51.89	102.49	79.67	1802	74.71	16.3	44.0
1950-51	...	1802	74.71	164.55	120.54	1985	118.72	10.1	58.9

60. **Crop Loans:** With the application of the Bombay Agricultural Debtors' Relief Act to the whole of the Bombay State, including the merged States, the extent of agricultural finance allowed to agricultural debtors who are parties to proceedings or awards under the B.A.D.R. Act has also increased for the same reasons as in case of short-term loans. 'Crop Loans' are allowed as per provisions of Section 2(7) of the B.A.D.R. Act, within limits approved by the Collectors, under Rule 39 of the said Act. The Government of Bombay under Government Resolution, Revenue Department, No. 10770/39 dated 4-11-1944,



have agreed to meet losses of the central financing agencies upto 5 per cent of the advances made during the year in case of any losses incurred by them.

The following table indicates the extent of advances and outstandings of 'crop loans' during the past five years :—

Year	Loans outstanding at the commencement of the year		Advances made during the year	Repayments during the year	Loans outstanding at the end of the year	
	No. of Stys.	Amount			No. of Stys.	Amount
1946-47 ...	64	42,844	7,26,522	3,31,706	387	4,37,660
1947-48 ...	387	4,37,660	17,34,318	7,80,138	896	13,91,840
1948-49 ...	896	13,91,840	28,93,328	21,42,554	1137	21,42,614
1949-50 ...	1137	21,42,614	36,15,898	29,34,971	1247	28,23,541
1950-51 ...	1247	28,23,541	43,79,235	39,28,777	1182	32,73,999

It will be observed from the foregoing tables of short-term and crop loans that the extent of agricultural loans has rapidly increased due to factors indicated previously. The extent of increase in the agricultural loans can be illustrated from the following figures :—

Year	Advances made during the year			Repayments during the year			Balance at the end of the year			Increase over previous year
	S. T.	Crop	Total	S. T.	Crop	Total	S. T.	Crop	Total	
1946-47 ...	50.39	7.26	57.65	42.65	3.31	45.96	37.74	4.37	42.11	37%
1947-48 ...	50.05	17.34	67.39	50.69	7.80	58.49	37.10	13.91	51.01	22%
1948-49 ...	68.98	28.93	97.91	54.19	21.42	75.61	51.89	21.42	73.31	43%
1949-50 ...	102.49	36.16	138.65	79.67	29.34	109.01	74.71	28.23	102.94	40%
1950-51 ...	164.55	43.79	208.34	120.54	39.28	159.82	118.72	32.74	151.46	47%

61. The total agricultural loans outstanding at the close of the year recorded an increase of 47 per cent over the previous year's outstandings while they increased more than three-fold since 1947, although the number of societies had increased by only 50 per cent from 1,186 to 1,985. The increase in the volume of advances was due not only to the increase in the number of societies but also due to a substantial increase in the membership of societies. It was further observed that the members' requirements were higher than in previous years, as a result of two main factors, viz. improvement in agricultural industry and a desire on the

part of the cultivators to take to intensive cultivation, land improvement and irrigation by employing agricultural machinery such as tractors, oil-engines or power pumps wherever possible. As a result of this, their savings earned in the past were being invested in the purchase of lands or machinery or land improvement and the agriculturists resorted more and more to the co-operative credit agency for their current agricultural finance and their increased requirements to meet the expenditure on improved cultivation or additional areas brought under cultivation. An additional factor which contributed to the increase in the agricultural loans was that the agriculturists who had larger acreage than the average holdings of ordinary members of agricultural credit societies, and who generally were financed by money-lenders or 'Dalals' had kept away from the co-operative societies to obtain agricultural finance. In a few cases this class of cultivators—as in the irrigated tracts—organised their own societies, catering not only to the credit needs but also undertaking marketing of crops and supply of agricultural requisites to their members. Though such societies may be expected to mobilise the savings of their members by gradually increasing their share capital in course of time, their credit and other requirements have largely to be met by the Bank at present.

62. **Unauthorised Arrears:** The agricultural season during the year under review was fair except in parts of Ahmednagar, Sholapur, Ahmedabad and Satara Districts. The paddy crop in Konkan tract was damaged in some parts. In general the prices for agricultural commodities were steady. Repayments from societies in general were satisfactory. However, with the increasing number of borrowing societies and the volume of business and due to weak management in some societies, the unauthorised arrears show an increase over last year's figures under short-term loans, while the arrears under crop loans were steady as at the close of last year. The following table indicates the extent of unauthorised and authorised arrears during the last five years (first item is for short-term and the second is for crop loans) :—

Year	Unauthorised arrears		Percentage to total dues	Authorised arrears		Percentage to total dues	Overdue interest	
	No. of Stys.	Amount		No. of Stys.	Amount		No. of Stys.	Amount
1946-47	267	3,31,356	8.77	97	82,256	2.17	33	8,161
	55	25,206	5.75	...	...	...	2	14
1947-48	231	3,59,058	9.40	15	9,303	0.24	45	9,951
	125	93,842	6.74	...	...	...	128	3,576
1948-49	249	5,36,674	10.32	43	1,20,084	2.31	37	7,004
	193	2,48,600	11.60	...	...	...	24	775
1949-50	333	5,74,645	7.69	...	...	...	31	11,578
	237	2,63,661	9.33	...	...	...	19	670
1950-51	376	9,07,742	7.65	...	...	...	37	9,028
	242	2,66,375	8.14	...	...	...	17	801

63. The short-term loans as well as crop loans are advanced mainly for raising of crops and as such are expected to be recovered normally on the harvesting of crops when crop conditions are satisfactory. Inefficient secretarial arrangements and the business of State-controlled commodities undertaken by societies which diverted the attention of managements from their usual credit business, were also responsible for the slackness in efforts for securing timely repayments.

64. The amount of unauthorised arrears, at the close of the year under report, was Rs. 11.74 lakhs including crop loans with 618 societies. Although there is considerable increase in the amount, there is only a slight increase in the number of societies or percentage of arrears as compared to the previous year.

65. With a view to have an expeditious procedure for recovery of agricultural loans advanced by primary societies, Section 59 of the Bombay Co-operative Societies Act was amended and the Assistant Registrars were empowered to grant certificates for the recovery of agricultural loans as arrears of Land Revenue when defaulted. The societies, however, did not avail themselves of this provision for expeditious action against their defaulters. Appointments of Special Recovery Officers were made in a few districts served by the Bank during the recovery season. But the amount of recoveries secured by coercive process was disproportionately low and did not go far enough to reduce the arrears, mainly because the defaults were very old and the appointments of Special Recovery Officers were temporary or of short duration.

66. The arrears of crop loans allowed to members and societies under the Bombay Agricultural Debtors' Relief Act which are overdue for more than 24 months are to be reimbursed by the Government to the extent of 5 per cent of total of such advances. Proposals have been sent to the Government during the year under review claiming such losses for the years 1946, 1947, 1948 and 1949. The proposals were not sanctioned till the close of the year.

67. **Intermediate-term Loans :** Although provision of intermediate-term finance was made in the scheme for agricultural and marketing finance to creditworthy agriculturists, actually only a few applications from deserving agriculturists were sanctioned in a few well-managed societies of long standing mainly for the purposes of petty land improvement. The amount advanced for this purpose amounted to Rs. 13,763, and the outstandings at the close of the year were Rs. 12,763.

68. **Land Improvement Loans :** Land improvement loans were advanced to co-operative societies by the Bank in the past, out of the funds kept at its disposal by the Bombay Government under the Land Improvement Loans Rules, 1922. The outstandings of Rs. 4,232 under this head at the close of the year were due from Navalgund Co-operative

Society in the Dharwar District. There have been no repayments during the last three years and the outstandings of Rs. 4,232 were overdue.

69. **Long-term Loans:** Long-term loans were made in the past for the redemption of old debts and for land improvement. With the establishment of the Provincial Land Mortgage Bank, the Bank has ceased to advance long-term loans. No new loans were made during the year and the outstandings represent the balance of the old advances. During the year under review, Rs. 159 only were recovered from 2 societies leaving a balance of Rs. 13,761 with 4 societies. The entire amount is overdue since long. Two of the four societies are from Dharwar District and attempts were made to recover the outstandings by effecting compromise allowing remission in interest to individual defaulters to secure cash repayments. Legal proceedings have been taken in all cases against defaulters by the societies concerned.

70. **Urban Co-operative Banks and Societies:** Financial accommodation was made available to urban co-operative banks and societies (1) against gilt-edged or other approved securities, (2) against their general assets, at times with members' re-endorsed pro-notes as collateral security, (3) against pledge or hypothecation of goods, and (4) against fixed deposits of this Bank. Urban Banks which were operating in the jurisdiction of District Central Banks were allowed accommodation only in the form of overdrafts on current accounts or fixed loans against the pledge of approved Government and other Trustee securities.

The following table gives the details of the advances made to Urban Banks and societies during the last five years :—

(Amount in lakhs of Rupees)

Year	Overdrafts on C/A			Loans					
	No. of Banks	Limit sanctioned	Drawings at the close of the year	Against Govt. Securities			Against Bank's Fixed Deposits		
				No. of Banks	Limit	Outstandings	No. of Banks	Limit	Outstandings
1946-47	71	101.70	18.72	6	21.00	2.02	8	4.11	1.01
1947-48	93	82.09	19.47	3	1.53	0.25	8	5.46	3.35
1948-49	107	101.05	30.53	...	...	...	19	6.28	4.17
1949-50	120	134.65	31.10	6	1.32	0.42	12	7.03	2.89
1950-51	136	189.44	55.26	6	1.33	0.74	11	3.33	0.71

(Amount in lakhs of Rupees)

Year	Cash Credits						Total Out-standings
	Against General Assets			Ag. Hypothecation of goods			
	No.	Limit	Outstand-ings	No.	Limit	Outstand-ings	
1946-47	... 40	15.90	2.92	19	6.36	3.06	27.73
1947-48	... 49	15.67	4.19	17	6.17	3.54	30.80
1948-49	... 39	15.09	10.84	16	11.79	7.27	52.81
1949-50	... 57	39.48	8.71	28	20.51	16.11	59.23
1950-51	... 69	39.95	24.91	25	20.10	11.03	92.65

Along with the rapid progress in other branches of the co-operative movement during the last five years, the urban banks have also kept pace. Salary earners' societies which were, until recently, able to meet the requirements of their members with their resources of savings of their members, were required to approach central co-operative banks for additional financial accommodation due to a rise in the cost of living and the increasing membership and their higher requirements. With the increase in the number of urban banks and societies, urban banks, particularly in areas where they finance commerce and trade of their members, approached the Provincial Bank in larger numbers for increase in financial accommodation. Some of the Urban Banks and salary earners' societies undertook distribution of foodgrains and cloth in urban areas, where no other suitable co-operative agency was available. These factors contributed to a substantial increase in the number of institutions borrowing from the Bank and in their outstandings at the close of the year, which stood at Rs. 92.65 lakhs as against Rs. 59.23 lakhs at the close of previous year.

**71. Industrial Societies :** The small-scale industries, especially in rural areas, play an important part in the rural economy of the country, as they afford employment for artisans and subsidiary occupation to agriculturists. The Government, therefore, adopted a policy for the progressive development and revival of such industries through co-operative effort and by setting up co-operative organisations of workers in the industries. As mentioned in the last year's review, a separate section for Industrial Co-operatives and Village Industries was created in the Co-operative Department under the Joint Registrar for Industrial Co-operatives and Village Industries to help their promotion and supervision. With the adoption of this policy, special efforts were made to organise District Associations in each District and primary industrial co-operatives, under the direction of the Provincial Industrial Association at whose disposal substantial grants were placed by the State Government for promotional activities. Wholesale and retail distribution of yarn, supplied to the handloom industry on quota system was

entrusted to the Provincial and District Industrial Associations and Weavers' Societies. Where the societies had no adequate funds to undertake this activity, Government provided guarantee for margins to central financing agencies for funds provided by them. A number of new industrial societies were registered during the last four years to organise industrial workers and artisans in tanning, oil-pressing, smithy, carpentry, rope-making, fishery and such other industries. Government extended financial assistance to such societies by way of long-term loans on easy terms for purchase of implements and other equipment or provided working capital by contribution to their share capital returnable after a specified period. In addition, subsidies were also granted for secretarial and other working expenses in the initial stages. Government further undertook to guarantee margins on certain conditions for the loans granted to such societies by the central financing agencies, for purchase of raw material or against finished goods pending their sale.

72. During the year under review, the Bank sanctioned cash credits amounting to Rs. 63.55 lakhs to 125 industrial co-operatives of different types. Of these, 7 were industrial associations including the Provincial Industrial Association, 3 Industrial Banks, 38 Weavers' Societies, 30 Forest Labourers' Societies, 5 Leather Workers' & Tanners' Societies, 4 Oilmen's Societies, 3 Fishermen's Societies and the rest 35 were of workers in various other industries like smithy, carpentry, rope-making, etc.

73. The following table indicates the volume of finance made available by the Bank to industrial co-operatives during the last five years :—

(Amount in lakhs of Rupees)

Year	No. of borrowing institutions	Total limits of cash credits sanctioned	Outstandings at the close of the year
1946-47	50	10.97	3.53
1947-48	66	18.71	7.11
1948-49	90	24.50	11.64
1949-50	105	27.87	13.65
1950-51	125	63.55	38.13

74. **District Industrial Co-operative Banks:** Though Government has been extending financial assistance to some of the industrial societies by way of loans and subsidies, they are required to approach the central financing agencies to provide them with funds for working capital. The central financing agencies in the districts were required to meet the growing needs of the agricultural and marketing organisations and therefore, found it increasingly difficult to meet the demands

from industrial co-operatives. The District Central Banks were not suited to undertake industrial finance both from the point of view of the nature of finance required by industrial societies and want of the necessary trained technical staff for proper supervision over the different types of such organisations. As an experimental measure, and to relieve the central financing agencies of their responsibility of financing industrial societies and to tap the savings of industrial workers especially in the districts where weaving industry was well developed, District Industrial Banks were organised in Bijapur, Sholapur, Belgaum and Surat Districts.

75. Out of these, three Banks in Bijapur, Sholapur and Gujarat were sanctioned total cash credits of Rs. 5 lakhs against which drawings at the end of the year amounted to Rs. 81,985. With their limited resources these Banks, however, were required to restrict their activities either to a part of the district or to leave the major societies like District Industrial Associations to the District Central Banks for financial accommodation. Thus they have not been able to afford any substantial relief to central financing agencies which have still to provide finance to the major industrial societies in their districts which require considerable finance for yarn and other distribution. The district central banks, due to the increasing demands for agricultural finance, are in their turn required to approach the Provincial Bank for accommodation for providing finance to associations in their districts. Consequently, the question of creating an Industrial Finance Corporation or promoting an Industrial Co-operative Bank for the Bombay State is receiving the attention of the Government for some time past.

76. **The Provincial Industrial Association :** The Provincial Industrial Association was organised for promoting industrial co-operatives in the districts and to co-ordinate their activities. As of last year, it undertook distribution of yarn, as a Zonal Distributing Agency, to industrial associations and weavers' societies. The yarn supply which was very much limited throughout the year, has, however, eased since June 1951, and larger yarn quotas are being allotted to the wholesale and retail distributors. The Association distributed during the year Yarn valued at Rs. 1,51,25,467. To help weavers' societies further, it obtained licences for the import of cotton and art silk yarn and also raw silk. Very few societies took advantage of this facility. The Association is getting orders from Government Store Purchases Department for local needs or for export and passes such orders to local industrial or producers' societies. It sponsored a few forest labourers' societies and helped them in the sale of their timber and charcoal stocks. It secured orders from Government Sales Depots for supply of finished goods for the tanners' and leather workers' societies and helped them in securing supplies of raw hides and other raw materials. It continued to manage the Government Cottage and Small-Scale Industries Depot at Bombay.



77. **The District and other Industrial Associations :** Five District Industrial Co-operative Associations and one Weavers' Association at Malegaon, were sanctioned total credits amounting to Rs. 15.90 lakhs and Rs. 7.88 lakhs were outstanding at the close of the year.

78. **The Weavers' Societies :** Most of the weavers' societies continued retail yarn distribution as their main activity. Some of them also undertook the production of cloth under orders for supply of certain types of handloom cloth placed with them by the Provincial Industrial Association. Special yarn quotas were made available to them for this purpose. 38 societies were granted total credits of Rs. 8.58 lakhs during the year. Total outstandings at the close of the year amounted to Rs. 4.75 lakhs, of which Rs. 5,669 were defaulted by two societies.

79. **Societies for Backward Areas :** The Government of Bombay have evinced keen interest in the economic and social development of the very backward communities, and in pursuance of their policy have adopted special measures for the socio-economic uplift of the communities like the Bhils, Pavras and Thakurs, etc., dwelling mostly in the forest areas. As mentioned in the last year's review, Government have established Sarvodaya Centres under the supervision of social service institutions like the Dang Seva Mandal, Swaraj Ashram or the Bhil Seva Mandal. Co-operative activity is linked with the Sarvodaya Schemes at various centres for imparting co-operative training. Co-operative societies are organised in the villages surrounding the Sarvodaya centres, for providing credit to their members for agricultural operations and distribute agricultural requisites and other requirements. The scheme is in operation in parts of Navapur and Nandurbar Talukas in the West Khandesh District, Malkam Peta (Mahabaleshwar) in Satara District, and in the merged Indian States of Sabarkantha and Banaskantha Districts.

Land tenure in such areas is restricted and the tillers have no right to the lands they cultivate. Agricultural economy is backward and soil conditions are not suited to extensive agricultural development. Tillers of the soil are illiterate, poor and backward and were exploited by the money-lenders in the past. Co-operative societies situated in such areas are exposed to greater risks in providing credit requirements. Government's attention has been drawn to these difficulties and they have been requested to take special measures for making secretarial arrangements and to provide suitable guarantee to the financing agencies, as in the case of crop loans advanced to agricultural debtors, against risks involved in financing agriculturists having no right to the lands they cultivate.

80. **Forest Labour Societies :** As mentioned in the last year's review, the Chief Minister the Hon'ble Shri B. G. Kher made an announcement on 5th April 1947 that the working of the minimum

wage clause in the Forest Contracts was not effective and satisfactory in the interests of the forest workers and that an experiment to substitute the forest contractors by co-operative organisations of the workers themselves, to work the forest coupes, with the help of social workers was proposed by Government as a part of a comprehensive programme for the all-round advancement of the Adivasis. The underlying object of the scheme was not only to obtain full wages for the Adivasis and other labourers working in the forests but also to gradually train them to take up the responsibility of conducting transactions involving lakhs of rupees by their collective efforts, both physical and intellectual, for social and economic progress of the forest tribes who were previously under perpetual bondage of the contractors. The Government, therefore, appointed a Planning Committee consisting of social workers interested in their welfare and representatives of co-operative societies organised for them and officials of the Forest and Co-operative Departments. In pursuance of this State policy, co-operative societies of Adivasis and other Forest Labour were formed and were allotted forest coupes for exploitation.

In view of the inability of their members to collect adequate capital required for working the forest coupes, the Government of Bombay authorised the Joint Registrar, Industrial Co-operatives and Village Industries, to guarantee 40 per cent of the loans advanced to forest labour societies by the central financing agencies. Thirty societies were granted during the year total credit limits of Rs. 9,82,000. The Joint Registrar gave a guarantee of 40 per cent of the advances made by the Bank in respect of 24 societies. During the previous year, 26 societies were granted total credits of Rs. 4,15,000. There was a substantial rise in the demand from these societies mainly from societies in Dangs District, after the merger of the Indian States. The societies in the Dangs District worked about 12 fairly large forest coupes and required large credits. Another factor which contributed to the increase in the number of forest labourers' societies was the organisation of societies of displaced toddy-tappers due to the Prohibition policy of the Government. Four such societies were organised and were recommended credits by the Joint Registrar with a guarantee for 40 per cent margin as in the case of other forest labour societies, which were approved by the Bank to the extent of Rs. 75,000. Bank's lendings to forest labourers' societies increased to Rs. 9,35,265 at the end of the year as against Rs. 3.63 lakhs at the close of the previous year. Out of this amount, Rs. 1,98,081 were defaulted by eight societies during the last three years. Four societies suffered losses and were unable to clear the borrowings even after the sale of their timber and charcoal stocks. This position was brought to the notice of the Joint Registrar and a demand was made

for payment of the guarantee amount. The Joint Registrar subsequently has ordered enquiries under Section 43 of the Bombay Co-operative Societies Act into the affairs of these four societies.

As mentioned in the last year's review, the forest labourers' societies have been working under certain handicaps, some of which are beyond their control. The societies faced an acute shortage of Railway wagons due to which large stocks remained undisposed of at the end of the year and they were not able to pay their liabilities on account of upset price to Government and the dues of the Bank. The Railway authorities were moved in the matter through the Planning Committee with no visible results.

As the risk involved in financing forest labourers' societies was found to be increasing, the Board felt it necessary to limit the total financial commitments to forest labour societies to the maximum of Rs. 10 lakhs. Fresh advances to defaulting societies or which held large unsold stocks on hand, were discontinued during the year.

81. **Leather Workers' Societies :** During the year under review, five leather workers' societies were sanctioned cash credits of Rs. 1,26,000. Some of the societies secured orders through the Provincial Industrial Association for supply of footwear to the Police Department. Their total outstandings at the end of the year amounted to Rs. 1,56,358 with 15 societies of which Rs. 42,585 were in arrears with 10 societies. The working of the old societies did not show any material improvement.

82. **Oilmen's Societies :** No new oilmen's societies were organised during the year. Four societies were granted credits of Rs. 48,000. The total outstandings at the end of the year amounted to Rs. 34,202, of which Rs. 16,737 were defaulted by three societies.

83. **Fishermen's Societies :** Three fishermen's societies were granted total credits of Rs. 75,000 during the year. The total outstandings at the end of the year amounted to Rs. 90,974 with five societies of which Rs. 73,714 were in arrears with three societies. One society was granted accommodation for importing foreign twine, for which arrangements for a letter of credit were made through this Bank.

84. **Other Industrial Societies :** In addition to the Industrial societies referred to in the foregoing paragraphs, 35 societies of other industrial workers were granted cash credits amounting to Rs. 9,76,500 and the total outstandings at the close of the year amounted to Rs. 6,59,613.

The total outstandings from 125 industrial societies of all types amounted to Rs. 38,13,109 at the end of the year. Out of the total limits of Rs. 63.55 lakhs sanctioned, limits for Rs. 28.15 lakhs were covered by Government guarantee for Rs. 7.98 lakhs as against Rs. 27.87 lakhs and Rs. 13.65 lakhs respectively at the close of the previous year.

**85. Processing Societies :** To secure better price for agricultural produce before its marketing, co-operative societies have been organised in some of the districts of the State—like cotton ginneries and presses in Gujarat and Khandesh. As mentioned in the last year's review, the unique attempt of establishing a co-operative sugar factory made by the sugarcane cultivators on Pravara Canal in Ahmednagar District is achieving success. This society commenced production of sugar during the course of the year under review. During the crushing season, 33,000 tons of sugarcane were crushed. The total production of sugar was 37,500 bags. The Bank financed the society against the pledge of sugar and for financing its members for raising sugarcane crop. The successful working of this factory which is the first of its kind to be organised by cultivators of sugarcane on co-operative lines in this State, has encouraged other cultivators to make similar attempts to organise another co-operative sugar factory on the Godavari Right Canal.

**86. Co-operative Marketing :** Agricultural credit to be more effective and efficient has to be linked with marketing. The legal charge under the Co-operative Societies Act on crops can be effective only when credit and marketing are closely linked together. With the establishment of regulated markets at most of the important market places in the State, a systematic development of co-operative marketing organisations has to be attempted. With the Bombay Provincial Co-operative Marketing Society at the apex, marketing organisations have a wide scope for expanding their activities, to the advantage of agricultural credit institutions, as well as agricultural producers.

✓ During the year under review, the marketing societies operating in areas in the jurisdiction of the Bank continued to market the agricultural produce of their members and to supply agricultural requisites. A few multi-purpose societies like the Shirampur and Kopergaon Big Bagaitdar Multi-Purpose Societies, in addition to providing agricultural credit also marketed their members' produce, chiefly jaggery. These multi-purpose societies also handled the distribution and supply of controlled goods like iron, cement and manures to the agriculturists in addition to the distribution of foodgrains and rationed commodities like sugar and cloth.

The following table indicates the financial accommodation provided by the Bank to the co-operative marketing organisations in its area of operation, during the last 5 years :—

(Amount in lakhs of Rupees)

Year	Purchase & Sale Societies			Credit & M. P. Societies			Consumers and other Societies		
	No.	Credit limit	Outstandings	No.	Credit limit	Outstandings	No.	Credit limit	Outstandings
1946-47	113	65.14	31.45	360	20.79	9.90	81	17.76	5.74
1947-48	153	83.04	21.95	239	19.29	5.99	103	34.08	8.30
1948-49	113	46.31	19.25	213	16.79	6.59	112	26.84	6.92
1949-50	143	79.96	21.68	367	36.04	14.06	97	18.21	9.59
1950-51	114	60.00	35.35	304	44.68	28.15	70	20.39	5.62

Of the many Purchase & Sale Unions which the Bank has been financing, the Godavari Pravara Canal Co-operative Purchase & Sale Union Ltd., at Kopergaon, in Ahmednagar District, deserves special mention, as having had a fairly large turnover. The Union deals in the sale of agricultural produce mainly "gur" of the agriculturists and supplies them with agricultural requisites, particularly oil-cake, to the sugarcane growers. It also deals in the distribution of controlled commodities like iron, steel, cement, foodgrains, cloth, etc. The Union has been recognised as the District Wholesale Agent for the distribution of manures of the Agricultural Department. The total sales of the Union during the year under review exceeded Rs. 14 lakhs. The Union has four branches in Nagar District. The Union arranged for the sale of jaggery, which is the main produce of the area, approximately about 9 lakhs Bengali maunds. Under the procurement scheme of the Government of Bombay, the Union purchased locally and supplied to Government during the year jaggery worth Rs. 1½ crores. In addition, the Union supplied about 20,000 Bengali maunds of jaggery to other co-operative consumers' societies in the State. The Union, however, had difficulty in securing railway transport for the despatch of the stocks of jaggery to consuming centres in Gujarat and had therefore, to carry considerable stocks for some months for which it had to seek increased financial accommodation from the Bank.

The Natepute Purchase & Sale Union and the Nandurbar Purchase & Sale Union which had shown considerable progress and done very useful work in the past, unfortunately deteriorated during the year mainly on account of misapplication of funds by their Managers. The

Bank, in consultation with the Co-operative Department, had to take steps to remove the managers and to lend the services of Bank's Officers to rehabilitate their working.

87. **Societies in Liquidation :** The number of societies in liquidation which were indebted to the Bank at the close of the year, were 169 of which 110 societies were indebted for principal and interest, while 59 societies had outstandings on account of interest after the date of liquidation. The following table indicates the progress of recoveries and outstandings from societies in liquidation during the past five years :—

Year	No. of Stys. in liq. and loans outstanding at beginning of the year		No. and amount due from societies cancelled during the year		Repayments received during the year		Balance at the close of the year	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1946-47	138	5,48,540	4	51,711	7	46,105	135	5,54,146
1947-48	135	5,54,146	1	6,353	16	36,711	120	5,23,788
1948-49	120	5,23,788	4	10,875	10	51,448	114	4,83,215
1949-50	114	4,83,215	3	4,030	9	43,996	108	4,40,946
1950-51	108	4,40,946	5	35,642	3 (written off 2,303)	51,100	110	4,25,488

At the commencement of year, Rs. 4,40,946 were due from 108 liquidated societies including the Nasik District Central Co-operative Bank and the Kaira District Central Co-operative Bank in liquidation. During the year under review, 5 societies with total outstandings of Rs. 35,642 were taken into liquidation. Recoveries were effected to the extent of Rs. 51,100 from 3 societies. During the year under review, interest after liquidation amounting to Rs. 1,049 was received from 2 societies.

Recoveries from societies in liquidation do not appear to be as satisfactory as in the previous year. The main reason for the fall in the recoveries is that the present outstandings with most of the societies are due from members having practically no assets or from defaulters against whom legal proceedings are in progress, which process is of a

protracted nature. Defaulters' lands taken over in the process of execution of awards and liquidation orders under Section 59(B) of the Bombay Co-operative Societies Act could not be sold or reconveyed to the original owners, due mainly to their inability to settle their accounts. The lands taken in possession in execution proceedings are generally reconveyed to the original owners by giving liberal remissions in interest and in some cases even in principal, if repayments of the balance is secured in cash.

Out of the 169 societies in liquidation indebted to the Bank at the close of the year under review, 71 societies with total outstandings of Rs. 2,39,270 representing 56.2 per cent of the total outstandings were taken into liquidation prior to 1940. As the agricultural depression had adversely affected agricultural economy prior to World War II, the defaulters were unable to reduce their borrowings and substantial amounts even in principal had to be written off. The present balances are, therefore, due from a bad class of borrowers who have either no assets left or are evading repayments. Bank Inspectors who were appointed as liquidators have been instructed to secure recoveries by offering liberal terms of compromise and to dispose of the lands. It would expedite repayments if the Special Recovery Staff is similarly instructed by the Registrar to pay special attention to the long-standing awards or liquidation orders and to bring the execution proceedings to a close within a specified time so as to enable the liquidators to close the protracted liquidation proceedings.

## X. ADVANCES TO INDIVIDUALS

88. Under the provisions of bye-law No. 72(i)(3), this Bank is authorised to advance loans to individual shareholders against the security of (i) Government or other trustee securities, (ii) agricultural produce and valuables pledged to the Bank, (iii) fixed deposits, and (iv) to shareholders and members of 'B' class who are creditworthy agriculturists or who are parties to the proceedings under the Bombay Agricultural Debtors' Relief Act under provisions of Section 2(7) of the said Act, for raising of crops or against the security of valuables or agricultural produce pledged to the Bank.

The following table gives details of the advances made by the Bank to individual members under the above different heads, during the last five years :—



(Amount in lakhs of Rupees)

Particulars of advances	1946-47		1947-48		1948-49		1949-50		1950-51	
	No.	Amount out-standing	No.	Amount out-standing	No.	Amount out-standing	No.	Amount out-standing	No.	Amount out-standing
Against pledge of:										
1. Agricultural produce	288	65.09	306	96.05	121	53.22	125	60.32	175	70.45
2. Govt. Securities and Trustee Securities ...	8	1.25	3	00.10	4	1.40	9	4.02	8	4.24
3. Fixed Deposits ...	1	...	3	00.02	3	0.12	2	0.11	2	0.07
4. Gold and Silver ...	222	1.68	313	1.90	348	1.82	367	2.04	652	3.64
5. Crop loans (under B.A.D.R. Act.) ...	120	0.18	116	0.17	99	0.15	73	0.11	54	0.10
6. Agricultural Loans ...	...	...	...	...	...	...	8	3.02	12	4.00
7. Other Advances ...	...	...	...	...	...	...	1	0.03	39	1.82
<b>Total ...</b>	<b>639</b>	<b>68.20</b>	<b>741</b>	<b>98.24</b>	<b>575</b>	<b>56.71</b>	<b>585</b>	<b>69.65</b>	<b>942</b>	<b>84.32</b>

89. The advances to individuals, by the Bank, though apparently of a commercial nature except for agricultural loans, are not of the same type as those of commercial banks. The advances against produce are allowed to a few individual traders or agriculturists-cum-traders at some of our mofussil branches, at places of commercial importance to facilitate the marketing of agricultural produce. Many of these advances are made at centres where there are no commercial banks. The advances against gold and silver and valuables are made generally to the agriculturists in mofussil centres and not to the bullion traders or money-lenders in cities. The advances are made in small amounts during agricultural season to cultivators at a low rate of interest. Since the restrictions on money-lenders, the local shroffs have discontinued this type of business and the cultivators have been approaching the Bank for such type of accommodation in larger numbers.

90. **Advances against Agricultural Produce :** The advances against agricultural produce show an increase of Rs. 10 lakhs during the year under review. This is mainly due to the holding of the produce more especially jaggery due to want of adequate railway transport and not because of any increase in the advances during the year. The Board, however, continued their policy not to entertain new applications or approve new centres for providing advances to individual shareholders or to allow any increase over the previous limits. The limits sanctioned last year were reduced to the extent of the operations during the previous season and further a ceiling for the maximum advance to individuals as a whole was laid down.

91. **Advances against Valuables :** The demand for advances against gold and silver was on the increase during the year owing to

curtailment of credit facilities by local money-lenders or shroffs, especially on account of the lean agricultural season. The Bank was, however, unable to make adequate arrangements at all its branches for want of the safe custody arrangements in Government Sub-Treasuries.

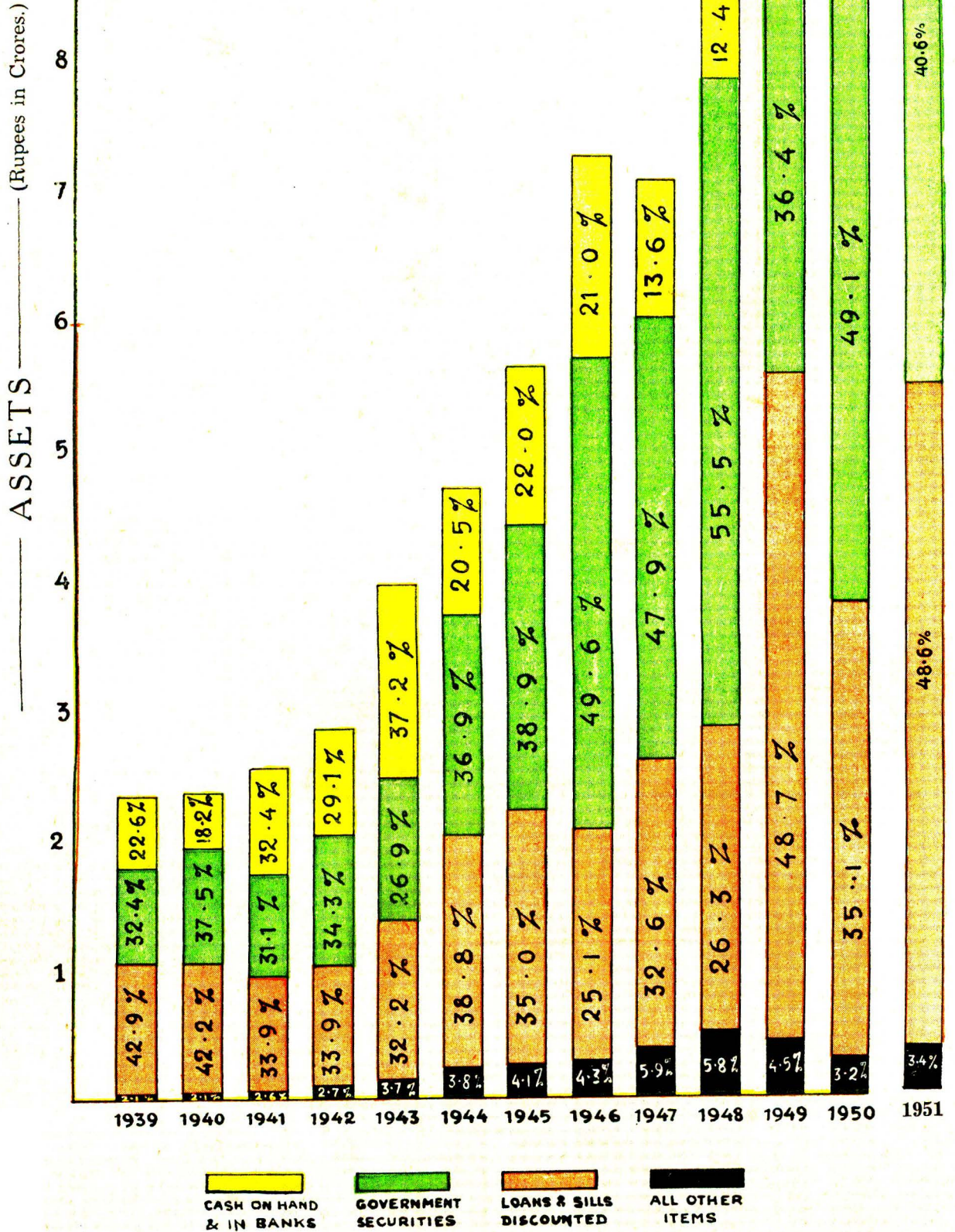
92. **Agricultural Loans:** Agricultural loans to individuals are being made since 1947 to shareholders and to 'A' and 'B' class members who are parties to proceedings under the B.A.D.R. Act, at such places where no local co-operative organisation exists to provide such credit. After the central co-operative banks undertook the responsibility of providing finance to creditworthy agriculturists, the bye-laws were amended to enable them to provide agricultural loans to individual members for agricultural operations and marketing of agricultural produce.

During the year under report, the number of 'B' class members for "crop loans" was reduced from 73 to 54 and the amount of crop loans outstanding from Rs. 11,000 to Rs. 10,000. The reduction is due to absorbing some of the previous borrowers in local primary societies. Such members being scattered over large areas, supervision over the loans becomes costly. Moreover, the members are also required to undergo expenditure for receiving loans which is disproportionate to the amount of loans and ultimately makes it costly to the borrowers. It is, therefore, the policy of the Board not to encourage small and scattered borrowers as far as possible but to help in the organisation of local primaries.

Agricultural loans directly to borrowers are generally made to agriculturists who own larger acreage of crops—especially irrigated crops—than the average holdings of ordinary members of primary societies. Such advances are at present mainly made in the canal areas of Ahmednagar, Nasik and West Khandesh Districts. At the end of the year under review, loans outstanding with 12 individual members amounted to Rs. 4 lakhs. It is one of the conditions of such loans that the members should sell their produce through a co-operative marketing agency and to credit the sale proceeds of their crops to the Bank. Two members defaulted their dues at the end of the year, to the extent of Rs. 1 lakh. After the close of the year, however, one member cleared his arrears of Rs. 60,000 while the arrears of one member are yet outstanding and are expected to be recovered this season.

93. As observed in paragraph 28, the Bank took over the assets and liabilities of the Savantwadi State Bank, as a result of which the outstandings with individual borrowers of that Bank were transferred to this Bank. A sum of Rs. 1.80 lakhs due from 38 borrowers was outstanding at the close of the year and steps are being taken to recover

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the advances which do not conform with the provisions of bye-law No. 72(i)(3).

94. **Bank's Total Loan Operations :** Total advances to all types of societies and to individual members including bills discounted and loans against provident fund to members of the staff, amounted to Rs. 550.61 lakhs at the close of the year. The following table gives the details of the various types of advances outstanding at the close of the year as compared with those of the previous four years :—

(Amount in lakhs of Rupees)

Particulars	1946-47	1947-48	1948-49	1949-50	1950-51
<b>To Societies :</b>					
1. Long-term loans ... ..	0.63	0.49	0.42	0.41	0.40
2. Short-term loans ... ..	42.27	52.09	73.38	102.92	151.46
3. Intermediate-term loans ... ..	.....	.....	.....	.....	0.13
4. Cash Credits ... ..	15.11	20.47	30.50	50.84	68.67
5. Overdrafts (Against Govt. & Trustee Securities) ... ..	43.24	24.47	72.17	42.34	87.72
6. Fixed loans ... ..	52.94	35.06	35.77	47.84	79.88
7. Cloth and Yarn advances ... ..	.....	.....	214.88	13.19	9.62
8. Dues from Societies in liquidation ... ..	5.54	5.24	4.83	4.41	4.25
9. Loans from Reserve Bank to Central Financing Agencies ... ..	.....	.....	5.00	21.00	36.00
Total ... ..	159.73	137.82	436.95	282.95	438.13
10. Advances to individuals (as detailed in para 88) ... ..	68.20	98.24	56.71	69.65	84.32
11. Bills discounted ... ..	18.00	17.27	23.88	12.88	27.24
12. Loans against Staff Provident Fund ... ..	0.53	0.58	0.70	0.83	0.92
<b>Grand Total ... ..</b>	<b>246.46</b>	<b>253.91</b>	<b>518.24</b>	<b>366.31</b>	<b>550.61</b>

95. The total advances of all types increased from Rs. 366.31 lakhs at the close of the previous year to Rs. 550.61 lakhs at the close of the year under review. The short-term advances to co-operative societies and overdrafts and fixed loans, however, recorded an increase of over 50 per cent over last year's outstandings, on account of the central financing agencies undertaking the obligation of providing agricultural finance to creditworthy agriculturists in Bombay State.

The following table indicates the ratio of the total advances to deposits and to working capital of the Bank at the close of the past five years :—

(Amount in lakhs of Rupees)

Particulars	1946-47	1947-48	1948-49	1949-50	1950-51
1. Working Capital ... ..	712.53	897.37	1063.11	1043.94	1130.26
2. Deposit & Loan Liabilities ... ..	605.09	796.24	958.60	912.48	949.49
3. Total Advances ... ..	246.46	253.91	518.24	366.31	550.61
4. Percentage of Advances to Working Capital ... ..	34.50	28.13	48.74	35.08	48.72
5. Percentage of advances to Deposit & Loan Liabilities ... ..	40.72	31.88	54.06	40.14	57.80



96. **Arrears and Overdue Interest:** Out of the total loans of Rs. 429.27 lakhs (excluding overdrafts and fixed loans against Government securities or fixed deposits) due from societies and individuals at the close of the year under various accounts, unauthorised arrears amounted to Rs. 32.09 lakhs. The following table shows the authorised and unauthorised arrears and the estimated doubtful debts and overdue interest at the close of the last five years :—

(Amount in lakhs of Rupees)

Particulars	1946-47	1947-48	1948-49	1949-50	1950-51
1. Unauthorised arrears ...	10.84	9.50	14.35	24.48	32.09
2. Authorised arrears ...	1.99	0.09	1.66	0.68	0.43
3. Estimated doubtful debts ...	2.86	2.94	2.87	4.55	4.57
4. Overdue Interest ...	1.03	1.06	1.09	0.95	0.87

From the above table it will be seen that the unauthorised arrears have increased from Rs. 24.48 to Rs. 32.09 lakhs during the year under review.

97. With the substantial increase in the short-term and crop loans, the unauthorised arrears showed an increase especially on account of the cultivators holding on their produce for better prices, and other reasons mentioned previously. The arrears under short-term and crop loans amounted to Rs. 11.74 as against Rs. 8.38 at the close of the last year. The increase in arrears was also due to defaults by some of the Forest Labourers' Societies which were unable to dispose of the stocks of timber, firewood, etc. in time mainly for want of Railway transport. Some of the forest societies in arrears are working under loss on account of either high upset price paid by them to Government or due to mismanagement and were unable to repay the advances in time. The arrears of advances to individuals against agricultural produce amounted to Rs. 1.48 lakhs at the close of the year, for the recovery of which legal action has already been taken against seven defaulters.

98. The authorised arrears decreased from Rs. 0.68 lakhs to Rs. 0.43 lakhs. Extensions were allowed to societies only where circumstances justified postponement of repayments till the next agricultural season.

99. **Bad and Doubtful Debts:** The amount of estimated bad and doubtful debts shows an increase of Rs. 0.02 lakhs over the last year's figure. This is due to the losses sustained by some of the labourers' societies as indicated previously and the short margins in advances to individuals against whom legal proceedings are in progress. In case of forest labourers' societies, a portion of the bad debts is covered by Government guarantee, while in case of individual produce-advances, steps

are taken to obtain legal charge on other assets of the borrowers. The total amounts of probable bad debts have been fully provided for, the total provision for bad and doubtful debts and overdue interest being Rs. 8.78 lakhs, as against the estimated doubtful and bad debts and overdue interest to Rs. 5.44 lakhs.

## XI. PROFIT & LOSS ACCOUNT

100. The following table indicates the management expenses and the net profits of the Bank during the past 5 years :—

(Amount in lakhs of Rupees)

Particulars	1946-47	1947-48	1948-49	1949-50	1950-51
1. Salaries	5.03	6.12	7.21	8.52	9.50
2. Inspection charges	1.45	1.49	1.61	1.84	2.21
3. Contingent expenses	2.74	3.02	3.53	3.89	4.39
4. Directors' and Auditors' fees	0.23	0.25	0.28	0.32	0.27
5. Contribution to Staff Provident Fund	0.34	0.37	0.42	0.47	0.52
6. Net Profit	2.98	3.89	4.28	4.55	5.48
7. Total Gross Income	12.77	15.14	17.33	19.59	22.37

It would be observed from the above table that the expenditure under the items of salaries and inspection charges have increased by Rs. 1.35 lakhs during the year under review and marks an increase of 80 per cent, from Rs. 6.48 lakhs in 1946-47 to Rs. 11.71 lakhs in 1950-51. This increase is partly due to the increase in the number of employees but mainly due to increase in dearness allowance and liberal increments in salaries granted to the staff during the past 5 years on account of increasing cost of living. The average ratio of expenses to the gross income of the Bank for the year under review works out at 75.5 per cent as against 76 per cent in the previous year. This average ratio of expenses to gross profit in Indian commercial banks is approximately 68 per cent. The higher ratio obtaining in this Bank is largely due to a higher cost of inspection and supervision in co-operative banks. In commercial banks, while the number of borrowers is comparatively small as compared to the volume of advances made, in co-operative banks the number of borrowers—the primary societies—is large and scattered over a wide area. The staff required to be maintained for inspection and supervision of this business is, therefore, necessarily to be large and the cost of inspection and supervision considerable. The Bank is also required to maintain unremunerative branches in areas where it functions as a central financing agency, to offer banking facilities to the members of agricultural and other societies. As a result of these factors which are not common in commercial banks, the ratio of net profit to working capital or loan transactions is much lower than in commercial banks of our size and standing.

## XII. ADMINISTRATION

101. The total strength of the staff of the Bank excluding peons, was 440 as against 420 of the previous year. Out of these 68 were University Graduates and 23 Diploma holders in Accountancy and Banking, or held Certificate of Institute of Bankers' Examination. The Bank deputed during the year under report, three of its employees to the Co-operative Training College at Poona. All the three passed the Higher Diploma Examination in Co-operation, one of whom secured first class, while the other two secured second class.

102. For the purpose of inspection and supervision over affiliated societies in the districts served by this Bank, the area under the Bank was, as in the previous year, divided into 10 divisions, each under the charge of a Senior Inspector, assisted by 30 full-time Inspectors and 31 Agent-cum-Inspectors. With the increase in the volume of business in the Ahmednagar District it continued to be divided into two zones, each under a separate Senior Inspector. The average touring by the Senior Inspectors and Inspectors was 15 days in a month.

103. There were 1,985 agricultural credit and multi-purpose societies affiliated to and borrowing from the Bank at the end of the year under review as against 1,802 at the end of the previous year. Detailed inspection of societies classed A or B in their last audit is undertaken by the Bank's staff, as in the past, every alternate year. The rest of the societies are inspected once in a year. Major societies like Purchase & Sale Unions and Industrial Associations are inspected by the Senior Inspectors every year. The number of societies not inspected during the year under review was 850 as against 1,028 in the previous year. Some of the uninspected societies either did not borrow from the Bank or their audit classification was improved.

104. The work of internal audit of accounts of branches was entrusted to three qualified Senior Officers appointed as Branch Auditors, except the branches in Satara, Gujarat and Konkan divisions where the Senior Inspectors were entrusted with the internal audit of branches, in addition to their inspection and supervision duties.

105. Inspectors of the Bank have taken initiative in fresh organisation of credit as well as marketing institutions and in the 'Grow More Food' and Savings Programme propaganda. In addition, small propaganda grants were made available to Branch Committees or Supervising Unions to meet the out-of-pocket expenses of non-official workers.

## XIII. WORKING OF PRIMARY SOCIETIES

106. **Suspension of Managing Committees and Enquiry under Sec. 43 :** During the year under report, managing committees of six

societies were suspended. The total number of managing committees of affiliated societies under suspension at the beginning of the year, was six. Two committees under suspension were restored during the course of the year. At the close of the year, managing committees of ten societies were under suspension. The Bank Inspectors were associated with the Administrators appointed during the period of suspension. Efforts are made by the Administrators to improve the general working of the societies.

107. Enquiries under Sec. 43 of the Bombay Co-operative Societies Act were ordered in the affairs of 11 societies. Enquiries were held in all the cases including 5 Enquiries ordered during the previous year. It was observed that very often the enquiries are delayed and as a result either the mismanagement continued or the position deteriorated. It is necessary that the enquiries under Sec. 43 when ordered should be a real judicial enquiry and should, therefore, be conducted expeditiously, if they have to serve their purpose and be effective in improving the affairs of the institutions concerned or correcting the irregularities in the management in time.

108. **Arbitration Awards and Liquidation Orders :** The following table will indicate roughly the number of awards and liquidation orders under execution, through revenue authorities and civil courts, as also those pending with the Arbitrators, liquidators and with societies, in the areas served by the Bank :—

(Amount in lakhs of Rupees)

Particulars	1946-47		1947-48		1948-49		1949-50		1950-51	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
At the beginning of the year ...	4706	7.10	4069	6.43	3531	5.92	3140	5.47	2766	5.79
Additions during the year ...	93	0.29	64	0.16	75	0.31	191	0.71	206	0.55
Recoveries during the year ...	730	0.96	602	0.67	466	0.76	565	0.39	246	0.69
Balance at the close of the year...	4069	6.43	3531	5.92	3140	5.47	2766	5.79	2726	5.65

109. From the table it will be seen that the arbitration awards and liquidation orders have been considerably reduced from 4,706 to 2,726 during the past five years. The amount involved, however, shows a reduction of Rs. 1.45 lakhs during the corresponding period. It may be pointed out that the repayments from defaulters against whom awards or liquidation orders are under execution, are very meagre and the coercive measures are not as effective as they should be. A fair portion of the repayments secured was by voluntary efforts rather than coercive



measures, and the percentage of repayments to the recoverable amount was very much lower as compared to normal recoveries, in spite of the coercive action taken by the special recovery staff.

110. For the areas served by the Bank, there were five Special Recovery Officers appointed by the Revenue Department on the recommendation of the Registrar, C.S., the deficit in their establishment being borne by the Bank. The charges of establishments of special recovery officers that the Bank is required to bear are disproportionate to recoveries received by execution of awards and liquidation orders. The Board of Directors, therefore, urged the Registrar and the Government the necessity of employing the necessary special recovery staff under the control of the Registrar and at Government cost. This proposal has not been accepted by the Government although they have agreed to consider any specific proposal for meeting the establishment charges of special recovery officers for any specific reasons. Some of the Inspectors of the Bank and Supervisors in Gujarat, Khandesh and Nasik were invested with powers under the Land Revenue Code to execute distraint warrants issued by the special recovery officers. However, only 32 warrants were received in the Gujarat division during the year and repayments of Rs. 17,363 were secured without resort to actual execution of the warrants. As mentioned previously, there should be some time-limit for the final disposal of the awards and liquidation orders, and that the special recovery staff should give special attention to long-standing and protracted cases, in order to avoid abnormal delay in liquidation proceedings. The Registrar's attention has been invited to this suggestion to obtain speedier disposal of arbitration awards and liquidation orders. This would also have a good effect on the general tone of repayments from defaulting members especially when co-operative institutions are called upon to provide agricultural finance to a large number of agricultural borrowers on a higher scale than in the past.

111. **Lands in possession of Societies :** Societies financed by this Bank had in their possession 2186-39 acres of land valued at Rs. 1.16 lakhs at the beginning of the year in the course of execution proceedings of arbitration awards and liquidation orders. During the course of the year, 11-0 acres valued at Rs. 1,470 were sold to outsiders and 376-9 acres valued at Rs. 22,531 were reconveyed to the original owners of the lands by grant of liberal concessions. Attempts were made by the inspectorial staff to dispose of the lands by public auction. Lands in possession of societies at the close of the year were 1799-30 acres valued at Rs. 92,603. Although the acreage of lands in possession of societies appears to be large, some of the defaulters have made partial repayments or paid part instalments for getting the lands reconveyed to them, when the dues or amounts compromised are fully paid.

#### XIV. AGENCIES FOR SUPERVISION

112. There are 54 Supervising Unions working in the area served by the Bank as against 56 of the last year. Government have undertaken the responsibility of meeting the entire cost of supervision of agricultural societies. The arrangements for effective supervision and control over the primaries has not kept pace with the expansion of the movement. Some of the supervision staff being new and inexperienced cannot be expected to maintain efficient supervision as is expected. This had its repercussions on the managements of societies, especially where the primaries are handling large volume of business in controlled commodities. Instances of misuse of cash balances and misappropriation of funds or stocks belonging to societies were reported. With the increasing responsibilities of the primaries both in respect of agricultural finance and distribution work, it is desirable to evolve a system of avoiding duplication or divided responsibility and to secure an efficient and effective supervision over the primaries, with a view to build up an integrated system of supervision and control over primaries with minimum of expenditure by the various agencies and maximum efficiency, avoiding dual control and duplication of work by various agencies as at present.

#### XV. CONCLUSION

113. I have pleasure to acknowledge the very valuable assistance and guidance from the Directors of the Bank in steering the day-to-day administration of the Bank and in formulating the policies and the execution of the responsibilities undertaken by the Bank in the matter of provision of institutional credit through an integrated system of agricultural finance to creditworthy agriculturists of the State. The Board is particularly thankful to Prof. D. R. Gadgil, Director of the Gokhale Institute of Politics & Economics, who has been nominated by Government of Bombay on the Board as the Financial Expert, for his valuable suggestions in formulating the policies and procedure for the proper organisation of agricultural credit in this State so as to ensure its proper development.

114. I offer my grateful thanks to the Hon'ble Sri Vaikunth L. Mehta, Minister for Finance and Co-operation, Government of Bombay, for his keen interest in the progressive development of the Co-operative Movement in the State and his valuable guidance to the Bank in all matters. As in the past, the Board of Directors and the Officers of the Bank continued to get his advice and guidance on matters concerning the administration of the Bank. The implementation of most of the important recommendations of the Co-operative Planning Committee

and the Agricultural Organisation Committee by the Government of Bombay was largely due to his long association with the co-operative movement and his long-cherished desire to secure a planned development of an integrated system of co-operative movement and a planned reconstruction of the rural economy. The extent and measure of financial and other assistance given to the co-operative movement in this State and more particularly to the central financing agencies and the Provincial Bank, were to a large measure due to the active support of the Ministry of Finance and Co-operation under the able stewardship of Sri V. L. Mehta. But for this guidance and the active support, the Bank's progress in its varied activities would not have been as remarkable and rapid as is indicated in the foregoing review.

115. Thanks are due to the Hon'ble Sri Malojirao Naik-Nimbalkar, Minister for Development and Village Industries, and the Hon'ble Sri Dinkarrao Desai, Minister for Civil Supplies, for their help and encouragement to the co-operative institutions in promotion of village industries and handling of the distribution of State-controlled consumers' goods. I also offer our thanks to Sri D. S. Joshi, I.C.S., Secretary, Development Department, and to Sri B. Venkatappiah, I.C.S., and later to Sri P. V. R. Rao, Secretary, Finance Department, whom the Bank had to consult on various matters concerning financial accommodation and other assistance from the State.

I have pleasure in acknowledging my thanks to the authorities of the Reserve Bank of India and to Sri K. Sarvothama Rao, Chief Officer, Agricultural Credit Department, Reserve Bank of India, for the ready assistance and guidance in all matters pertaining to agricultural and marketing finance. The authorities of the Reserve Bank of India were particularly helpful in simplifying the procedure and relaxing the conditions of financial accommodation from the Reserve Bank which enabled the co-operative financing agencies and the Provincial Bank to successfully discharge the responsibility undertaken by them in respect of provision of agricultural and marketing finance in the State.

116. The Board and the Officers of the Bank during the discharge of their duties, had to approach the Co-operative Department on various matters of policy and administration. Advice and guidance of Sri P. J. Chinmulgund, I.C.S., Registrar, Co-operative Societies, and his quick decisions in all matters referred to him helped the Bank in promoting its activities and its progress. I acknowledge with pleasure the assistance we uniformly received from him and convey my thanks to him and the officers of the Co-operative Department for their very sympathetic participation in our activities.

117. I acknowledge my grateful thanks to Sri R. G. Saraiya, Chairman of the Bank, for his valuable guidance both to the Board of

Directors and the officers of the Bank. The progress made by the Bank as revealed in the foregoing review is largely due to his keen interest and very progressive views on various problems and his guidance in the day-to-day administration of the Bank. He has been kind enough to devote very considerable time to the Bank's activities in various fields and more particularly in discussions with the authorities of the Reserve Bank and the State Government which has enabled the Bank to secure an important place in the financial structure of the co-operative movement in this State and to discharge its responsibilities and its role as an apex financing institution.

118. The Staff of the Bank continued to discharge their duties with enthusiasm, hard labour and diligence and enabled the Bank to maintain its traditions of efficiency, service and devotion to work. Sri V. M. Thakore and Sri Y. B. Gaitonde deserve special mention. They have continued to work with zeal and have primarily borne the strain of the increasing activities of the Bank and expansion of its area of operation.

V. P. VARDE

Hon. Managing Director,  
Bombay Provincial Co-operative Bank, Ltd.

Bombay, 1st March 1952.

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APPENDIX

**RESOURCES OF CENTRAL FINANCING**

S. No.	Names of Central Financing Agencies	No. of offices including Head Office	No. of affiliated Societies	Paid-up Share Capital	Reserves		Deposits
					Reserve Fund	Other funds	
1.	Bombay Prov. Co-op. Bank ...	62	4,855	Ra. 48.70	Rs. 12.69	Rs. 24.47	Rs. 797.96
	<b>GUJARAT DIVISION</b>						
1.	Ahmedabad Dist. C. C. Bank ...	2	369	2.95	.89	1.11	59.91
2.	Amreli Dist. C. C. Bank ...	1	90	1.01	.51	.61	1.19
3.	Baroda Dist. C. C. Bank ...	5	375	2.50	1.24	.41	21.97
4.	Broach Dist. C. C. Bank ...	8	329	6.46	2.30	2.17	70.41
5.	Chikhli Tal. Co-op. Bkg. Union ...	1	38	.53	.14	.20	.94
6.	Dhari Tal. Co-op. Bkg. Union ...	1	29	.52	.06	.04	2.52
7.	Kaira Dist. C. C. Bank ...	11	250	2.38	.....	.....	26.52
8.	Kalol & Halol Tal. Co-op. Bkg. Union ...	1	92	.42	.18	.26	2.79
9.	Kodinar Tal. Co-op. Bkg. Union ...	1	57	.85	.38	.45	4.74
10.	Mehsana Dist. C. C. Bank ...	3	282	.55	3.70	2.25	6.98
11.	Poorva Panchmahal Co-op. Bkg. Union ...	2	190	1.12	.07	.11	6.09
12.	Surat Dist. C. C. Bank ...	15	524	8.25	4.00	5.80	208.98
	<b>Total</b> ...	<b>51</b>	<b>2,625</b>	<b>27.54</b>	<b>13.47</b>	<b>13.41</b>	<b>413.04</b>
	<b>MAHARASHTRA DIVISION</b>						
1.	Barsi C. C. Bank ...	2	88	.95	.81	.32	13.86
2.	East Khandesh C. C. Bank ...	21	1,033	9.70	9.75	5.85	185.96
3.	Kolhapur Dist. C. C. Bank ...	4	322	2.37	.22	.18	15.23
4.	Poona C. C. Bank ...	15	621	4.40	3.04	2.02	119.38
5.	Satara North Dist. C. C. Bank ...	2	294	1.81	.27	.....	8.72
6.	Satara South Dist. C. C. Bank ...	4	216	2.11	.78	.65	18.10
7.	Shri Laxmi C. C. Bank, Phaltan ...	1	80	.91	.79	1.12	10.10
8.	Sholapur Dist. C. C. Bank ...	9	505	3.57	1.92	1.20	61.24
9.	Wada Tal. Co-op. Bkg. Union ...	2	74	.57	.13	.05	.61
	<b>Total</b> ...	<b>60</b>	<b>3,233</b>	<b>26.39</b>	<b>17.71</b>	<b>11.39</b>	<b>433.20</b>
	<b>KARNATAK DIVISION</b>						
1.	Belgaum Dist. C. C. Bank ...	17	660	7.82	3.36	2.30	82.92
2.	Bijapur Dist. C. C. Bank ...	11	480	5.54	1.53	1.46	50.44
3.	Kanara Dist. C. C. Bank, Sirsi ...	2	174	.64	.48	.24	7.70
4.	Karnatak C. C. Bank, Dharwar ...	28	927	13.62	5.10	3.65	134.72
	<b>Total</b> ...	<b>58</b>	<b>2,241</b>	<b>27.62</b>	<b>10.47</b>	<b>7.65</b>	<b>275.78</b>
	<b>Total of all Central Financing Agencies</b> ...	<b>169</b>	<b>8,099</b>	<b>81.55</b>	<b>41.65</b>	<b>32.45</b>	<b>1122.02</b>
	<b>Grand total of all Central Financing Agencies including B.P.C. Bank</b>	<b>231</b>	<b>12,954</b>	<b>130.25</b>	<b>54.34</b>	<b>56.92</b>	<b>1919.98</b>

## AGENCIES AS ON 30-6-1951

(Amounts to nearest thousand)

Other borrowings	Total Resources	Advances				Total Loans	Total working capital
		Societies		Individuals			
		Agri. and Marketing	Non-Agrl.	Agri.	Non-Agrl.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
143.50	1027.32	192.24	245.91	4.10	78.41	520.66	1130.27
.....	64.86	4.80	10.37	.02	.....	15.19	66.07
.20	3.53	1.39	.17	.20	.....	1.76	3.88
.....	26.12	2.34	6.37	.....	3.97	12.68	27.65
3.52	84.87	23.44	6.13	.01	1.40	30.98	86.44
.....	1.81	.30	.09	.63	.....	1.02	3.05
1.30	4.44	1.02	.23	.14	1.29	2.68	4.62
.....	28.89	.62	18.33	.02	.....	18.97	30.87
.....	.....	.....	3.73	.....	.....	.....	.....
3.48	7.12	.84	.....	.38	.....	4.95	7.34
.....	6.42	3.79	.01	.35	.....	4.15	6.91
1.00	14.48	2.70	1.80	.....	4.34	8.84	16.18
.....	.....	.....	.....	.....	.....	.....	.....
4.30	11.69	2.22	5.20	.....	2.22	9.64	11.98
5.93	232.96	8.38	86.48	4.82	13.29	112.97	242.11
19.73	487.19	51.84	138.91	6.57	26.51	223.83	507.10
.....	.....	.....	.....	.....	.....	.....	.....
.....	15.94	3.75	.62	.....	4.55	8.92	16.42
.....	211.26	70.04	4.96	.18	22.24	97.42	216.13
11.65	29.66	9.34	1.60	3.67	1.50	16.11	30.50
14.34	143.18	38.27	13.17	.11	18.13	69.68	150.89
.....	10.80	4.08	1.55	.02	.37	6.02	10.94
.....	21.64	5.33	.28	.....	1.28	6.89	22.52
1.71	14.63	4.80	.67	4.37	2.11	11.95	15.58
10.00	77.94	23.88	15.75	.38	9.86	49.87	81.06
2.16	3.52	1.37	.14	.....	.96	2.47	4.00
39.86	528.57	160.86	38.74	8.73	61.00	269.33	548.04
.....	.....	.....	.....	.....	.....	.....	.....
9.08	105.49	16.93	16.57	.....	27.90	61.40	109.18
5.10	64.05	14.87	13.42	.....	4.13	32.42	66.70
1.77	10.84	.95	2.19	.....	3.01	6.15	11.14
18.00	175.09	41.22	24.04	.....	23.76	89.02	180.40
33.95	355.47	73.97	56.22	.....	58.80	188.99	367.42
.....	.....	.....	.....	.....	.....	.....	.....
93.54	1371.23	286.67	233.87	15.30	146.31	682.15	1422.56
.....	.....	.....	.....	.....	.....	.....	.....
237.04	2398.55	478.91	479.78	19.40	224.72	1202.81	2552.83

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