

**THE
BOMBAY STATE CO-OPERATIVE BANK
LIMITED**

**Forty - Second
ANNUAL REPORT**

1952-53

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

THE BOMBAY STATE CO-OPERATIVE BANK, LTD.

Post Box No. 472,

BOMBAY, Dt. 19th March 1954.

To

The District Industrial Cooperative Bank Ltd.,
BIJAPUR.

Dear Sir,

Please find herewith a copy of the Annual Report of the Bombay State Co-operative Bank, Ltd. for the year ending - 30th June 1953 and kindly acknowledge receipt.

Yours faithfully,

Y.B.GAITONDE,

Manager.

V.

With best compliments from:

THE BOMBAY STATE CO-OPERATIVE
BANK LIMITED

V. P. VARDE
Managing Director

THE
Bombay State Co-operative Bank Ltd.

(ESTABLISHED IN 1911)

ANNUAL REPORT
1952-53

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

THE BOMBAY STATE CO-OPERATIVE BANK LIMITED

BRANCHES.

District North Satara:

1. Satara
2. Koregaon
3. Wai

District South Satara:

4. Islampur
5. Kirloskarwadi
6. Shirala
7. Vita
8. Atpadi

District Ahmednagar:

9. Ahmednagar
10. Shirampur
11. Belapur Town
12. Kopargaon
13. Newasa
14. Pathardi
15. Rahuri
16. Shevgaon
17. Shrigonda
18. Vambori
19. Sangamner
20. Loni (Pravaranagar)

District Thana:

21. Bhiwandi
22. Kalyan
23. Palghar
24. Murbad
25. Dahanu

District Dang

26. Ahwa

District Sholapur:

27. Akluj
28. Natepute

District Kolaba:

29. Karjat
30. Panvel

District Ratnagiri:

31. Sawantwadi
32. Kudal

District Kolhapur:

33. Kolhapur
34. Gadhinglaj
35. Murgud

District West Khandesh:

36. Dhulia
37. Dondaicha
38. Nandurbar
39. Sakri
40. Shahada
41. Shirpur
42. Sindkheda
43. Nardhana
44. Taloda
45. Navapur

District Nasik:

46. Nasik
47. Sinnar
48. Ghoti
49. Lasalgaon
50. Malegaon
51. Nandgaon
52. Satana
53. Manmad
54. Yeola
55. Kalwan
56. Malegaon Town

District Ahmedabad:

57. Viramgam
58. Dhandhuka

District Panchmahals:

59. Godhra
60. Devgad Baria
61. Santrampur

District Sabarkantha:

62. Himatnagar
63. Modasa
64. Talod

District Banaskantha:

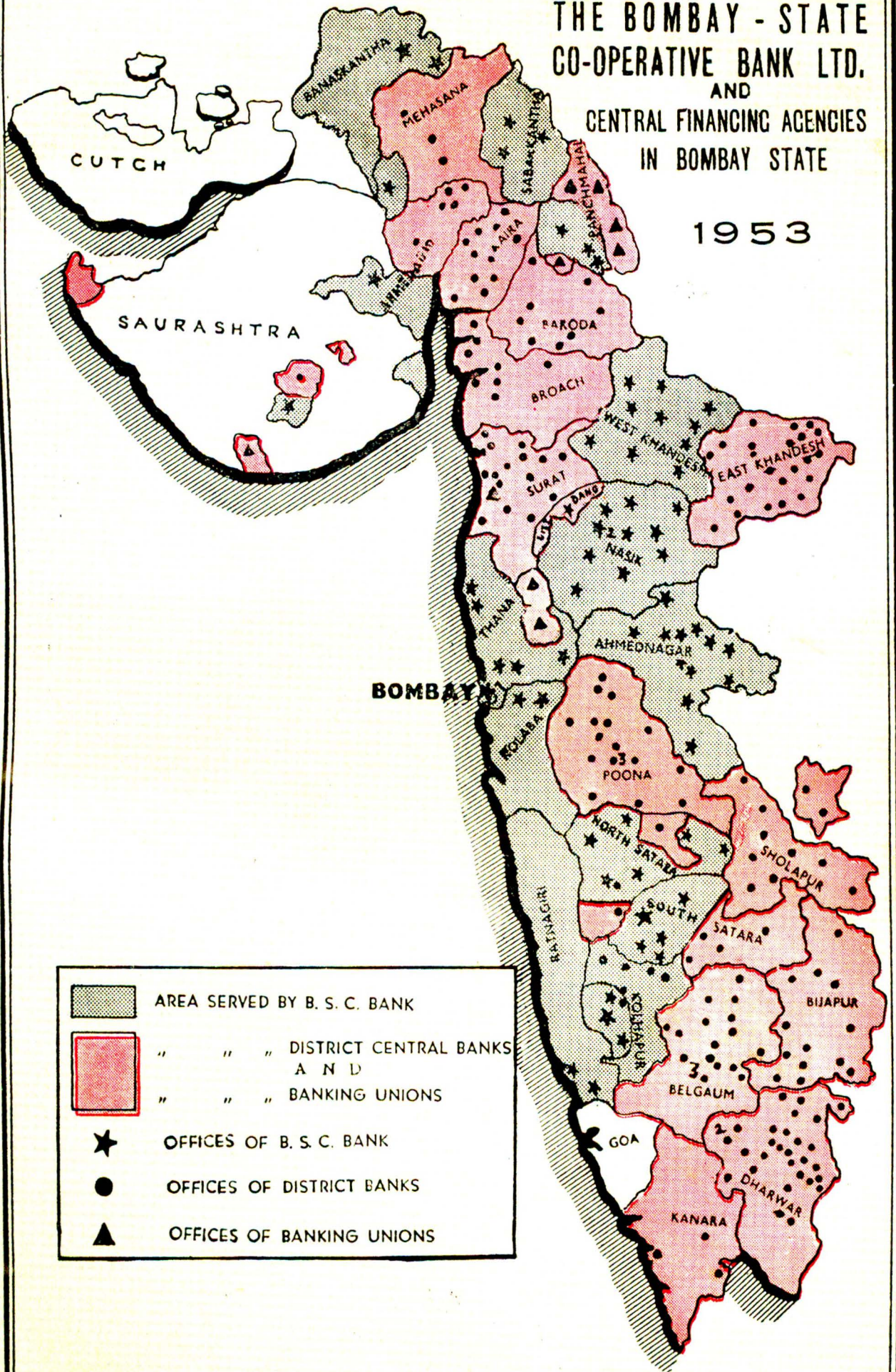
65. Palanpur
66. Deesa






District Amreli:

67. Dhari

MAP SHOWING OFFICES OF
 THE BOMBAY - STATE
 CO-OPERATIVE BANK LTD.
 AND
 CENTRAL FINANCING AGENCIES
 IN BOMBAY STATE

1953



- | | |
|---|---|
|  | AREA SERVED BY B. S. C. BANK |
|  | " " " DISTRICT CENTRAL BANKS
AND
" " " BANKING UNIONS |
|  | OFFICES OF B. S. C. BANK |
|  | OFFICES OF DISTRICT BANKS |
|  | OFFICES OF BANKING UNIONS |

THE BOMBAY STATE CO-OPERATIVE BANK, LIMITED, BOMBAY

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

AUTHORISED CAPITAL	...	Rs. 1,50,00,000
SUBSCRIBED AND PAID-UP CAPITAL	...	.. 59,99,150
TOTAL RESERVE & OTHER FUNDS	...	.. 54,33,900
TOTAL WORKING CAPITAL	...	.. 12,29,02,000

BOARD OF DIRECTORS

Sri R. G. SARAIYA, Chairman

Shri Janardan A. Madan, Bombay	Shri G. D. Sathe, Sholapur
.. Jyotendra L. Mehta, Bombay	.. C. A. Vyas, Nadiad, Kaira
.. Gordhandas G. Morarji, Bombay	.. L. M. Shrikant, Dohad
.. R. V. Vandekar, Nasik	.. R. B. Aravade, Sangli
.. S. P. Pandit, Sirsi, North Kanara	.. D. V. Potdar, Poona
.. M. B. Inamati, Dharwar	.. V. B. Govankop, Dharwar
.. P. B. Ugargol, Belgaum	.. N. N. Shah, Jambusar
.. L. C. Gandhi, Surat	.. G. M. Laud, Bombay
.. M. P. Nadgauda, Bijapur	.. A. H. Kaji, Bombay
.. B. J. Patel, Baroda	.. W. G. Patil, Nasik
.. D. A. Patel, Ahmedabad	.. V. L. Jagtap, Ahmednagar
.. R. Y. Borkar, Poona	.. D. N. Purohit, Ahmedabad
.. J. A. Patel, Broach	.. D. J. Zunzarrao, Thana
.. J. S. Patil, Jalgaon	.. K. V. Vichare, Satara
.. P. R. Patil, Dhulia	

The Secretary to the Government of Bombay, Finance Department.

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

Sri D. R. Gadgil (Financial Expert).

Shri V. P. VARDE, Hon. Managing Director

Chief Accountant

B. V. Halbe

Manager

Y. B. Gaitonde

General Manager

V. M. Thakore

Solicitors:

Messrs. Payne & Co.

Auditors:

Messrs. K. S. Aiyar & Co.

THE BOMBAY STATE CO-OPERATIVE

Balance Sheet as

CAPITAL AND LIABILITIES:	Rs.	as. ps.
1. CAPITAL:		
Subscribed and paid-up capital (including Bombay State Government contribution of Rs. 26 lacs) ...	59,99,150	0 0
2. BOMBAY STATE GOVERNMENT CONTRIBUTION TO SHARE CAPITAL OF CENTRAL FINANCING AGENCIES	6,75,000	0 0
3. FUNDS:		
Statutory Reserve Fund ... Rs.	15,68,634	0 0
Other Funds.	38,65,276	2 7
	54,33,910	2 7
4. 4% MORTGAGE DEBENTURES	6,50,000	0 0
5. DEPOSITS:		
(a) Fixed	3,64,86,181	12 5
(b) Current & Savings	5,57,40,326	4 4
(c) Call Deposits.	3,00,000	0 0
	9,25,26,508	0 9
6. STAFF PROVIDENT FUND	13,66,767	0 6
7. LOANS, OVERDRAFTS ETC.		
(a) Advances from Reserve Bank of India Under Section 17(4)(a) of the Reserve Bank of India Act	50,00,000	0 0
(b) Advances from Reserve Bank of India for Central Financing Agencies under Sections 17(4)(a) and 17(4)(c) (per contra)	67,43,000	0 0
	1,17,43,000	0 0
8. BILLS FOR COLLECTION (per contra)	9,25,156	5 7
9. INTEREST PAYABLE	2,57,526	5 0
10. BRANCH ADJUSTMENTS	18,83,169	7 9
11. SUNDRIES (Including Unclaimed Dividends)	7,86,201	2 11
12. PROFIT AND LOSS ACCOUNT	6,56,403	14 6
TOTAL:	12,29,02,792	7 7

BANK, LIMITED, BOMBAY.

at 30th June, 1953

PROPERTY AND ASSETS:				Rs.	as.	ps.
1. CASH:						
On hand and with Bankers.	...	...	...	1,06,68,266	2	5
2. INVESTMENTS:						
In Government and Trustee Securities and Authorised Shares	...	...	...	5,61,49,356	6	3
3. LOANS, CASH CREDITS AND OVERDRAFTS:						
(A) To Co-operative Societies and Banks:						
Agricultural:						
(a) Long Term Loans.	...	22,085	3 6			
(b) Intermediate Term Loans.	...	92,864	15 9			
(c) Short Term Loans.	...	2,47,26,727	1 10			
(Including Crop Loan under the B.A.D.R. Act Rs. 32,64,331-12-8)						
TOTAL:				2,48,41,677	5	1
Non-Agricultural:						
(d) Cash Credits.	...	28,54,077	4 10			
(e) Overdrafts against Government and Trustee Securities	...	72,17,552	10 5			
(f) Advances on Tangible Securities.	...	47,06,197	0 5			
(g) Dues from Societies in Liquidation.	...	6,73,274	0 4			
(h) Advances to Central Financing Agencies arranged with the Reserve Bank of India. (per contra)	...	67,43,000	0 0			
				4,70,35,778	5	1
(B) Advances to Individuals.	...			38,71,072	6	9
(C) Staff Provident Fund Loans	...			1,02,727	2	0
4. BILLS RECEIVABLE (per contra)	...			9,25,156	5	7
5. INTEREST RECEIVABLE	...			8,24,877	7	11
6. INLAND BILLS PURCHASED	...			22,94,517	10	11
7. BRANCH ADJUSTMENTS	...			3,62,414	4	10
8. SAFE AND FURNITURE	...			1,62,181	4	6
9. LAND AND BUILDINGS	...			2,23,669	15	9
10. SUNDRIES	...			2,82,774	15	7
TOTAL:				12,29,02,792	7	7

The Bombay State Co-operative Bank, Ltd.

ADMINISTRATION REPORT FOR THE YEAR

ENDED 30th JUNE, 1953.

I have the pleasure in presenting the Forty-Second Annual Administration Report of the Bombay State Co-operative Bank, Ltd., for the co-operative year ending 30th June, 1953.

2. The Government of India and the Government of Bombay State, in the implementation of the Five Year Plan and other projects undertaken by Government to raise the standard of living of the people, especially of the agricultural community and for promotion of nation building activities, have assigned a prominent and responsible role to the co-operative institutions. In Bombay, particularly, the State Government and the general public have actively helped in this process, and co-operative enterprise and effort is evident in all spheres of economic activity. This has instilled enthusiasm and initiative among the people to take to co-operative system of life and to organise various types of institutions. Consequently, in recent years, the co-operative movement, with the assistance of the State, has made a marked and rapid progress which is in evidence from the increase in the number of co-operative institutions and the volume of their business, and the variety of organisations and sphere of their activities.

3. It is acknowledged that the development of India's main industry, namely, agriculture, which is at present in an undeveloped state, mainly depends upon co-operative effort. The various legislative measures taken by Government for regulating the rights of the tenant cultivators, for regulating the money lending or adjustment of previous agricultural debts, which aim at improvement of the economic condition of the primary producer and increased production, have created a revolution in the old and traditional set up in the rural economy or social standards requiring a bold approach by the reorganisation of the rural economy and agricultural industry in the country. The co-operative movement, thus, affords a very wide scope for such reorganisation and to create conditions for the growth of co-operative institutions and for improvement in the standard of production and in the standard of living of the people in the countryside. As an instrument for execution of Government policy, co-operative movement affords a democratic system of economic activity securing the co-operation of the people and therefore, the Government seeks the association of co-operative institutions in an increasing measure in its plans and programmes for rural development and social and economic progress.

Outstanding Events

4. *The First Five Year Plan:* The most important event in India during the year under review, was the presentation of the First Five Year Plan, which is the blue print of our National effort on all fronts of economic activity. It is indeed in keeping with the Government's ultimate aim of building up a Co-operative Commonwealth in this country and to make the Plan a success that Co-operation is assigned a very important place as an essential feature for democratic planning, combining initiative, mutual benefit and social purpose. In the plan, the Planning Commission has made a number of suggestions for the rehabilitation and development of the co-operative movement in the various spheres. It is a matter for satisfaction to all those interested in the co-operative movement, that the Commission has urged on State Governments in clear terms that every department and every ministry must accept and adopt the policy of fostering co-operative methods of business. The State Co-operative Bank and the central financing agencies, which are charged with the responsibility of mobilising rural savings and for providing finance to co-operative institutions, have therefore an important function in the execution of the Plan.

5. The Twenty-First Session of the Bombay State Co-operative Conference was held this year at Vallabh Vidyanagar, Anand, in April 1953. The Conference was inaugurated by Shri Morarji R. Desai, Chief Minister, Government of Bombay, and presided over by Shri G. L. Nanda, Minister for Planning, Government of India. "Place of co-operative movement in the National Plan" naturally was the main subject for discussion and the Conference has made very important recommendations, especially in regard to the utilisation of co-operative institutions in the execution of the Five Year Plan, regulation of Government Takkavi advances and promotion of distributive and producers' co-operatives.

6. *Scarcity Conditions:* During the year under review, several parts of the Bombay State were in the grip of famine conditions and the agricultural industry suffered heavily, necessitating measures for State relief and provision of additional finance for raising of next year's crops through co-operatives. The famine conditions were very acute in some of the districts in Maharashtra, parts of Panchamahals and Ahmedabad Districts, where this Bank serves as the central financing agency. The situation created in these districts was discussed by the Board of Directors and measures were taken to postpone repayments of the last year's advances and to grant further loans for raising crops, in the famine affected areas, to which reference is made in subsequent paragraphs.

7. *Distinguished Visitors:* A four-man mission of Canadian Specialists in Co-operation and Agriculture visited India in the latter part of the year under review. The members of the mission, Mr. H. L. Trueman and Mr J. E. O'Meara of the Department of Agriculture, Rev. M. J. McKinnon, Director of Extension, St. Francis Xavier University, Antigonish, Nova

Scotia and Mr. R. H. Tremblay, Chief Inspector of Federation des Caisses Populaires Desjardins, Quebec, met the representatives of the Bombay Provincial Co-operative Institute, the Bombay State Co-operative Land Mortgage Bank and the Bombay State Co-operative Bank. On the occasion of the mission's visit to this Bank, progress of the co-operative movement in Bombay State was reviewed and the system of financing co-operatives explained to the members of the mission, and their views on similar activities in Canada were ascertained.

8. Shri V. P. Varde, Hon. Managing Director of the Bank was nominated by the Government of India as one of the four delegates to the International Conference on Agriculture and Co-operative Credit held at Berkeley (California, U.S.A.) in August 1952. Shri Varde's deputation to the International Conference was an honour to this Bank and enabled us to have wider experience of the working of co-operative institutions in the U.S.A. and other countries, on which we can draw with considerable advantage.

State Co-operative Council

9. The State Co-operative Council was established by the State Government in pursuance of the recommendations of the All India Co-operative Planning Committee with a view to "democratise" the co-operative movement. The Chairman of the Bank, Shri R. G. Saraiya, and the Hon. Managing Director, Shri V. P. Varde and five other Directors of the Bank are members of the State Co-operative Council. The Council serves as a forum for discussions on various important problems affecting the working of co-operative organisations and as a channel for canalising co-operative opinion. As such, it is an agency for the association of non-official opinion with the Government and its policies and plans of development. The problems regarding supervision over different types of societies and the co-ordination of different agencies financing the agriculturists including the Government making Takkavi advances were among the important subjects discussed by the Council in which this Bank and other central financing agencies were deeply interested.

Standing Advisory Committee on Agricultural Credit

10. The Standing Advisory Committee of the Reserve Bank of India created with a view to establishing closer liaison between the Agricultural Credit Department of the Reserve Bank of India and State Co-operative Banks, continued to take keen interest in the progress of the co-operative movement and to advise the State Co-operative Banks. Shri R. G. Saraiya, Chairman, and Prof. D. R. Gadgil, a Director of this Bank, were nominated on this Committee. During the year under review, Shri V. P. Varde submitted a detailed Note to the Advisory Committee on some of the disabilities arising out of the non-inclusion of the State Co-operative Banks in the 2nd Schedule of the Reserve Bank of India Act, especially in respect of

receiving recognition for acceptance of deposits from Municipal Corporations or other semi-Government institutions like the Universities, Trust Funds, or Security Deposits and Provident Fund Deposits under Section 282(B)(1) and (2), application monies from applicants for shares under Section 101(2)(B) of the Indian Companies Act, as the various Government Acts provided for such deposits being placed with "Scheduled Banks". It was pointed out to the Advisory Committee that though most of the Funds are drawn from rural areas, they are denied to the Co-operative Banks both by Government and Private Agencies on the ground that they are not "Scheduled Banks" and that even Government's own desire to maintain accounts with Co-operative Banks is frustrated when such bodies are asked to keep their surplus funds with Scheduled Banks or Government Treasuries. It was, therefore, urged in the Note that State Co-operative Bank be given the same position and status as that of the Banks in the Second Schedule, the approved District Central Banks being treated as its branches.

11. The Governor of the Reserve Bank and Chairman of the Standing Advisory Committee had pointed out that the disabilities mentioned by Shri Varde could be overcome by requesting the Government of India or State Government to take appropriate steps to remove the handicaps in the way of State and Central Co-operative Banks, instead of pressing for their inclusion in the Second Schedule of the Reserve Bank of India Act, as otherwise they were likely to lose by such inclusion, some of the advantages which they at present enjoyed under the Reserve Bank Act.

12. Shri R. G. Saraiya submitted a Note to the Advisory Committee on the question of repayment of loans borrowed by State Co-operative Banks from the Reserve Bank of India for seasonal agricultural operations, in the event of failure of crops owing to draught, floods or pests etc. when it was not possible to secure repayments from members. In such cases the State Co-operative Bank and Central Co-operative Banks had not only to grant extensions till the next harvest but at the same time had to provide additional finance for the next year's crops.

13. The Advisory Committee, it is expected, will give due consideration to these questions and move the authorities of the Reserve Bank of India to take suitable measures for removing the disabilities experienced by Co-operative Banks as pointed out in the Notes.

Apex Co-operative Institutions

14. The Bank, the apex co-operative financing institution in the State, has kept up its long tradition of associating itself with the activities for the development of the co-operative movement. Shri Janardan A. Madan, Chairman of the Institute, was elected on the Board of Directors of the Bank and Shri V. P. Varde, Hon. Managing Director of the Bank continued to serve as the Honorary Secretary of the Bombay Provincial Co-operative Institute. Shri R. G. Saraiya, the Chairman of the Bank, is nomi-

nated on the Executive Committee of the Co-operative College, conducted by the Institute at Poona.

15. As in the previous years, the Bank continued to be represented on the Provincial co-operative organisations like the Bombay Provincial Co-operative Marketing Society, the Provincial Co-operative Land Mortgage Bank, the Provincial Co-operative Industrial Association, the All India Co-operative Fire and General Insurance Society and the recently established Co-operative Housing Finance Society.

Co-operative Banks' Association

16. With a view to co-ordinating the activities of the Urban and Central Co-operative Banks, providing common platform for the consideration of their problems and devising measures for mutual assistance and advice, an Association was formed under the aegis of the Bombay Provincial Co-operative Bank in the year 1938. The Chairman of the Bank is the Ex-Officio Chairman of the Association and Shri V. P. Varde, Hon. Managing Director is elected as the Honorary Secretary. The General Manager worked as a part-time Secretary of the Association. The Association has been helpful in promoting closer contacts with the member banks and in securing uniformity in banking practices. It publishes statistical data about the urban and central banking movement in the Bombay State. The question of registering the Association under the Bombay Co-operative Societies' Act, and of delegating some of the powers of the Registrar, Co-operative Societies, under the Co-operative Societies Act and Rules, to the Association is under consideration.

17. The establishment of the co-operative apex organisations such as the State Co-operative Council in matters of formation of general policies and advising Government on legislative and administrative matters, the Co-operative Banks' Association in the field of urban and central banking, and the Co-operative Institute in the sphere of co-operative education and training is expected to stimulate gradual de-officialisation and promote the voluntary character of the co-operative movement.

II. STATE ASSISTANCE

Contribution to Share Capital

18. On the recommendations of the Agricultural Credit Organisation Committee appointed by the Government of Bombay in 1948, the co-operative movement in Bombay State has undertaken the responsibility of financing credit-worthy agriculturists in the State. The Bank, in collaboration with the District Central Co-operative Banks, has established an integrated system for providing agricultural credit with the financial assistance from the State Government in the form of contribution to their share capital and subsidies for uneconomic branches etc. as envisaged in the Govern-

ment Resolution No. 2148/45, dated 25th June 1948. No further contribution towards its share capital from the Government was sought by the Bank during the year under review, and the total Government contribution to the share capital of the Bank remained unchanged at Rs. 26 lakhs as at the close of the previous year. The Government having subsequently raised the rate of interest on such contributions from 3% to 3½% under Government Resolution, No. C.S.B. 335/D, dated 7th March 1952, a sum of Rs. 10 lacs which was received subsequent to March 1952, carries interest at 3½%.

19. In pursuance of the Government Resolution referred to above, the Government have further agreed to contribute to the Bombay State Co-operative Bank an amount equal to its contribution to the share capital of central financing agencies in the State of Bombay, in order to augment their capital structure, and thereby enable them to meet the increased demands of creditworthy agriculturists for agricultural and marketing operations. During the year under review, the Bank contributed a total sum of Rs. 1 lakh towards the share capital of three central financing agencies, viz., (1) Kalol and Halol Taluka Co-operative Banking Union, (2) North Satara District Central Co-operative Bank, and (3) Amreli District Central Co-operative Bank, making a total contribution of Rs. 6.75 lakhs at the end of the year. Out of the total amount of Rs. 6,75,000 contributed by this Bank, an amount of Rs. 3,50,000 carries interest at 3% while the remaining amount of Rs. 3,25,000 carries interest at 3½%.

20. A reference was made to the Government regarding the liability of this Bank in respect of principal and interest on the amounts contributed from funds made available by Government under this arrangement, to the share capital of those of the central financing agencies which may not be in a position to declare any dividend or which declare dividend at a rate lower than the interest paid by the Bank on such amounts. The Government have informed the Bank that in such an event, Government will consider the question of reimbursing the Bank according to the merits of each case. The amount of loss sustained by this Bank by way of difference in the interest paid to the Government and the amount of dividend received from the central financing agencies was Rs. 2,933-1-0 during the year under review.

Credit Stabilisation Fund

21. As mentioned in the last year's review, the "Credit Stabilisation Fund" established by this Bank in pursuance of the Government Resolution No. 2148/45 dated 25th June 1948 was strengthened during the year under review by a sum of Rs. 38,192 being the amount of the dividend paid by the State Bank and the central financing agencies, in excess of the rate of interest on Government contribution to their share capital. Out of the total sum of Rs. 38,192, a sum of Rs. 35,750 was from the State Co-operative Bank, the balance of Rs. 2,442 being from the other central financing

agencies. The total amount of this Fund stood at Rs. 78,792 at the close of the year under review.

Subsidies for uneconomic Branches

22. Under Government Resolution, Development Department, No. 599 dated 31-10-1949, the Government of Bombay grants subsidies to central financing agencies so that they can meet the deficits in the working expenses of branches opened with the permission of the Registrar of Co-operative Societies, in order to facilitate the provision of agricultural finance in rural areas and minimise the cost to the agriculturist borrowers. The Bank represented to the Government that the terms and quantum of subsidy required revision, especially in the backward and co-operatively undeveloped areas where the branches were not expected to be self-supporting during a period of three years, as was expected by the Government. The Government, therefore, revised the terms and agreed to grant subsidies for a period of six years for branches situated in the backward and undeveloped areas, the subsidy for the first three years being the amount of actual deficit and for the next three years at the scale prescribed under Government Resolution, No. 599 dated 31st October, 1949. During the year under review, subsidies amounting to Rs. 67,740 were received from the Government for the year 1951-52.

23. The following table indicates the extent of the Government subsidy for uneconomic branches received from Government during the last five years:

Subsidies for uneconomic branches

Year	Subsidy claimed		Subsidy actually received	
	No. of Branches	Amount	No. of Branches	Amount
1947-48	9	Rs. 7,609	9	Rs. 7,609
1948-49	11	„ 20,000	4	„ 10,344
1949-50	11	„ 46,035	6	„ 35,700
1950-51	8	„ 29,000	6	„ 15,000
1951-52	12	„ 66,882	11	„ 67,740

Government Guarantee for Crop Loans under B.A.D.R. Act

24. The Government of Bombay, in pursuance of Government Resolution, Revenue Department, No. 10670/39 dated 4th November 1944, have guaranteed losses due to bad debts in advances allowed to "agricultural debtors" who are parties to the proceedings under the Bombay Agricultural Debtors' Relief Act, to the extent of 5% of the loans advanced. As mentioned last year, a claim for Rs. 42,825 in connection with the loans advanced to societies during the years 1947-48 and 1948-49 was submitted to Government. The Registrar, Co-operative Societies, Bombay State, Poona, has instructed the Assistant Registrars concerned to apportion the claims between societies and the Bank in proportion to their owned and borrowed

funds. Accordingly, the Assistant Registrars are sanctioning payment of guaranteed amounts to the Bank. During the year under review, a sum of Rs. 3,060 was received in respect of loans advanced to eight societies through the Ahmednagar Branch. The amounts so received are kept separately. No further claims were made during the year under review. Wherever possible, the demands for "crop finance" by agricultural debtors under the Bombay Agricultural Debtors' Relief Act are now being met out of the owned funds of the societies.

Government Guarantee for "Industrial" Loans

25. A separate section in the Co-operative Department under the Joint Registrar for Industrial Co-operatives and Village Industries is created for the promotion of organisation of Industrial Co-operatives for artisans and workers in various small scale and village industries. The industrial workers are generally unorganised, have limited means and are exploited by traders and master craftsmen. Co-operative societies of industrial workers, being of recent origin and being formed of small workers cannot be expected to raise adequate capital and have to approach financing agencies for financial accommodation. They are, however, unable to provide the business margins which the Banks normally expect from such institutions. The Government have, therefore, authorised the Joint Registrar for Industrial Co-operatives and Village Industries, (1) to contribute to the share capital as working funds for certain types of industrial societies and (2) to give guarantee on behalf of Government to the central financing agencies, within certain limits, for the margins which the Bank would normally insist upon in providing financial accommodation. The Bank has been financing industrial co-operative societies of weavers, forest labourers, iron workers, leather workers, etc. against Government guarantee for margins, where the societies are not in a position to provide normal business margins from out of their own capital resources.

26. The details of finance provided by the Bank to different types of industrial societies on Government guarantee and the amount of guarantee available for such finance are indicated in the following table:

Type of Societies	No. of Societies	Nature of Government Guarantee	Amount of finance sanctioned	Amount of loans outstanding	Amount of Government Guarantee available
			Rs.	Rs.	Rs.
Forest Labourers' Societies	16	40% margin	6,58,000	6,24,281	2,63,200
Industrial Associations (Yarn distribution)	2	20% margin	9,00,000	4,56,089	1,80,000
Weavers' Societies (Special scheme)	1	25% margin	3,000	2,380	750
Other Industrial Societies	2	20 to 30% margin	7,000	615	1,600
Total:	21		15,68,000	10,83,365	4,45,550

Government guarantee to the extent of Rs. 61,714 was received during the year under review in respect of five forest labour societies. This amount has been kept separately, until the final accounts of the societies concerned are made up to ascertain actual losses.

Government Loans

27. Owing to decontrol of cloth and yarn, the demands for loans for the distribution activities by the wholesale agencies like Industrial Associations were considerably reduced during the year. There was, therefore, no necessity for borrowing from the Government for this purpose during the year under review. The balance of Rs. 6 lakhs out of the loan borrowed from Government for cloth and yarn advances, outstanding at the close of the previous year was repaid in full.

28. With the relaxation of Government control on essential consumer goods like sugar, iron, cement etc. during the year under review, funds invested by societies in handling distribution of such commodities were gradually released. This resulted in reducing the demands on the central financing agencies from co-operative institutions engaged in distribution of controlled commodities. There was, therefore, no occasion during the year under review, as in the previous year, to approach the Government for any financial assistance.

III. ASSISTANCE FROM THE RESERVE BANK OF INDIA

29. The procedure for obtaining financial accommodation from the Reserve Bank of India was simplified so as to avoid delay and to ensure proper use of the limits sanctioned by the Reserve Bank of India for the purpose of financing seasonal agricultural operations and marketing of crops. Where the Bank functions as a central financing agency direct, the Bank can obtain financial accommodation under Sec. 17 (4) (c) on re-endorsement of Pro-Notes of primary societies which are certified as financially sound and classed A or B in their audit classification. Advances to primary societies being generally of smaller amounts and spread over a large area, the Bank is required to collect and supply information about their financial position while re-endorsing their Pro-Notes, which entails considerable labour and delay. Some suitable arrangements, therefore, need to be devised in consultation with the Reserve Bank authorities to simplify this procedure to get over this difficulty.

30. It will be recalled that it was represented to the authorities of the Reserve Bank that the central financing agencies were now required to finance other types of co-operatives, like the consumers' societies or industrial and dairy societies, but were unable to obtain funds for this purpose from the Reserve Bank of India under Sec. 17 for this purpose. So also there was no provision for intermediate-term loans which were in demand for improvement in agriculture. As a result of the representations, during the year

under review, the Government of India have proposed to amend the Reserve Bank of India Act enabling it to provide finance through the Apex Co-operative Banks for intermediate-term requirements and to other types of societies, for production and distribution activities.

31. During the year under review, the central financing agencies including the Bombay State Co-operative Bank, continued to get financial accommodation from the Reserve Bank of India at the same concessional rate of interest as during the previous year for financing A and B class societies for seasonal agricultural operations and marketing of crops. The Reserve Bank of India sanctioned a limit of Rs. 150 lakhs under Section 17 (4) (a) against Government Securities and of Rs. 50 lakhs under Section 17 (4) (c) against re-endorsement of Pro-Notes of primary societies which were certified by the Registrar, Co-operative Societies, as financially sound. Similarly, the Reserve Bank sanctioned credit limits aggregating to Rs. 312 lakhs to twenty central financing agencies under Section 17 (4) (a) and 17 (4) (c). This financial accommodation was available at a concessional rate of interest, i.e., 2% below the Bank Rate, for financing primary co-operative societies classed A or B in their audits, for seasonal agricultural operations and marketing of crops. The extent of financial accommodation availed of by the State Co-operative Bank and the central financing agencies during the year under review is detailed in the following table:

(Amount in lakhs of Rupees)

Particulars	Limits Sanctioned	Maximum Drawings	Amount outstanding at the close of the year	Corresponding amount outstanding at the close of the previous two years.		
				1951-52	1950-51	
State Co-operative Bank:						
Sec. 17 (4) (a) against Govt. Securities	...	150.00	100.00	50.00	95.00	97.00
Sec. 17 (4) (c) against Co-operative Paper	...	50.00	50.00	—	25.00	—
Total		200.00	150.00	50.00	120.00	97.00
Central Financing Agencies:						
Sec. 17 (4) (a)	...	73.00	45.00	34.50	3.00	—
Sec. 17 (4) (c)	...	239.00	148.53	32.93	5.00	—
Sec. 17 (2) (b)	...	—	—	—	140.34	36.00
Total		312.00	193.53	67.43	148.34	36.00
Grand Total		512.00	343.53	117.43	268.34	133.00

The financial accommodation sanctioned by the Reserve Bank of India to the central financing agencies is passed on to them through the State Co-operative Bank, which charges $\frac{1}{2}\%$ higher on amounts borrowed under Section 17 (4) (c) or 17 (2) (b) and $\frac{1}{4}\%$ higher on amounts borrowed under Section 17 (4) (a).

32. Though higher limits were sanctioned to the central financing agencies the drawings from the Reserve Bank were lower than during the previous year and the outstandings at the close of the year were less by Rs. 80.91 lakhs than the figure at the close of the previous year.

33. On account of the release of their funds from distribution activities, as stated previously, the co-operative societies and the central financing agencies were able to divert such funds for financing agricultural and marketing operations, thereby reducing their drawings from the Reserve Bank of India. Secondly, owing to the scarcity conditions prevailing in several parts of the State, the loans advanced during the previous year could not be recovered and consequently, the loans advanced for current agricultural and marketing operations during the year were lower than in the previous year, and therefore, the drawings from the Reserve Bank had to be restricted within the current advances.

34. During the year under review, one of the central banks was unable to repay the loan of Rs. 15 lakhs borrowed by it from the Reserve Bank of India, on the due date of repayment, mainly on account of the scarcity conditions prevailing in that district and consequent failure of co-operative societies financed by it to repay their loans. The State Co-operative Bank paid the amount to the Reserve Bank of India immediately and recovered the amount subsequently from the Bank concerned. Enquiries were instituted into the causes for failure of the Bank to repay the loan in time and measures were taken to improve the management of the Bank and to regulate its advances, in consultation with the Registrar.

35 With a view to properly regulate the advances drawn from the Reserve Bank of India for seasonal agricultural and marketing operations, the central financing agencies were asked to pass on the repayments received from the societies during the harvesting season towards the repayment of loans drawn from the Reserve Bank of India, so that the repayments be linked up with recoveries from societies, whose pro-notes were endorsed to the Bank, for retiring the loans drawn from the Reserve Bank, irrespective of the period of the loans.

92 IV. ORGANISATION OF AGRICULTURAL CREDIT

36. It is now three years since the integrated institutional credit system for provision of agricultural and marketing credit to credit-worthy agriculturists in the State of Bombay was introduced. Due to the various legislative measures taken by the State Government to regulate money-lending and for adjustment of old debts of agriculturist borrowers, the sources of credit were denied to them or severely curtailed and an alternative agency for providing agricultural and marketing credit had to be created to replace the private agency. The co-operative agency was considered the most suitable in this State, there being already in existence a network of co-

operative central financing agencies and rural credit co-operatives. With a certain degree of reorganisation and with Government assistance, they were expected to play the role of an institutional credit system, for provision of short term and medium term agricultural credit, for raising of crops and marketing the produce and for land development or improvement.

37. During the year under review, attempts were made to organise new societies in the area of operation of this Bank and to increase the membership with a view to reaching the targets fixed by the Agricultural Credit Organisation Committee.

38. However, though attempts were being made to integrate the system of credit through the central financing agencies and the Apex Bank, the supervision and control over the primaries is largely maintained by the Co-operative Department through official Supervisors and Supervising Unions. For the efficient working of any system, the component units of the system and the links therein have to be closely and strongly knit. The present system of supervision over the primaries lacks such cohesion and integration and therefore, the progress of the development of the system has been slow. Without proper and adequate arrangements for efficient management and effective supervision, no satisfactory progress towards achieving the targets recommended by the Agricultural Credit Organisation Committee, can be made. Instead, without a trained and qualified personnel to manage the primaries and without efficient supervision, it is felt, the development is likely to be lopsided, and the efficiency and strength of different links of the credit organisations impaired.

39. The objective of the institutional credit system could not, however, be effectively implemented, firstly, because it was not properly understood in its true perspective by co-operative workers and much less by the borrowers. Secondly, it was not possible to effectively enforce the linking up credit with agricultural production and with marketing, which is the essential feature of the system, as suitable marketing organisations did not exist nor were the borrowers disciplined, for various reasons, in the method of co-operative marketing to market their produce through co-operative organisation or to link the credit drawn from societies to seasonal agricultural operations. A number of existing purchase and sale organisations were mismanaged and consequently confidence of farmers in them was lost. Besides, the scarcity conditions that prevailed during the last two years in different parts of the State, prevented timely liquidation of the loans advanced to the credit-worthy agriculturists necessitating additional credit for raising the next year's crop. For these and other reasons, the new system could not be effectively put into operation and the old method of sanctioning annual loan limits still continues in a large measure.

Crop Loan System

40. A meeting of the Administrative Officers or Managers of central financing agencies and the senior officers of the State Co-operative Bank

and of the Co-operative Department was convened by the Bank in March 1953, with a view to assessing the progress made in providing agricultural and marketing finance to credit-worthy agriculturists since the introduction of the institutional system of credit. Prof. D. R. Gadgil, Shri V. L. Mehta and the Registrar, Co-operative Societies, were present by special invitation. One of the important subject discussed at this meeting was the question of proper implementation of the crop loan system as envisaged in the Policy Statement of the Board issued in September, 1950.

41. Prof. D. R. Gadgil, whose advice and guidance is sought by the Bank in the working of the institutional credit system for providing agricultural credit, was of the opinion that while making the money available, the financing agencies, including the State Co-operative Bank, had not themselves reformed their procedure and methods of finance and had not made the agriculturists reform themselves. In his opinion, "*The whole idea of the crop loan is based on its being repaid immediately on the disposal of the crop on which the loan is secured. It is in these terms that the Bank has raised Reserve Bank finance against agricultural paper; and at least for observing properly the obligations towards the Reserve Bank, the central financing agencies should try to enforce the crop loan system in its proper sense. This involved exact ascertainment of crop areas, fixation of per acre limit for each crop for a region and insistence on the retirement of each separate set of crop loans in relation to the period of maturity and disposal of particular crops. It would be no exaggeration to say that comparatively highly placed officials of the Bank, of the Co-operative Department and of the Central Banks had themselves no complete idea of the implications and the operation of the crop loan system. However, to register any general progress in the working of the co-operative credit fabric, earnest efforts must be made at enforcing and operating a proper crop loan system. One of the major objectives of the new policy was to simplify granting of loans and to reduce the time required for giving them. With this aim in view, it was understood that when crop acreages were fully ascertained, there should be no attempt at cutting down arbitrarily the amount of the loan to which a member was entitled on the per acre loan limit fixed for particular regions. Also it was decided that individual limits may be fixed afresh by the higher authorities only once in three years and that ordinarily the local Agents should disburse the amount within the limit to which a member was entitled in relation to his actual crop area. No feature of this avowed system was yet in evidence anywhere. The arbitrary cutting down of loan amounts at all stages persisted, there had been no measure of devolution and neither simplicity in procedure nor saving in time had yet been obtained*". Prof. Gadgil stated that he was not dissatisfied with the rate of progress achieved so far. From a study of the total amount of money lent out by the central financing agencies in the past three or four years, one could reasonably assume that the rate of progress could not have been safely larger. But he was more concerned with the system and method of finance which was adopted by the Board in their policy statement, and

which was a clear departure from the old system prevailing. The present system of agricultural finance was so unmethodical and illogical in many spheres that a new crop loan system had to be adopted. Adequate and full finance, promptness of recovery on the maturity of the crops and feeling of trust and confidence were some of the essential features of the crop loan system and in his opinion advancing against repayments as per old system was not really a credit system. What should be depended upon was the scope and nature of farmer's productive activity. When this was so, it should both expand and contract and that could not be done until they got away from the system of financing against repayments. Broadly speaking if farmers were educated and a sense of confidence instilled in them about the working of this particular system, there was not the slightest doubt that the system could be put through, though there may be some practical difficulties. The central financing agencies had not suggested any retirement dates for different crop loan operations which was one of the salient features of the crop loan system. While congratulating the central financing agencies and in particular the Apex Bank for having made available considerable funds to the agriculturists and while some of the central financing agencies had worked to approximations in this system and their experience would be valuable, in order to justify the financial assistance from the State Government and the Reserve Bank of India, the central financing agencies must work in unison, feeling they were wedded to this system and the Co-operative Department was in duty bound to work in this particular system. The whole theory of the crop loan system would just collapse if they did not make a bold approach to the problem facing them.

42. However, while the co-operatives had not yet succeeded in eliminating the other parallel credit agencies and while the maintenance of accounts and efficiency of management were of a low order and while there were no strong marketing organisations, which were conducive to the evolution of a crop loan system, the implementation of the system uniformly in all areas was rather difficult and generally it would be beyond the capacity of any central financing agency or even the Apex Bank to try this system on a large scale in the prevailing circumstances. It was, therefore, agreed that the system on the lines indicated by Prof. Gadgil should be worked in selected areas for certain types of crops, where a definite attempt should be made to link up credit with marketing. The greater the extent of cash crops the more the proximity of crop loan system and the basis of finance on a uniform level and therefore the system could be worked in areas where large finance was provided through co-operatives for financing cash crops like sugarcane, potato, cotton and ground-nut.

43. *Measure of Agricultural Credit:* In order to assess the extent of the agricultural credit requirements of the entire agricultural industry of the Bombay State, the Conference discussed the various aspects of this ques-

tion and arrived at approximate requirements of the agricultural credit on the basis of the acreages of different crops and the scale of finance allowed for raising of crops in different areas. In the light of the discussions a detailed Note on "Finance for Agriculture" was submitted by the Chairman to the Planning Commission giving details of crop acreages and scale of loans advanced to cultivators by agricultural credit and multi-purpose societies for different crops. This was a comprehensive attempt to assess the requirements of crop loans through co-operatives. The rough estimate of agricultural finance indicated that the total seasonal agricultural credit for raising of crops was of the order of Rs. 108 crores for the Bombay State. (See Appendix A.) Of this, taking about 50% is provided by private agencies or met by the cultivators out of their own resources without resorting to outside borrowings, about 50% i.e. about Rs. 54 crores will have to be provided by the co-operatives. The resources of primary societies by way of their share capital, reserve fund and other funds and deposits approximately were Rs. 6.54 crores as at the end of the financial year 1951-52. The central financing agencies are, therefore, expected to provide about Rs. 47 crores within the period of the Five Year Plan if the credit requirements of all creditworthy agriculturist borrowers are expected to be met by the co-operative societies. The present resources of the central financing agencies including the State Co-operative Bank are of the order of Rs. 26 crores of which about Rs. 12 to 15 crores are available for meeting the demands from all types of co-operative societies, including urban or industrial societies as also marketing organisations, after making adequate provision for fluid resources for the deposit liabilities. It was thus evident that the resources of the central financing agencies have to be augmented to the extent of nearly Rs. 35 crores either by the State Government or the Reserve Bank of India, if adequate provision for agricultural finance through the integrated system of institutional credit is to be systematically attempted, and the working of the primary societies which are the pivot of the entire credit structure, has to be considerably improved and strengthened to regulate the proper flow of capital in the agricultural industry for increased production.

Offices of Central Financing Agencies

44. During the year under review, the central financing agencies and the Bombay State Co-operative Bank opened ten new branches at taluka headquarters in their areas of operation to provide banking facilities to the affiliated societies and thereby reducing the cost to the agriculturist borrowers. As observed previously, the branches opened with the permission of the Registrar, Co-operative Societies, Bombay State, Poona, were eligible for subsidies from the Government for meeting the deficits in their working expenses. The progress in connection with the opening of new branches by central financing agencies during the last three years is indicated in the following table:

	1953		1952		1951	
	Newly opened during the year	Total at the close of the year *	Newly opened	Total at the end of the year *	Newly opened	Total at the end of the year *
Bombay State Co-operative Bank	5	67	2	62	11	61
Central Financing Agencies	5	162	11	157	23	145
Total	10	229	13	219	34	206

(* excluding Head Office)

Resources of Central Financing Agencies

45. At the close of the year under review, in addition to the Bombay State Co-operative Bank, 11 District Central Banks, 6 Banking Unions and 8 Central Banks operating in parts of districts, were functioning in the Bombay State. Appendix B will indicate the resources and the extent of agricultural and other advances of central financing agencies at the end of the year under review. The following table indicates the total resources and advances of all the central financing agencies including the State Co-operative Bank:

(Amount in lakhs of Rupees)

Particulars	State Co-operative Bank			Central Financing Agencies			Total		
	1953	1952	1951	1953	1952	1951	1953	1952	1951
Paid-up Share Capital.	59.99	59.18	48.70	109.36	101.47	81.55	169.35	160.65	130.25
Statutory Reserve and Other Funds ...	54.34	39.27	37.16	94.13	85.60	77.96	148.47	124.87	115.12
Deposits ...	925.26	745.81	797.96	1198.92	1063.76	1122.02	2124.18	1809.57	1919.98
Other Borrowings ...	56.50	132.50	107.50	82.33	175.73	93.54	138.83	308.23	201.04
Total ...	1096.09	976.76	991.32	1484.74	1426.56	1375.07	2580.83	2403.82	2366.39

Advances:

SOCIETIES:

Agricultural ...	248.42	211.74	151.99	468.22	397.40	286.68	716.64	609.14	438.67
Non-agricultural ...	154.51	224.72	250.15	148.21	240.55	233.89	302.72	465.27	484.04

INDIVIDUALS:

Agricultural ...	4.87	6.79	4.10	14.26	13.92	15.34	19.13	20.71	19.44
Non-agricultural ...	33.84	57.65	80.22	126.31	120.16	146.32	160.15	177.81	226.54

Total ...	441.64	500.90	486.46	757.00	772.03	682.23	1198.64	1272.93	1168.63
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C. F. As. from Reserve

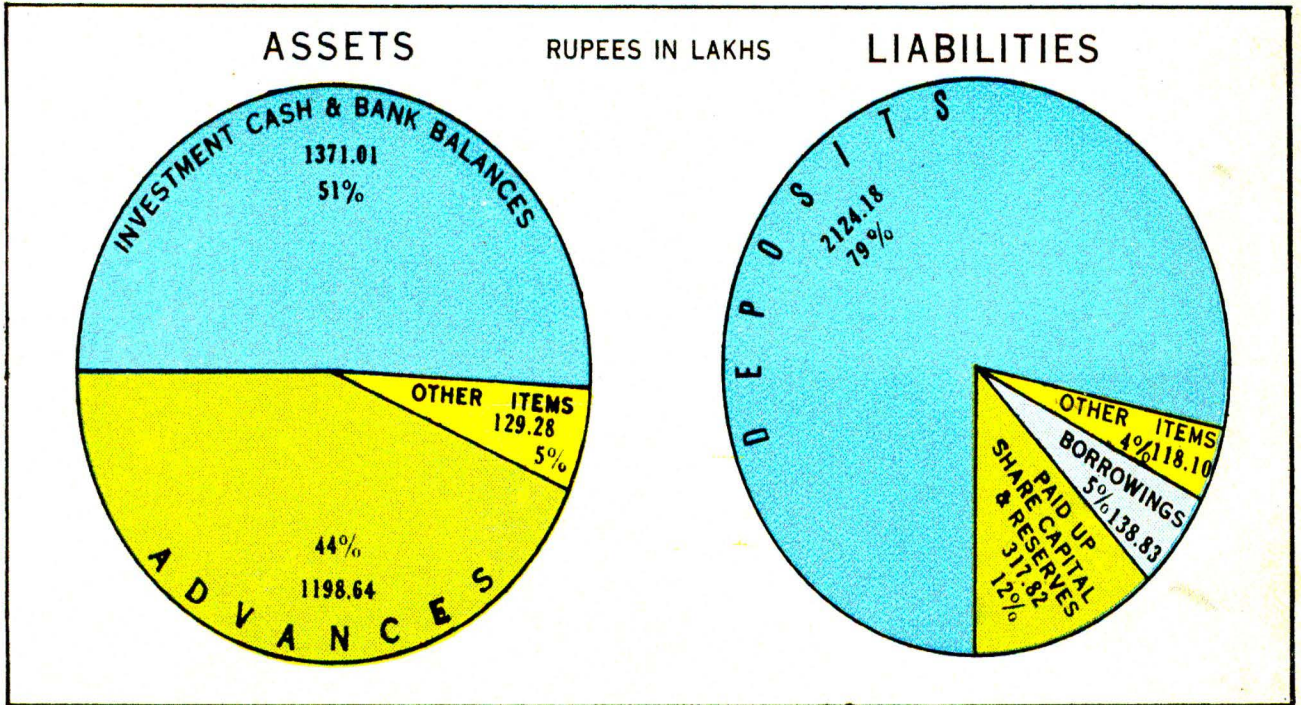
Bank ...	67.43	148.34	36.00	—	—	—	67.43	148.34	36.00
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THE BOMBAY STATE CO-OPERATIVE BANK LTD.

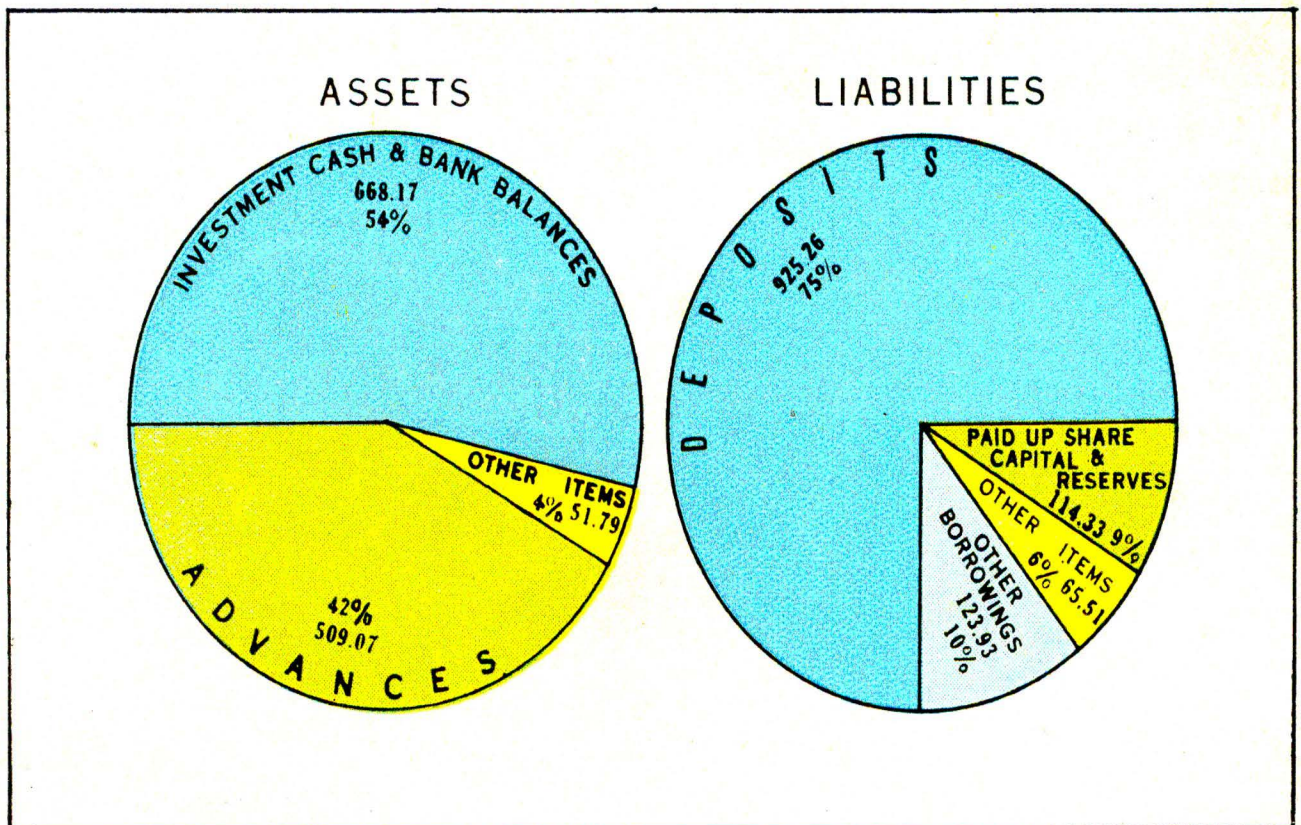
1952-53

GRAPH OF ASSETS AND LIABILITIES OF CENTRAL FINANCING AGENCIES
IN BOMBAY STATE & THE BOMBAY STATE CO-OPERATIVE BANK LTD.

BOMBAY STATE CO-OPERATIVE BANK LTD. & OTHER CENTRAL FINANCING AGENCIES



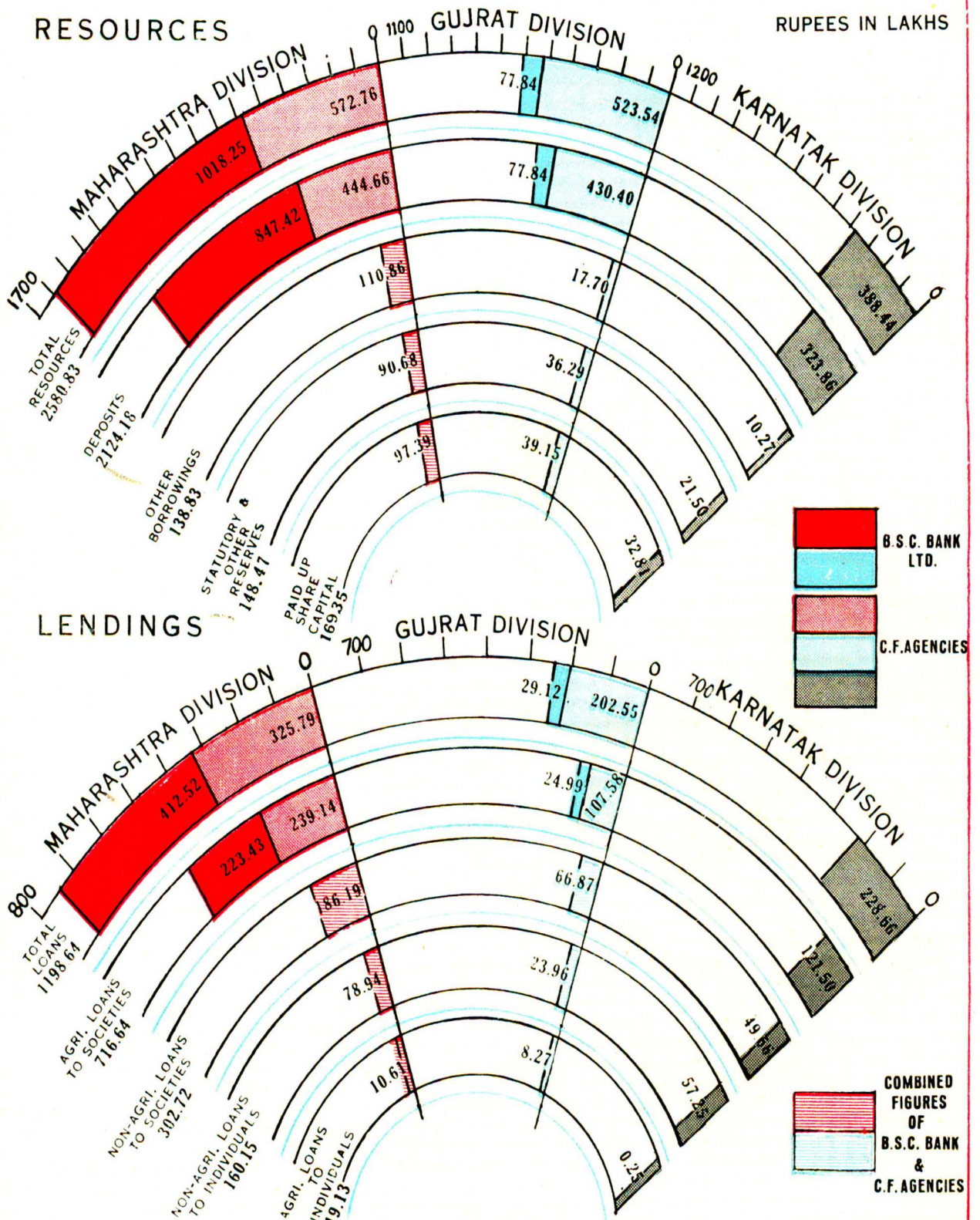
BOMBAY STATE CO-OPERATIVE BANK LTD.



THE BOMBAY STATE CO-OPERATIVE BANK LTD.

1953

RESOURCES OF CENTRAL FINANCING AGENCIES AS ON 30-6-1953



46. The volume of loans to agricultural societies increased as the number of societies rose, especially in backward and underdeveloped areas. Scarcity conditions prevailed in a major part of the State necessitating additional finance for the next year's agricultural operations, without repayments of the current year's dues which were required to be extended on account of failure of crops. It would be observed that the owned resources of the central financing agencies show steady increase while the non-agricultural advances to individuals are gradually reduced, indicating the general trend of discouraging direct advances to individuals.

47. During the year under review, the Rule No. 8 of the Bombay Co-operative Societies Rules was amended in order to raise the limit for outside borrowings by the State Co-operative Bank from 12 times to 15 times its own funds and of other central financing agencies from 8 times to 12 times of their paid-up share capital, statutory reserve and building fund less losses, if any. This revision of borrowing power of the central financing agencies has enabled them to meet the increasing demands from co-operative institutions.

V. AREA OF OPERATION OF THE BANK AS "CENTRAL FINANCING AGENCY"

48. During the year under review, the area of operation of the Bank was extended to Dhari and Khambha Talukas of the Amreli District, as the Dhari Taluka Co-operative Banking Union ceased to function. At the request of the Registrar, Co-operative Societies, Bombay State, Poona, a branch of the Bank was opened at Dhari for providing agricultural finance to the societies in that area. At the close of the year under review, the Bank functioned as a "central financing agency" in seven complete Revenue Districts and in parts of nine other Revenue Districts of the Bombay State, as detailed below:

Complete Districts served by the Bank	No. of Branches	Parts of Districts served by the Bank		
		District	No. of Branches	Parts served by the Bank
1. Nasik ...	11	1. Thana	5	Whole of the District except Wada and Mokhada Talukas served by the Wada Taluka Banking Union.
2. Kolaba ...	2	2. Sholapur	2	Malshiras Taluka only
3. Dangs ...	1	3. Kolhapur	3	1. Karvir, 2. Kagal, 3. Radhanagari, 4. Budhargad, 5. Bavada, 6. Gadhinglaj Talukas and 7. Ajra Mahal
4. Ahmednagar ...	12	4. Panch-Mahals	3	1. Godhra, 2. Deogad-Baria, 3. Santrampur, 4. Lunawada, 5. Shihore, and 6. Limkheda Talukas.
5. W. Khandesh	10	5. Ahmedabad	2	1. Viramgam and 2. Dhandhuka Talukas
6. Sabarkantha ...	3	6. Amreli	1	1. Dhari and 2. Khamba Talukas and 3. Ghogo Mahal.
7. Banaskantha	2	7. North Satara	3	1. Koregaon, 2. Wai, 3. Khatav, 4. Man Talukas and 5. Mahabaleshwar Mahal.
		8. South Satara	5	1. Khanapur and 2. Walva Talukas and 3. Atpadi and 4. Shirala Mahals
		9. Ratnagiri	2	1. Savantwadi, 2. Vengurla, 3. Kudal, 4. Devgad and 5. Rajapur Talukas

Branches of the Bank:

49. Five new branches of the Bank were opened during the year under review, with the permission of the Registrar, Co-operative Societies, Poona, as required under bye-law No. 2 (d):

1. Dhari in the Amreli District.
2. Karjat in the Kolaba District in Community Project Area.
3. Murgud in the Kolhapur District.
4. Malegaon Town Pay Office in the Nasik District.
5. Loni in the Ahmednagar District.

The first two branches were opened with the object of providing banking facilities to co-operatives in backward and undeveloped areas on the assurance from the Registrar to grant subsidies to meet deficit in working expenses, if any; while the remaining three branches were opened in view of expanding business of the existing branches in those areas. In the case of the latter, no Government subsidy is asked for as the branches are expected to be self-supporting. At the close of the year, the total number of branches was 67 as against 62 at the close of the previous year, of which seven offices worked as sub-branches.

VI. BOARD OF DIRECTORS

50. It will be recalled that on the recommendation of the Agricultural Credit Organisation Committee, when the Co-operative Banks undertook the responsibility to provide agricultural and marketing finance to creditworthy agriculturist borrowers, the constitution of the Bank was revised making it more broadbased and of a federal type to secure an integrated structure for institutional credit. For this purpose the representation given to central financing agencies and to co-operative interests on the Board of Directors of the Bank was enlarged, each central financing agency working for the whole Revenue district being entitled to nominate its representative on the Board. Other co-operative interests like the primary societies in areas served by the Bank directly, the marketing societies and urban banks were given adequate representation so that they could have a voice in shaping the policies and programmes of the Bank in a larger measure than hitherto.

51. The Board of Directors of the Bank as constituted as per Bank's Bye-law No. 62, consists of 34 Directors, representing different constituencies, as under:—

Directors nominated by District Central Co-operative Banks	...	...	12
Directors representing affiliated Co-operative Societies in the districts where the State Co-operative Bank functions as a Central Bank	...	...	6
Directors elected by Co-operative Banking Unions and other financing agencies for a part of a district	...	...	2
Directors elected by Urban Co-operative Banks	...	...	4

Directors nominated by the Provincial Co-operative Marketing Society	...	...	...	...	1
Directors elected by individual Shareholders	...	...	...	...	5
Representatives of the Bombay State Government	...	...	...	...	3
Managing Director (Ex-Officio)	...	...	...	...	1
					—
			Total	...	34
					—

Directors other than those nominated by the central financing agencies, Provincial Marketing Society and the State Government, who are nominated every year, are elected every alternate year.

52. The Board of Directors held five meetings during the year under review and generally discussed questions concerning policy decisions and matters of administrative importance.

Executive Committee

53. The Board of Directors elect annually from among themselves, an Executive Committee consisting of 12 Directors, of whom three are from among the nominees of the Central Banks and one from among the nominees of the State Government. The Executive Committee is responsible for the day to day administration of the Bank and meets every month. The Executive Committee held 12 meetings during the year.

54. The Executive Committee appoints every quarter a Sub-Committee consisting of the Chairman, the Managing Director and three other Directors on the Executive Committee, and certain powers of the Board of Directors under the Bye-law No. 72 of the Bank, are delegated to the Sub-Committee to facilitate day to day business of the Bank, such as sanctioning of loan applications, disposal of references received from the Registrar and other matters relating to the administration of the Bank. The Sub-Committee meets every week. The Sub-Committee held 51 meetings during the year.

55. In addition to this, the Board of Directors appointed three other special sub-committees, as under:

(a) *Agricultural Credit Sub-Committee*: The Committee consisted of 9 Directors, and was constituted to consider applications received from individual share-holders of the Bank for seasonal agricultural loans. The Committee met 3 times during the year and sanctioned agricultural loans to 8 individuals for a total amount of Rs. 1,21,000 and recommended to the Executive Committee applications of 5 members of the Bank for a total amount of Rs. 1,40,000.

(b) *Law Committee*: The Committee consisted of 6 Directors and considered questions in respect of legal matters referred to it. During the year, the Committee held two meetings.

(c) *Staff Committee*: The Board of Directors appointed a Staff Committee to revise the scales of pay and other allowances and to generally

frame rules and regulations for the Bank's employees. The Committee held four meetings during the year. On the recommendation of the Staff Committee, the grades and pay-scales are revised and liberalised and Rules for payment of gratuity on the retirement or premature death of employees have been introduced.

Branch Committees

56. With a view to associate the representatives of affiliated co-operative societies with the working of the branches, Branch Committees are formed under the provision of Bye-law No. 72 (i) (2), and certain powers of the Board in respect of sanctioning of loans to agricultural societies are delegated to them. A Branch Committee is formed generally where the number of societies affiliated to a branch and having loan operations, exceeds 40. The number of members on a Branch Committee varies from three to five, according to the size of the branch and the number of affiliated societies.

57. At the close of the year, 43 branches of the Bank had Branch Committees, as against 35 of the last year, attached to them. The total strength of the members of the Branch Committees was 215 as against 170 of the last year. The Board of the Bank nominated its nominees on 9 Branch Committees as against 4 of the last year, in order to associate eminent co-operators or local co-operative leadership with the working of the branches and to secure their co-operation. Out of the 43 Branch Committees, 29 Branch Committees have been authorised by the Board under Bye-law No. 72 (i) (2) to sanction loans and credits to agricultural societies within certain limits and on certain conditions prescribed by the Board. The Committees sanctioned loans and credits amounting to Rs. 43.03 lakhs to 612 societies during the year. It is observed that sanction of loans by the Branch Committees to co-operative societies during the year under review was less, as compared to that of the previous year due to the fact that owing to scarcity conditions prevailing in major districts in the area of operation of this Bank, most of the societies could not repay the Bank's dues in full, and as per rules, the loan or credit applications of such societies could not be sanctioned by Branch Committees and had to be referred to the Bombay Office for sanction.

58. Expenses of the Branch Committees such as their travelling expenses for attending meetings or for visiting affiliated societies or printing their reports are met by grants sanctioned by the Board on the approval of their budgets by general meetings. Total grants sanctioned during the year amounted to Rs. 10,370 as against an amount of Rs. 7,685 sanctioned last year, while actual amount spent was Rs. 7,341 as against Rs. 6,833 during the previous year.

59. Unlike the Advisory Committees or Local Boards of the commercial banks or some of the District Central Co-operative Banks, the mem-

bers of the Branch Committees are elected by the affiliated societies. The Branch Committees serve as an electoral college for electing Directors representing co-operative societies under Bye-law No. 62 (B), in areas where the Bank functions directly as a central financing agency. Members of the Committee visit affiliated societies for propaganda and for stimulating recoveries and very often give valuable guidance to the local officials of the Bank and serve as a non-official link between the affiliated societies and the Board of the Bank. The Branch Committees thus are of considerable importance to the Bank not only in establishing contacts with the primary societies in their respective areas and for consultation on local problems but also in providing training to the members of managing committees of societies in the conduct of the business of the Bank, and in providing opportunities to encourage local leadership to take an active interest in the working of the Bank and its affiliated societies. Though it has been the accepted policy of the Board of Directors to encourage formation of separate central financing agencies for districts served by the Bank at present, the present system of formation of Branch Committees with delegation of powers of the Board in certain matters gives to the movement and the societies all the advantages of a centralised institutional credit organisation imparting strength to the movement both in financial and administrative matters, without impairing local leadership and local initiative. For a planned development of the institutional credit organisation, and for the planned progress of the movement such a system which ensures efficiency of a centralised administration and association and initiative of local leadership is perhaps better suited than to have smaller independent units.

VII. SHARE CAPITAL AND MEMBERSHIP

60. During the year under review, the paid up share capital increased by Rs. 80,550 following the allotment of new shares to co-operative societies for purposes of affiliation and to Central and Urban Banks for acquiring voting qualification under Bye-law No. 62. The following table will show the increase in the paid-up share capital and membership during the last five years:

Year	Paid-up Share Capital Rs.	Number of members and their shareholdings						Govt. Contribution to the Share Capital	
		Co-op. Institutions			Individuals			No. of Shares	P.C. to Share Capital
		No. of Institutions	No. of shares held	P.C. to share Capital	No. of members	No. of shares held	P.C. to Share Capital		
1948-49	20,62,250	3963	24,933	60.5	2694	16,312	39.5	—	—
1949-50	48,26,200	4146	40,703	42.2	3313	23,821	24.7	32,000	33.1
1950-51	48,69,750	4855	41,883	43.0	3623	23,512	24.1	32,000	32.9
1951-52	59,18,600	5253	45,459	38.4	4073	20,913	17.6	52,000	44.0
1952-53	59,99,150	5524	47,369	39.5	4181	20,614	17.2	52,000	43.3

61. Of the total membership of 9705, co-operative institutions formed 56.9 percent as against 56.3 percent of the previous year, and the capital subscribed by co-operatives was 69.7 percent as against 68.4 percent as at the end of the previous year, exclusive of the capital subscribed by the Government of Bombay.

“B” Class Membership

62. Under Bye-law No. 12 (A) persons who are members of primary co-operative societies or are parties to proceedings under the Bombay Agricultural Debtors’ Relief Act or are creditworthy agriculturists, can be admitted as ‘B’ class members, having no right to participate in the management, for the purpose of borrowing loans against (a) valuables, (b) agricultural produce, and (c) for raising of crops. The following table indicates the number of members of this class as at the end of the past five years:

Year	Members of primary Co-operative Societies	Persons who are parties to proceedings under the B.A.D.R. Act.	Persons who are “credit-worthy” agriculturists.
1948-49	752	304	—
1949-50	933	314	—
1950-51	1216	317	—
1951-52	1570	317	285
1952-53	2037	317	556

63. There is no change in the number of members, admitted under class ‘B’, who are parties to the proceedings under the Bombay Agricultural Debtors’ Relief Act. The B class membership of creditworthy agriculturists, other than members of registered co-operative societies and of those who are members of registered co-operative societies has increased by 271 and 467 respectively, during the year. The steady increase in the two classes of membership indicates that agriculturists are taking greater advantage year by year of the facilities offered to them by the Bank by way of accommodation against valuables or for raising of crops.

64. The 41st Annual General Meeting of the Shareholders of the Bank was held on 27th September 1952, Shri R. G. Saraiya, Chairman of the Board, presiding. The Chairman, while reviewing the working of the Bank during the financial year, referred to the monetary conditions prevailing during the year and to the role the co-operatives have to play in the execution of the Five Year Plan or in the Community Projects.

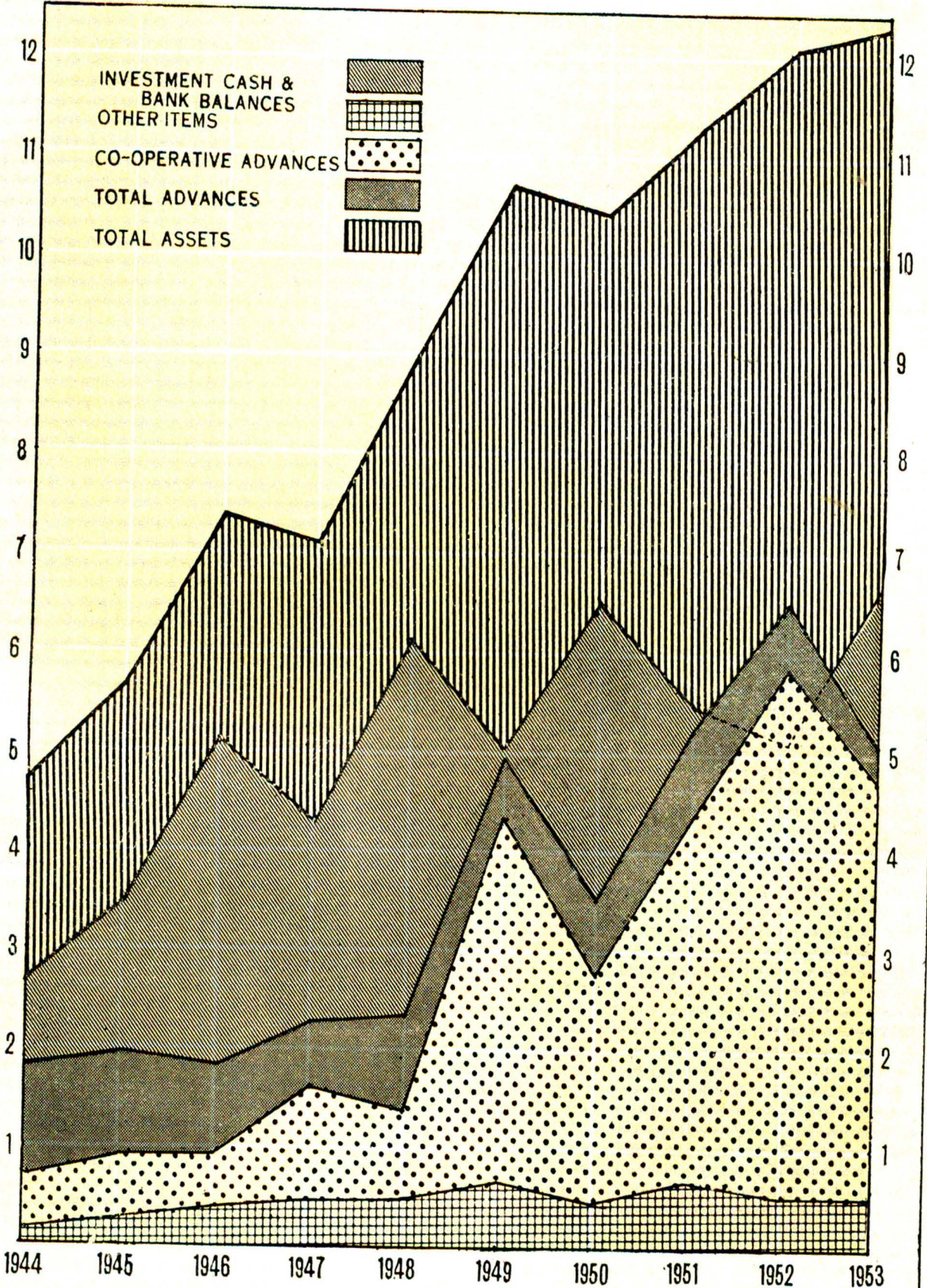
VIII. BANKING OPERATIONS

65 The monetary indices showed a fair degree of stability during the year under review with no material alterations in the figures of Notes in circulation with the result that the position of Bank deposits and money

PROGRESSIVE GRAPH SHOWING ASSETS OF
THE BOMBAY STATE CO-OPERATIVE BANK LTD.
 1944-1953

RUPEES IN CRORES

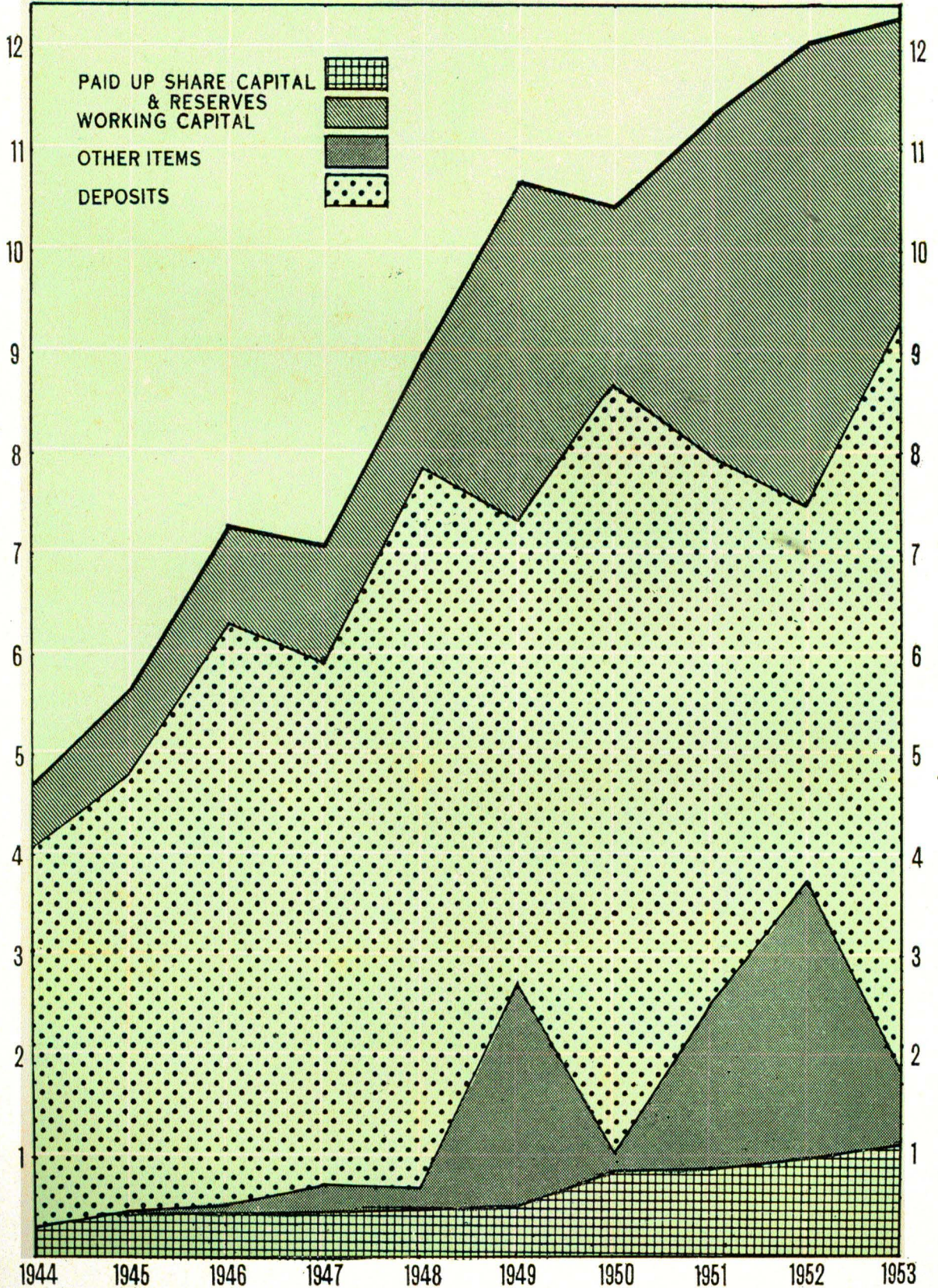
ASSETS



PROGRESSIVE GRAPH SHOWING LIABILITIES OF
THE BOMBAY STATE CO-OPERATIVE BANK LTD.
 1944-1953

LIABILITIES

RUPEES IN CRORES



in circulation remained virtually unchanged. During the first half of the year the prices disclosed a downward trend but the position was reversed after December 1952 and the prices showed a rising tendency till the year-end indicating a higher index of wholesale prices and the working class cost of living in Bombay.

66. In spite of the scarcity or famine conditions prevailing in many parts of the State, the owned capital as well as the working funds of the Bank registered a further rise during the year. The steady progress both in the owned and working funds maintained during the past five years is enumerated in the table given below:

(Amount in lakhs of Rupees)

Particulars	30-6-49	30-6-50	30-6-51	30-6-52	30-6-53
A. Owned Funds:					
1. Paid-up Share Capital ...	20.62	48.26	48.70	59.18	59.99
2. Statutory Reserve Fund ...	8.16	11.58	12.69	14.01	15.68
3. Building Reserve ...	1.40	1.40	1.62	1.72	1.82
4. Sinking Fund for Debentures ...	3.25	3.43	3.61	3.80	3.99
5. Reserve for bad and doubtful debts ...	7.18	7.16	7.22	6.81	11.00
6. Reserve for overdue interest ...	3.65	3.65	1.56	1.56	3.00
7. Other reserves ...	5.74	6.19	10.46	11.37	18.84
Total	50.00	81.67	85.86	98.45	114.32
B. Working Capital:					
	1063.00	1044.00	1130.00	1218.00	1229.00

67. The reserves for bad and doubtful debts and the reserve for overdue interest were augmented during the year under review to cover adequately the expected doubtful debts and overdue interest. The total reserves of all kinds held by the Bank at the end of the year under review stood at Rs. 54.33 lakhs as against Rs. 39.27 lakhs as at the end of the previous year. During the year under review, a refund of Rs. 6.88 lakhs was received from the income-tax paid at the source during the years 1946 to 1951. An amount of Rs. 4 lakhs out of this refund was utilised for augmenting the reserve for bad and doubtful debts. The Credit Stabilisation Fund created out of the dividend paid in excess of 3% on the share capital subscribed by the Government, increased to Rs. 78,792 from Rs. 40,600.

68. *Deposit and Loan Liabilities:* The following table indicates the deposit and loan liabilities of the Bank, as at the end of each of the last five years:

(Amount in lakhs of Rupees)

Particulars	1948-49	1949-50	1950-51	1951-52	1952-53
A. Deposits :					
1. Fixed :					
(a) Societies ...	64.60	94.83	122.55	82.98	237.28
(b) Individuals ...	115.30	117.36	88.63	104.65	127.58
2. Current & Savings :					
(a) Societies ...	209.38	233.49	224.55	235.09	223.43
(b) Individuals ...	330.30	343.56	344.41	315.28	333.97
3. Call Deposits ...	19.00	71.00	17.81	7.81	3.00
4. Staff Provident Fund.	8.52	9.74	11.04	12.22	13.67
Total ...	747.10	869.98	808.99	758.03	938.93
B. Loans :					
1. Debentures ...	6.50	6.50	6.50	6.50	6.50
2. Loan (from State Govt. (for cloth and yarn) ...	200.00	5.00	1.00	6.00	—
3. Advances from Reserve Bank of India for C.F. Agencies ...	5.00	21.00	36.00	148.34	67.43
4. „ for the Bank ...	—	10.00	97.00	20.00	50.00
Total ...	211.50	42.50	140.50	280.84	123.93
Grand Total of A & B ...	958.60	912.48	949.49	1038.87	1062.86

69. The total deposits show an increase of Rs. 181 lakhs as at the end of the year under review, mainly due to increase in Time Deposits of Rs. 154 lakhs from societies and Rs. 23 lakhs from individuals. The Demand Deposits from societies have, however, decreased by Rs. 11.6 lakhs but demand deposits from individuals show a rise of Rs. 18.7 lakhs. The increase in deposits from co-operative societies is due mainly to (i) slightly higher rates of interest offered by the Bank on short term deposits to apex institutions to retain their funds within the movement, but these rates were on par with those quoted by first class commercial banks in Bombay, and (ii) release of funds invested with consumers' or sale societies due to gradual decontrol of essential commodities like cloth and foodgrains. The Bank has maintained the progressive rise in deposits, in spite of the Bank's maintaining its interest rates on deposits on par with those offered by the leading Indian commercial banks and even at a time when the deposits with the scheduled banks showed a downward trend.

70. As a result of the increase in the deposits and due to decontrol of cloth and yarn, the Bank had no occasion to borrow from the State Government during the year. The average amount of call deposits borrowed was much lower than in the previous year. For the same reasons the borrowings from the Reserve Bank of India were reduced to Rs. 50 lakhs

from Rs. 120 lakhs of the previous year, while such borrowings for the central financing agencies were reduced from Rs. 148.34 lakhs in the previous year to Rs. 67.43 lakhs.

71. The trend of demand and time liabilities in deposits (excluding debentures and other borrowings of the Bank) as at the end of each of the last five years is given in the statement below:

(Amount in lakhs of Rupees)

Year	A Time liabilities	Percentage to total deposits	B Demand liabilities	Percentage to total deposits	Total of A & B	Ratio of A & B
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
1951-52	200	26.39	558	73.61	758	1:2.79
1952-53	379	40.36	560	59.64	939	1:1.48

Due to the increase in fixed deposits during the year under review the ratio between time and demand liabilities shows an appreciable fall of nearly 50%.

72. *Fluid Resources:* Under Rule 18 (a) of the Bombay Co-operative Societies' Rules, the total fluid resources against the deposit liabilities required to be maintained by the Bank, amounted to Rs. 309.72 lakhs as at the close of the year, while the fluid resources available stood at Rs. 520.37 lakhs, as under, showing a surplus of Rs. 210.65 lakhs:

1. Cash on hand and with approved Banks (current and at call)	Rs.	96.68 lakhs
2. 90% of investments in Government Securities and 80% of Trustee Securities held by the Bank (less borrowings against them)	Rs.	415.69 lakhs
3. 80% of fixed deposits with Banks	Rs.	8.00 lakhs
	Total	Rs. 520.37 lakhs
<i>Less</i> Fluid resources required		Rs. 309.72 lakhs
Surplus available		Rs. 210.65 lakhs

73. The State Co-operative Bank works as the balancing centre for the co-operative institutions in the Bombay State and is also the repository of surplus funds of the Central Banks, not only in Bombay State but also of Co-operative Banks in other States of the Indian Union. The Board of Directors have, therefore, considered it prudent to maintain a greater fluidity for its resources than is required under the statutory provisions of Rule 18 (a) of the Bombay Co-operative Societies' Rules and have scrupulously maintained this high standard throughout the year under review, even during periods of stringency in the money market.

74. *Investments in Government and Trustee Securities:* As a result of the increase in deposits and comparatively smaller demand for financial accommodation from co-operative institutions, the surplus funds of the

Bank were invested in Government and Trustee Securities. Consequently, the investments in such securities increased during the year under review from Rs. 4.24 crores of the previous year to Rs. 5.35 crores as at the end of the year under review. The book value of investments as at the close of the year stood at Rs. 535.65 lakhs while their face value was Rs. 543.33 lakhs, the market value being Rs. 521.10 lakhs. As 82% of the investments mature within 10 years and the rest have a maturity of not more than 15 years, the Board of Directors considered the provision in present Investment Reserve as adequate to cover the short margin between the book and market values.

75. Cash at hand and in Banks at the close of the year inclusive of deposits with approved Banks was Rs. 106.68 lakhs as against Rs. 79.31 lakhs at the end of the previous year. The average daily cash on hand and with the Reserve Bank of India, Bombay, stood at Rs. 53.71 lakhs as against Rs. 58.94 lakhs during the previous year, and was 5.7% of the total deposit liability.

76. *Borrowing Rates:* The money conditions were somewhat steady during the year under review. There was a fair increase in the Bank's deposits while the demands from co-operative institutions were lower due to the release of their funds from the distribution activities consequent on the Government's policy of steady relaxation of controls. As a result, the average borrowing rate for deposits showed a decrease of 0.29% over the previous year's rate, inspite of the Bank offering slightly higher rates for some of the deposits from the apex co-operative institutions. The trend of the average borrowing rate, management expenses and cost of borrowing during the last five years is indicated in the following table:

Particulars	1948-49 %	1949-50 %	1950-51 %	1951-52 %	1952-53 %
1. Average borrowing rate for deposits & loans borrowed ...	1.09	0.92	0.95	1.40	1.11
2. Management expenses to deposit & loan liabilities ...	1.36	1.64	1.77	1.77	1.77
3. Net cost of borrowed funds including management expenses ...	2.45	2.56	2.72	3.17	2.88

77. *Inland Exchange Operations and Remittance of Funds:* As the Bank functions as a balancing centre for co-operative institutions not only in Bombay State but also for co-operative banks in other States and has operations in a commercial city like Bombay, it has to undertake inland exchange operations and remittance of funds between various centres. The Co-operative Banks' Association in collaboration with this Bank has evolved a system for mutual arrangement between Co-operative Banks—Central and

Urban—in the State for collection of bills and drawing of demand drafts at concessional rates on member-banks in important trade centres. Besides this mutual arrangement for co-operative banks, arrangements for collection of bills and drawing of drafts are arranged at places where there are no co-operative agencies, through approved commercial banks. The facilities thus made available have considerably helped the co-operative banks to attract deposits from the commercial and business community and to promote banking habits in rural and semi-urban areas, as also in commercial centres. The following table indicates the volume of business handled by the Bank during the last five years:

(Number in Hundreds and Amount in lakhs of Rupees)

Particulars	1948-49		1949-50		1950-51		1951-52		1952-53	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
HEAD OFFICE :										
Drafts issued & local bills collected ...	515	1,465	535	1,555	557	1,733	578	1,598	519	1,361
Up-country Bills collected ...	470	393	510	322	504	339	470	311	420	300
Total :	985	1,858	1045	1,877	1061	2,072	1048	1,909	939	1,661
BRANCHES :										
Drafts issued and local bills collected	1628	2,041	1747	1,823	1802	1,780	1920	1,920	2098	1,787
Up-country Bills collected ...	754	1,435	743	1,246	725	1,224	792	1,242	849	1,007
Total :	2382	3,476	2490	3,069	2527	3,004	2712	3,162	2947	2,794
Grand Total :	3367	5,334	3535	4,946	3588	5,076	3760	5,071	3886	4,455

78. While the number of bills and drafts showed an increase of 3%, the turnover was reduced by about 12% as compared to that of last year mainly on account of the unsteady trend in commodity prices. The discounting of bills was suspended for some time due to falling commodity prices in February/March 1952. After the tone of prices improved, discounting of bills within reduced limits was renewed during the year under review, only to Bank's shareholders having long business connections with the Bank.

79. In implementing the recommendations of the Rural Banking Enquiry Committee, the Reserve Bank of India has liberalised its exchange rates for remittance of funds to and from Bombay, through the Government Treasuries. The facility was continued for free remittances, once a week, for transfer of funds from Branches or central financing agencies having offices at headquarters of branches of the Imperial Bank of India, to their

accounts with the Bank at Bombay. Remittances from Branches of our Bank under this arrangement during the year under review amounted to Rs. 121.11 lakhs as against Rs. 131.50 lakhs last year. Remittances by mail or telegraphic transfer through Government Treasuries for which remittance charges are charged, amounted to Rs. 469.84 lakhs as against Rs. 484.91 lakhs last year. On the recommendation of the Rural Banking Enquiry Committee, remittance charges for mail or telegraphic transfers were reduced by the Reserve Bank of India to 1/64% during the year under review.

80. In addition to the above transfers of funds by branches to Head Office through the agency of the Reserve Bank of India and Sub-treasuries, inter-branch remittances amounted to Rs. 798.32 lacs. As a safety measure against the risks involved in carrying cash remittances, the cash in transit is fully covered by insurance against theft and robbery. The cash in safe at branches and Head Office was similarly insured for Rs. 36.67 lakhs. The insurance premia for transit insurance and insurance of cash amounted to Rs. 16,367-8-0 as against Rs. 17,826-10-0 for the previous year.

The Bombay Bankers' Clearing House

81. Bombay being the leading terminal commercial and trade centre, the Bombay Bankers' Clearing House has to clear a very large volume of cheques and bills. As one of the important banking institution of the City, the Bank is a member of the Clearing House. The average amount of cheques drawn on the Bank and cleared by other Banks daily declined moderately in value by Rs. 3.85 lakhs, the number of instruments handled remaining steady, as indicated in the following table:

Year	No. of Sub-Members	Number and amount of cheques on other Clearing Banks in Bombay cleared per day		Number and amount of cheques on this Bank cleared per day.	
		No.	Amount	No.	Amount
1948-49	14	1,015	Not available	1,286	Not available
1949-50	14	1,075	Rs. 22.96 lakhs	1,443	Rs. 18.68 lakhs
1950-51	20	1,409	„ 26.25 „	1,863	„ 23.58 „
1951-52	22	1,450	„ 24.95 „	1,938	„ 22.90 „
1952-53	23	1,383	„ 25.53 „	1,935	„ 19.05 „

Most of the Co-operative Urban Banks operating in Greater Bombay are admitted as Sub-members of this Bank for Clearing House arrangement. The number of sub-members increased by one during the year under review. The daily average number of cheques drawn on sub-member banks was 796 of an average value of Rs. 2.93 lakhs as against 772 cheques for Rs. 4.12 lakhs for the previous year.

Profit and Loss Account

82. The following table indicates the management expenses and the net-profits of the Bank during the past five years:—

(Amount in lakhs of Rupees)

Particulars	1948-49	1949-50	1950-51	1951-52	1952-53
1. Establishment Charges ...	7.21	8.52	9.50	9.94	10.24
2. Inspection Charges ...	1.61	1.84	2.21	3.15	3.45
3. Contingent Expenses ...	3.53	3.89	4.39	4.43	4.30
4. Directors' & Auditors' fees ...	0.28	0.32	0.27	0.30	0.32
5. Contribution to Staff Provident Fund ...	0.42	0.47	0.52	0.57	0.62
Total ...	13.05	15.04	16.89	18.39	18.93
6. Net Profit ...	4.28	4.55	5.48	7.69	6.31
7. Total Gross Income ...	17.33	19.59	22.37	26.08	25.24

The General Meeting of the Shareholders was held on 26th September, 1953 at which the audited accounts were adopted. After making statutory allocations of profits, a dividend at 5% was declared.

83. The establishment expenses and the inspection charges together increased to Rs. 13.69 lakhs as against Rs. 13.09 lakhs for the previous year. The ratio of expenses to the gross income of the Bank for the year under review was 75% as against 70% in the previous year. It would be observed that this ratio of expenses to gross income is higher than in commercial banks of our size, mainly on account of higher inspection and supervision charges due to smaller but larger number of loan operations over a wider area of operation than in any commercial banks. The Bank has to maintain unremunerative branches in rural or semi-urban areas where it makes direct advances to societies as a central financing agency, for facilitating closer supervision and contacts with affiliated societies and to provide banking facilities to them. Out of the 67 branches of the Bank twentyfive branches were uneconomic branches and the deficit in their working amounted to Rs. 1.04 lakhs. Of the twentyfive uneconomic branches, 13 branches are eligible for subsidy from Government amounting to Rs. 43,000 to meet the deficit, while the remaining branches are maintained inspite of the deficit, in the interest of the co-operative societies in the respective areas. This is an indirect service which the Bank renders to the Co-operative Movement.

IX. ADVANCES TO CO-OPERATIVE INSTITUTIONS

Central Financing Agencies

84. Central financing agencies in Bombay State obtain financial accommodation for financing agricultural and marketing societies, from the Reserve Bank of India, through this Bank. However, for their other types of advances to co-operatives and individuals, they are required to approach the State Co-operative Bank, as the apex banking institution, for financial

accommodation by way of Overdrafts in current accounts against Government and Trustee Securities and Cash Credits against re-endorsement of co-operative paper.

85. During the year under review, 25 co-operative central financing institutions including 3 apex co-operative financing institutions of other States, were provided financial accommodation by the Bank, the accommodation granted to the latter being on the security of gilt-edged securities as per provisions of Bye-law No. 72 (i) (3). The limits sanctioned to and outstandings with the central financing agencies at the close of the year, as compared with previous three years, are as under:

(Amount in lakhs of Rupees)

Nature of Accommodation	Limits Sanctioned.				Amount Outstanding.			
	1953	1952	1951	1950	1953	1952	1951	1950
1. Cash Credits ...	22.50	62.25	36.75	16.25	2.67	8.49	13.81	2.13
2. Overdrafts (against Govt. Securities ...)	120.36	137.10	147.30	141.48	5.10	14.49	31.72	11.23
3. Fixed Loan (against Bank's Fixed Deposits) ...	Nil	0.45	1.35	5.05	Nil	Nil	0.45	Nil

86. The accommodation granted against Government securities is generally utilised for the purposes of fluid resources and is not utilised to the extent of sanctioned limits and cash credits are operated only to replenish their advances whenever required or when their own resources are fully employed. This explains the limited outstandings at the close of the year as compared to the large limits sanctioned. Maximum drawings during the year on Overdraft limits were Rs. 60.44 lacs.

87. Out of the total limits of Rs. 22.50 lacs sanctioned as cash credits, Rs. 13 lacs were sanctioned to six central financing agencies for financing agricultural operations and the maximum drawings on such cash credits amounted to Rs. 6.86 lacs. Of the remaining limits, Rs. 3 lacs were sanctioned to a District Central Co-operative Bank for financing Industrial Associations and other industrial societies.

88. There was a marked decrease in the amount of cash credits and overdrafts utilised by the central banks. This was mainly due to the increased use of the financial accommodation available from the Reserve Bank of India for agricultural and marketing operations and the release of their advances made to societies for distribution activities.

Primary Land Mortgage Banks

89. Before the organisation in the year 1936 of the Bombay Provincial Co-operative Land Mortgage Bank, there were three Primary Land Mortgage Banks, one in each of the three linguistic divisions of the Bombay State. They were financed by this Bank direct. Out of the three Banks,

the Broach Land Mortgage Bank cleared the Bank dues in 1943; but the remaining two Banks, viz., Dharwar and Pachora Taluka Land Mortgage Banks are still indebted to this Bank, as under:

Name of the Bank		1950-51		1951-52		1952-53	
		Principal	Interest	Principal	Interest	Principal	Interest
1. Dharwar	Rs.	12,573	18,322	12,573	19,015	12,573	19,707
2. Pachora	Rs.	9,341	5,305	9,341	5,821	9,341	6,322

It will be observed from the above figures that there are absolutely no repayments during the last three years and the interest is being added every year. The amount of Rs. 4,770 advanced to the Pachora Land Mortgage Bank in addition to the above amount in the initial stage to meet the expenses of management is also not paid by it.

Agricultural Societies

90 (a) *Short-term Loans*: The sources of credit open previously to the agricultural producer have been curtailed if not entirely denied, as a result of the various legislative measures like the Bombay Agricultural Debtors' Relief Act and the Bombay Money-lenders Act. This has stimulated formation of new credit societies and increase in their membership. The demands for seasonal agricultural finance from members of societies, therefore, are on the increase. During the year under review, owing to the failure of rains, scarcity or semi-scarcity conditions prevailed in West Khandesh, Nasik, Ahmednagar, Panchmahals Districts and parts of Satara and Ahmedabad Districts. This necessitated provision of finance for next year's crops in addition to the outstanding debts repayment of which had to be extended until next harvest. The agriculturists are taking to intensive agriculture and improved method of cultivation, for which they require additional finance. The surplus that an agriculturist got during the last few years was invested in the improvement of his lands, for purchase of machinery such as Oil Engines and Pumping Sets for irrigation or for purchasing new lands for extending agricultural holdings. As a result of these factors, lendings to co-operative societies for seasonal agricultural operations have increased considerably during the last few years, especially since the co-operative institutions and central financing agencies accepted the responsibility to provide production finance to creditworthy agriculturists.

91. The Bank, functioning as a central financing agency, has to provide finance for seasonal agricultural operations to co-operatives in the areas which are not served by any other central financing agency, as indicated in paragraph 48.. During the year, 92 new agricultural credit and multi-purpose societies were registered while the number of borrowing societies increased during the year by 316. The advances made and repayments received during the year and the outstandings at the close of the year,

in short term agricultural loans (excluding "crop loans" to societies for financing agricultural debtors under the B. A. D. R. Act) are indicated in the following table:

(Amount in lakhs of Rupees)

Year	Loans outstanding at the commencement of the year		advances made during the year	Repayments received during the year	Loans outstanding at the end of the year.		Increase percentage in	
	No. of Stys.	Amount	Amount	Amount	No. of Stys.	Amount	No. of Stys.	Amount
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
1951-52	1985	118.72	219.31	162.98	2468	175.05	24.3	47.4
1952-53	2468	175.05	217.00	177.43	2784	214.62	12.8	22.6

92. It would be observed that during the five years while the number of borrowing societies has increased from 1549 to 2784 showing an increase of 79.7%, the extent of loans outstanding has increased from Rs. 51.89 lakhs in June 1949 to Rs. 214.62 lakhs, at the end of the year under review showing an increase of nearly 313.6%.

93. *Crop Loans*: Provision of seasonal agricultural finance for raising crops to agriculturist debtors who are parties to the proceedings under the Bombay Agricultural Debtors' Relief Act, was continued to be made, as in the past, by co-operative societies within the limits prescribed by the Collector, under Section 2 Cl. 7 of the B. A. D. R. Act. The societies were asked to utilise their own resources to meet the demands for seasonal agricultural operations of the "Debtors" under the B. A. D. R. Act, as far as possible. As a result of this, the outstandings of "crop loans" at the end of the year were lower than at the end of the previous year. The Government of Bombay have provided a guarantee of 5% of such crop loans advanced by co-operative societies and the central financing agencies, to meet likely bad debts in the advances allowed to agricultural "debtors", since their lands cannot be alienated for the loans advanced to them.

The following table will indicate the extent of advances, repayments and outstandings of "crop loans", during the last five years:

(Amount in lakhs of Rupees)

Year	Loans outstanding at the commencement of the year.		Advances made during the year.	Repayments received during the year.	Loans outstanding at the end of the year.	
	No. of Stys.	Amount	Amount	Amount	No. of Stys.	Amount
1948-49	896	13.92	28.93	21.42	1137	21.43
1949-50	1137	21.43	36.16	29.35	1247	28.24
1950-51	1247	28.24	43.79	39.29	1182	32.74
1951-52	1182	32.74	46.72	43.38	1063	36.08
1952-53	1063	36.08	29.88	33.32	960	32.64

94. The year-end balance of short term loans and "crop loans" under the Bombay Agricultural Debtors' Relief Act, shows an increase of Rs. 36.13 lakhs, i.e. 17%, over last year's outstandings, as indicated in the following table:

(Amount in lakhs of Rupees)

Year	Advances made during the year.			Repayments received 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	
1948-49	68.98	28.93	97.91	54.19	21.42	75.61	51.89	21.43	73.32	43%
1949-50	102.49	36.16	138.65	79.67	29.35	109.02	74.71	28.24	102.95	40%
1950-51	164.55	43.79	208.34	120.54	39.29	159.83	118.72	32.74	151.46	47%
1951-52	219.31	46.72	266.03	162.98	43.33	206.36	175.05	36.08	211.13	39%
1952-53	217.00	29.88	246.88	177.43	33.32	210.75	214.62	32.64	247.26	17%

It would be observed that the agricultural loans have increased from Rs. 73.32 lakhs in 1949 to Rs. 247.26 lakhs in 1953.

95. *Loans in Famine Areas:* During the year under review, as referred to elsewhere, on account of the failure of monsoon the crops were entirely destroyed in several parts of the districts where this Bank serves as a central financing agency, with the result that the members of societies, and consequently the societies, could not repay their previous year's advances. The Government suspended land revenue collections and, in several places, started famine works to give relief to the agricultural population. The societies had, therefore, to grant extensions to their members and had in addition to provide finance for purchase of fodder for cattle, for repairing or deepening wells and for raising next year's crops. The Board of Directors considered the situation created by the widespread draught and took measures to provide additional loans to societies and for granting extensions for the previous year's dues. In pursuance of this decision of the Board, applications from 803 societies for additional loans were sanctioned for Rs. 28.06 lakhs during the agricultural season, in different districts, as under:

District	No. of Societies	Amount Sanctioned
		Rs.
1. West Khandesh	300	14.50 lakhs
2. Ahmednagar	254	5.18 "
3. Nasik	130	4.60 "
4. South Satara	4	.07 "
5. Panchmahals	101	2.52 "
6. Ahmedabad	14	1.19 "
Total	803	28.06 lakhs

Of the above mentioned societies, 157 societies were sanctioned additional loans amounting to Rs. 8.59 lakhs during the year under review and the rest after June, 1953.

Finance for special crops

96. (1) *Potato*: During the last War, the Agricultural Department encouraged the cultivation of Potato in Nasik and Satara Districts by supplying Potato seed and manures on credit. This scheme, however, was discontinued after the close of the War and the agriculturists had to be provided with Potato seed and manures by co-operative societies. The Registrar issued special instructions to the Assistant Registrars to make necessary arrangements through co-operative societies to supply seed and manures. Measures were, therefore, taken to organise the supply of credit required for this crop and to regulate the purchase of seed from Himachal Pradesh and to supply manure-mixtures. The Potato crop is grown in certain talukas of the Nasik and North Satara districts on lift irrigation and in Deesa in the Banaskantha district, in riverbed. The Potato cultivation on lift irrigation requires cash finance to the extent of Rs. 400 to Rs. 600 per acre while in Banaskantha district the finance required is Rs. 600 to Rs. 1,000 per acre, as heavy doses of manures are required for riverbed cultivation. In Satara district, however, where local seed from Poona district is used, the expenses are about Rs. 300 to Rs. 400 per acre. Usually the finance required is given in kind by making bulk purchases of seed and manures. In the Nasik district the societies have constituted a representative Committee which sends its representatives to Simla in order to purchase seed under their supervision and to supply manures. No arrangements, however, exist for the marketing of the crop through co-operative agency and the cultivators have to market their produce through the local dealers or, sometimes to collectively take it to Bombay market. During the year under review, loans aggregating to Rs. 9.54 lakhs were sanctioned to 80 societies, as under:

District.	Limit Sanctioned		Amount outstanding at the close of the year		Unauthorised Arrears	
	No. of Societies	Amount	No. of Societies	Amount	No. of Societies	Amount
		Rs.		Rs.		Rs.
Nasik	39	3,93,100	14	42,090	5	13,534
Satara	39	4,01,900	46	4,06,364	12	76,894
Banaskantha	2	1,59,500	1	52,166	—	—
Total:	80	9,54,500	61	5,00,620	17	90,428

During the year under review, the Potato Growers' Association at Deesa could not repay the advances in time, on account of defaults by some of the bigger cultivators and cultivator-cum-merchants, who suffered losses owing to fall in prices and shortage of wagons and a sum of Rs. 52,166 had to be extended till the next harvest, after needful action was taken against wil-

ful defaulters. The Association was sanctioned a credit of Rs. 1.5 lakhs to enable it to provide finance for new crop to those who had paid their previous loans. In Satara district owing to the failure of rains, the crop was damaged and consequently the repayments were partial in some areas. Generally, the member is expected to repay his previous loan before fresh loan is advanced for the next year's crop and those who obtain Takkavi loans for this crop are excluded.

(2) *Sugar-Cane*: There is considerable area under sugar-cane crop on the Deccan Canals of Ahmednagar, Nasik, Poona and Sholapur districts. There is also a large acreage under sugar-cane in Kolhapur district and parts of the South Satara district on lift irrigation. Cultivators are generally inclined to grow sugarcane wherever they have irrigation facility. To get better yields, the crop requires scientific cultivation and systematic manuring at regular intervals. The finance allowed for this crop is based on the type of irrigation available and the method of cultivation and varies from Rs. 300 to Rs. 800 per acre, depending upon the doses of manures, the nature of manure used and the yield, which varies in different areas or for different individuals, from 30 tons to 60 tons of sugar-cane per acre. The approximate area of sugar-cane crop for which finance was provided during the year was about 23,300 acres, for which loans aggregating to Rs. 56.75 lakhs were sanctioned by the Bank. Sale of jaggery through a co-operative sale organisation is insisted upon where such agency exists, and therefore, repayments are generally secured out of the sale proceeds of the crop. Where the sugar-cane is sold to Sugar Factories, the repayments are received directly from the Factory. The incidence of defaults is, therefore, minimised though not completely eliminated and a better control over the credit provided is thus ensured compared to that in the case of other crops. It has also been observed that by regulating the finance required for this crop, there has been improvement in the cultivation methods and the production per acre has progressively improved wherever the societies have financed this crop on a systematic basis.

Unauthorised Arrears of Agricultural Loans

97. Crop condition in several districts was abnormally unsatisfactory due to the failure of rains. As a result, repayments by members, and consequently by societies, were adversely affected. Where Government suspended, fully or partially, land revenue collection, extensions were granted to societies on their paying interest. However, where the management was slack or where repayments were not satisfactory in relation to crop conditions, the arrears were treated as unauthorised. The extent of authorised and unauthorised arrears of short term and crop loans with societies at the close of the year is indicated in the following table:

(Amount in lakhs of Rupees)

Year	Unauthorised arrears		Percentage to total dues.	Authorised arrears		Percentage to total dues.
	No. of Societies	Amount		No. of Societies	Amount	
1948-49						
Short-term	249	5.37	10.32	43	1.20	2.31
Crop loan	193	2.49	11.60	—	—	—
1949-50						
Short-term	333	5.75	7.69	—	—	—
Crop loan	237	2.64	9.33	—	—	—
1950-51						
Short-term	376	9.08	7.65	—	—	—
Crop loan	242	2.66	8.14	—	—	—
1951-52						
Short-term	867	33.13	18.92	90	13.07	7.46
Crop loan	388	7.74	21.45	9	0.28	0.77
1952-53						
Short-term	999	50.79	23.66	255	15.47	7.20
Crop loan	340	8.66	26.53	167	4.77	14.61

As some of the societies did not apply for extensions in time, the unauthorised arrears at the close of the year under review stood at Rs. 59.45 lakhs, including crop loans, as against Rs. 40.87 lakhs of last year. After the close of the year, however, extensions were sanctioned to 423 societies for Rs. 26.04 lakhs. This has considerably reduced the figure of unauthorised arrears to Rs. 27.41 lakhs at the close of the agricultural season, with 576 societies.

Intermediate Term Loans

98. There is a noticeable tendency on the part of the agriculturist to introduce improvements in the agricultural methods and to undertake land development and irrigation on a bigger scale. In several districts, where sub-soil water or flow water is easily available, the agriculturists have been deepening wells or constructing "dams" to augment the water supply by setting up power driven pumping sets. In certain tracts irrigation societies have been organised. There is, therefore, a keen demand for intermediate term finance for enabling the agriculturists to replace bullock power "mot" by pumping sets and Oil Engines of 5 B.H.P. to 20 B.H.P. and for improvement of land. Originally, when the system for provision of agricultural finance to credit-worthy agriculturists through co-operatives was adopted by the central financing agencies and the apex Bank, provision for intermediate term loans for the purpose of minor land development and purchase of machinery etc. had been made; but as the demands for short term credit increased and as the intermediate-term funds with the central financ-

ing agencies were not adequate enough to meet such demands, no systematic attempts were made to provide funds for this purpose. The need for intermediate term loans was brought to the notice of the Government and the Reserve Bank of India, requesting them to provide such funds to co-operative banks so as to enable them to make available this type of credit to agriculturists. With the amendment of the Reserve Bank of India Act and with the funds made available by the Planning Commission, it is hoped that the co-operative banks will be able to provide necessary finance to meet the demands from progressive cultivators, in future.

99. In the meantime, however, the Bank entered into an arrangement with Messrs. Kirloskar Oil Engines, Ltd., for supplying their Oil Engines with Pumping Sets to members of agricultural societies, if they wanted to purchase their Engines, whereby the Company agreed to pay the instalments in return for the Oil Engine, if the member failed to repay the instalments in time. The Company further undertook to supply spare parts and to arrange for servicing the Engines from time to time. This arrangement was availed of by members of societies in certain areas where the water supply was moderate and did not require high power Engines. Particular mention may be made of Ganore Agricultural Credit and Multipurpose Society in Sangamner Taluka in Ahmednagar district, which placed an order for 12 Engines under this arrangement, to replace the bullock power "mots" in their village. A medium term loan of Rs. 21,000 was sanctioned to the society for this purpose. Twelve other societies in Baglan and Malegaon talukas in Nasik district took advantage of this arrangement.

100. The extent of intermediate term loans sanctioned during the year under review is indicated in the following table:

Year	Limit Sanctioned		Opening Balance		Advances made during the year	Repayments	Outstanding at the close of the year		Arrears	
	No. of Stys	Amount Rs.	No. of Stys.	Amount Rs.	Amount Rs.	Amount Rs.	No. of Stys.	Amount Rs.	No. of Stys.	Amount Rs.
1952-53	46	1.09 lakhs	14	38,074	72,191	17,400	48	92,865	8	10,850

Out of the arrears, Rs. 2,700 with two societies are extended.

Big Bagairdar (Irrigators) M. P. Societies

101. The progressive cultivators on the Pravara and Godavari Canals in Ahmednagar Division who had large area under cultivation and having considerable acreage under irrigated crops like the sugar-cane or fruit garden had kept themselves aloof from the co-operative movement. Until 1948 they were obtaining their finance from the private money-lenders or traders. In 1948, some of these agriculturists were persuaded to form into co-operative societies and three societies were organised in different areas. The main feature of the societies is that the membership is limited to a cer-

tain number, the individual loan limits are higher as compared with those in other societies and the members purchase their agricultural requisites and manures and sell their produce through their own society. The membership being of progressive cultivators they advise each other in raising the standard and quality of their crops. The members from one society visit the fields of members of other societies and try to help each other and benefit by each other's experience; so to say, they work more or less on the lines of the English Young Farmers' Clubs. During the last five years the number of such societies has increased from three to five and their membership from 64 to 139. Their area under cultivation has increased from 1200 acres of sugar-cane to 2000 acres and their share capital is increased from Rs. 1.43 lacs to Rs. 4.24 lakhs, whereas the average indebtedness per member during the same period is reduced from Rs. 14,000 to Rs. 8,500 and the finance provided for sugarcane cultivation from Rs. 750 per acre to Rs. 600 per acre. This is an indication how a group of cultivators can organise their industry efficiently under proper management and mutual self-help.

Special Savings Scheme

102. The agricultural industry is open to shocks caused by natural calamities like draughts or floods and price fluctuations over which the agriculturist has no control. The range of price fluctuations of cash crops like sugar-cane (i.e. jaggery), ground-nut, cotton or tobacco is often very wide and the agriculturist borrowers find it difficult to adjust their borrowings to the price fluctuations, especially in a downward trend. In order to meet such contingencies, it was suggested that when the price level was higher than the normal average, the members should conserve a portion of the sale proceeds of his crops towards his savings instead of his using it elsewhere, by way of a non-withdrawable deposit with his society or the Bank, so that in case of very wide price gap or for any other cause he was unable to meet his liability or has to reduce his borrowing limit, such savings could be available to reduce his debt burden and bring it within his repaying capacity without putting any undue strain on his resources or impairing his credit. To encourage this type of savings out of the members' income instead of by way of compulsory deductions from his borrowings and to link up savings with production, the Bank offered a higher rate of interest on such savings and a rebate to the societies which encouraged them. Owing to scarcity conditions, this scheme could not be effectively brought into effect. However, the Big Brgaitdar Multipurpose societies and some other societies in the Canal areas introduced this Savings scheme and collected about Rs. 40,000 as deposits from their members. It is expected that this Scheme if properly explained to the borrowers will encourage them to utilise a portion of their earnings for savings in their own interest and make such savings available for the promotion of agricultural industry and to increase the resources of the Co-operative movement.

Non-Agricultural Credit Societies

103. *Urban Banks and Societies:* Normally, Urban Co-operative Banks are able to tap local deposits and meet their members' requirements within their own resources, and have to approach the financing agencies only for their occasional additional requirements, either against Government Securities or Fixed Deposits or as cash credits on their general assets. With the gradual removal of controls on cloth and foodgrains the funds invested by urban societies and banks in distribution activities have been released. The number of Urban Banks, which were granted financial assistance by the Bank, during the year under review, as also the total credits granted were, therefore, comparatively lower than those in the previous year, as is indicated by the following table showing advances of different types made to Urban Banks during the last five years:

Loans And Overdrafts:

(Amount in lakhs of Rupees)

Year	Overdraft on Current Account			Loans against Government and Trustee Securities.			Loans against Bank's Fixed Deposits		
	No. of Banks.	Limits sanctioned	Out-standings	No. of Banks	Limits sanctioned	Out-standings	No. of Banks	Limits sanctioned	Out-standings
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
1951-52	158	177.69	66.16	10	6.92	6.16	9	2.35	0.20
1952-53	149	189.52	67.07	4	0.58	0.58	1	0.01	0.01

Cash Credits:

(Amount in lakhs of Rupees)

Year	Against General Assets			Against Hypothecation and Pledge of Goods.			Total outstandings at the close of the year
	No. of Banks	Limits sanctioned	Outstandings.	No. of Banks	Limits sanctioned	Outstandings.	
1948-49	39	15.09	10.84	16	11.79	7.27	52.81
1949-50	57	39.48	8.71	25	20.51	16.11	59.23
1950-51	69	39.95	24.91	28	20.10	11.03	92.65
1951-52	67	45.99	28.95	8	9.06	2.08	103.55
1952-53	50	23.02	14.99	20	7.14	2.71	85.36

104. Urban Banks are generally of two types, People's Banks and Merchants' Banks. The former, while providing all types of banking facilities in urban or semi-urban areas to the general public, make loans to the small trader or artisan and the middle class urban population, while the latter generally provide banking facilities to traders and make loans for financing their commercial activities. During the year under review, the Reserve Bank of India agreed to extend the remittance facilities to such Urban Banks as are affiliated to the State Co-operative Bank and which fulfil certain other conditions laid down by it. This facility, it is expected, will promote the development of urban banking. With the guidance now available from the Co-operative Banks' Association in their working, it is

hoped that co-operative urban banks will play a more useful role in the banking structure, as the increasing volume of their operations in urban and semi-urban towns would indicate. At the close of the year, out of the total outstandings of Rs. 85.36 lakhs, a sum of Rs. 2.83 lakhs was overdue with 15 urban societies.

105. *Industrial Societies:* The Union and the State Governments, in their programme and plans for economic development, have assigned considerable importance to the revival and development of cottage and small scale industries. The Government of Bombay has devoted special attention to the rehabilitation and organisation of industrial workers by encouraging them to form co-operative societies, by offering special concessions. A separate section has been created in the Co-operative Department for the Industrial Co-operatives and Village Industries under a Joint Registrar, with a view to promoting and supervising industrial societies and for providing them with the necessary technical and organisational guidance and financial assistance. A number of primary industrial co-operatives are organised in recent years, for village artisans engaged in most of the important types of industries, such as weaving, tanning and shoe-making, smithy, oil-pressing, rope-making, basket-weaving, carpentry, etc. To assist and guide these primary units, District Industrial Associations have been organised for most of the districts, with the Provincial Industrial Association as their apex institution. The primary industrial societies, which are formed by village artisans with limited means, are given financial assistance by Government, in their initial stage, in the form of loans or share capital, and long term loans on easy terms for purchase of machinery, tools, implements and other equipment, in addition to subsidies and grants for meeting establishment expenses. The Government also undertakes to provide guarantees, on certain conditions, for loans granted to industrial societies by central financing agencies, for their normal business, if the societies are unable to provide the normal margins which the financing agency would require them to maintain.

106. However, the progress of industrial societies and their successful working largely depends on the loyalty of their members and satisfactory arrangements for the marketing of their goods and for supply of raw materials. Absence of loyalty and illiteracy and want of managerial experience generally retard the progress of industrial societies while want of technical guidance and adequate and effective supervision is a great curb on their ability to compete with large scale industries or master craftsmen, who exploit the industrial worker. The Board of Directors have given due consideration to these factors and have brought to the notice of the Joint Registrar the difficulties which the Bank finds while sanctioning financial accommodation, especially when the financial structure is weak and uneconomic and management is inexperienced or defective.

107. During the year under review, the Bank sanctioned cash credits to the extent of Rs. 28.68 lakhs to 69 industrial societies of different types.

of which 4 were Industrial Associations, including the Provincial Industrial Association, 3 District Industrial Banks, 13 Weavers' Societies, 8 Forest Labourers' Societies, 3 Leather Workers' Societies and 6 Fishermen's Societies, while the remaining 32 were societies of miscellaneous types of industrial workers. The following table gives comparative figures for the 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 sanctioned	Outstandings at the close of the year
1948-49	90	Rs. 24.50	Rs. 11.64
1949-50	105	„ 27.87	„ 13.65
1950-51	125	„ 63.55	„ 38.13
1951-52	120	„ 62.20	„ 35.98
1952-53	91	„ 28.68	„ 22.49

A substantial reduction in the number of institutions and the amount advanced during the year under review is mainly due to smaller requirements for yarn distribution on account of removal of controls.

108. The financial requirements of industrial societies are of a different type than those of agricultural or urban credit institutions. They require a technical knowledge of the industry for the proper assessment of the requirements as also for supervision and control. Separate Central Banks for industrial co-operatives were expected to attract deposits from the industrial workers like weavers and artisans and at the same time provide a Directorate with the essential knowledge of the management of industries and commanding confidence of the industrial societies as well as the technical and trained staff for proper management of and supervision over the industrial societies.

109. With this end in view, Industrial Co-operative Banks were established at Surat in Gujerat, Sholapur in Maharashtra and Bijapur and Belgaum in Karnatak. Except the Gujarat Industrial Bank, others have not been able to tap the savings of industrial workers nor have they been able to adequately meet the requirements of industrial societies in their respective districts. They are required to approach the Bombay State Co-operative Bank for financial assistance, or industrial societies requiring larger financial accommodation have to approach the Bombay State Co-operative Bank for direct finance. It is expected that the establishment of State Industrial Finance Corporation, will enable the District Industrial Banks to cater to the financial needs of the industrial societies, and to arrange for the effective supervision and technical guidance.

110. As the apex financing agency of the State, the District Industrial Banks were financed by the Bombay State Co-operative Bank, during the year under review. The outstandings with Industrial Co-operative Banks

stood at Rs. 0.77 lakhs at the end of the year as against Rs. 0.72 lakhs at the end of the previous year.

111. *The Provincial Industrial Association:* The Provincial Industrial Association was primarily organised to function as the agency to promote Industrial Co-operatives, to provide them technical guidance and to co-ordinate their activities. During the last few years, besides its normal activities, the Association worked as a zonal distributor for supplying yarn to District Industrial Associations, and other societies functioning as District Wholesalers. The Government lifted the controls in the latter part of the year and terminated the yarn distribution agencies, both wholesale and retail, entrusted to the Industrial Associations and Weavers' Societies in November, 1952. Since then, this activity of distribution of yarn was restricted to disposal of large stocks of yarn held by them. The Association was able to clear almost entirely its yarn stocks by the year-end.

112. The Association moved the Central and State Governments to place with it their orders for handloom cloth and secured orders for supply of handloom cloth worth Rs. 1,95,400. These were executed through the District Industrial Associations and the Weavers' Societies, under its directions.

113. The two Sales depots for raw and tanned hides run by the Association in Bombay reported better activity during the year. A few co-operative societies of leather workers took advantage of the depots. However, individual artisans availed of the depots for the sale of hides as also for their purchases of tanned leather. The Association handled raw hides worth Rs. 82,300. The Association further secured orders for supply of leather, boots, shoes, chapals, and police equipments, worth Rs. 37,600 which were got executed through leather workers' co-operatives.

114. The Association sponsored two forest labourers' societies, which successfully worked the forest coupes allotted to them.

115. During the year under review, the Association was recognised by the Directorate General of Disposal and Supplies, New Delhi, as approved suppliers of kambliies, leather, leather-articles, cane and bamboo baskets and furniture, iron buckets, iron pans, etc. The Association supplied through its affiliated societies goods worth about Rs. 2.5 lakhs. This activity is expected to prove useful in marketing the finished goods produced by industrial workers and industrial co-operatives and give them encouragement and employment.

116. The Government of Bombay has entrusted the management of its Cottage Industries Sales Depot at Bombay to the Association. The Association has reorganised the Sales Depot and has been able to secure better types of goods and improve the sale since it took its management, the total value of sales during the year being Rs. 5.79 lakhs.

117. *District Industrial Associations:* During the period when yarn and cloth were controlled, the Provincial Industrial Association, the District Industrial Associations and the Weavers' Societies played a very important part in assisting the Government, both in the wholesale and retail distribution of yarn, throughout the State. The Bank financed the purchases of yarn made by the Industrial Associations working as wholesalers, on the Government guaranteeing 20% margin. On the termination of the controlled distribution of yarn, the Associations were left with considerable stocks of yarn which were not readily saleable, while the yarn prices suddenly slumped below control rates. This position has brought about heavy losses to Industrial Associations resulting in wiping out their previous profits. Though the other Industrial Associations which were financed by the Bank were able to sell their stocks and pay the Bank's advances, the Belgaum, Ahmednagar and the Kolhapur District Industrial Associations were not able to clear the advances made to them, even to this date, although the stocks of yarn have been sold out. It was further noticed that their accounts with the Supply Department were not reconciled from time to time during the period they worked as Wholesale Distributors, as a result of which large amounts shown by them as due from the Government are under dispute and still without any settlement. The District Supply Authorities further ordered forfeiture of security deposits placed with the Government for the yarn distribution agency. The large losses suffered by the Associations in yarn distribution and those resulting from forfeiture of deposit amounts, have wiped out their entire owned funds. In consequence of this state of their affairs, a major portion of the advances made by the Bank amounting to Rs. 5,05,509 were locked up with the three Associations. The financial position of the Associations, which is beyond improvement, has been duly brought to the notice of the Joint Registrar, and the amount of margin guaranteed by the Joint Registrar is claimed, against losses sustained by the Belgaum and Kolhapur Associations.

118. During the year under review, 3 Industrial Associations, were sanctioned cash credits totalling Rs. 3.45 lakhs as against Rs. 18.50 lakhs to 5 Associations, during the previous year. The outstandings at the close of the year, under review, amounted to Rs. 5.58 lakhs as against Rs. 14.96 lakhs at the close of the last year and the unauthorised arrears amounted to Rs. 5.06 lakhs with 3 Associations. With the availability of yarn in open market, the requirements of the Associations for yarn purchases are reduced considerably and therefore, total credits sanctioned to such institutions and their drawings have been much lower than in previous years.

119. *Weavers' Societies:* The Weavers' Societies, which were functioning as useful institutions for handloom weavers as retail distributing agencies for yarn, were unable to maintain their activities, as yarn was now freely available in the open market at cheaper rates. Certain societies which had large stocks of yarn when it was decontrolled met with losses as the yarn prices slumped and the members' loyalty to them was severely shaken.

as they were not able to help them in providing employment. Some of the societies, which had continued undertaking production activities were able to give some work to the members, while some others tried to help their members by making outright purchases, or by granting temporary advances against finished goods during the slack season. The number of weavers' societies requiring financial accommodation from the Bank as also the amount of credits sanctioned by the Bank, was less during the year as compared to last year's turnover.

120. During the year under review, 13 weavers' societies were sanctioned cash credits aggregating to Rs. 4.14 lakhs as against Rs. 16.80 lakhs to 45 societies during the previous year, while the outstandings at the close of the year amounted to Rs. 1.87 lakhs with 10 societies, of which Rs. 0.24 lakhs were overdue from 6 societies.

121. *Forest Labourers' Societies:* Co-operative societies for forest labourers were organised in the year 1947 as an experimental measure in pursuance of the announcement made by the then Chief Minister, Hon'ble Shri B. G. Kher, with a view to substituting forest contractors by organisations of forest workers so that they secured better wages and working conditions for improving their economic and social status. The forest labour societies were expected not only to secure better wages and working conditions for the *Adivasis* and backward tribes living in forest areas, but gradually to educate them in their rights and responsibilities in respect of conservation and exploitation of forest wealth, which is an important national asset. With a view to co-ordinating the activities of forest labour societies and the Forest Department and to guiding their working, a Committee for Planning the Development of Forest Labourers' Societies, was constituted, consisting of representatives of social organisations working as sponsoring bodies for forest labour societies, and of the Bombay State Co-operative Bank, the Co-operative Institute and Officers of the Forest, Co-operative and Development Departments. Constituted as they were of poorly paid and economically backward communities, most of the societies had no working funds or capital of their own. The Government, therefore, authorised the Joint Registrar for Industrial Co-operatives and Village Industries, to guarantee to the central financing agencies a margin of 40% of the advances made by them to such societies, to enable them to obtain financial accommodation for working the forest coupes allotted to them by the Forest Department.

122. During the year 1950-51, the Bank's finances to forest labourers' societies, including those in the Dangs district, reached a maximum of Rs. 10 lakhs. The Planning Committee's Annual Report for the year 1950-51 disclosed that a good number of the societies had suffered losses as a result of unauthorised advances, mismanagement in some societies and want of experience in this trade. The societies, in general, also had to face certain other difficulties over which they had no control, such as fixation of

upset prices of forest coupes, and supply of railway transport, which further contributed to the losses suffered by them. The wagon shortage continued till the end of the year under review, inspite of representations to the Railway authorities and large stocks of most of the societies in the Dangs district remained unsold. The Board of Directors, in the light of its experience, limited the advances to forest labour societies to Rs. 10 lakhs and urged on the Government the necessity for improvement in their management and in transport and disposal of stocks, before any further financial accommodation from the Bank could be made available to such societies.

123. The Bank claimed from the Government the Government guarantee amounting to Rs. 61,714 in case of five societies which had disclosed losses and which had ceased functioning.

124. Owing to the default of previous advances or mismanagement and losses, the societies were unable to obtain further financial accommodation from the Bank and only a few societies approached the Bank for working funds. Eight forest labour societies were sanctioned total credits for Rs. 0.83 lakhs. At the end of the year, the total outstandings with 20 forest labourers' societies amounted to Rs. 6.86 lakhs, of which Rs. 6.84 lakhs were in arrears with 18 societies. Of this amount, a sum of Rs. 2.63 lakhs is guaranteed by the Joint Registrar, I.C. and V.I. in pursuance of Government Orders, and the remaining outstandings are secured by stocks of timber and firewood lying in forest depots awaiting sales.

125. A Conference of Forest Labour Societies was held at Mulher on 25th and 26th April 1953, which considered the shortcomings and the difficulties in the working of Forest Labour Societies, emphasised the necessity of providing proper supervision and control, and recommended to Government certain proposals for revising the formula for fixation of upset price of forest coupes entrusted to them for working. The new formula provides for participation of the Government in the profits and losses of the working of the coupes and ensures better co-operation between the Forest Department and the societies, on the one hand and efficiency in their working results on the other. It is expected these measures taken by Government and the Planning Committee will lead to further organisation and progress of the forest labour societies.

126. The importance of forest labour co-operatives, which is a unique experiment in securing social and economic justice to the adivasis and backward communities living in the forests cannot be overstressed. Though the movement has met with initial difficulties, the institutions and the Government can benefit by the experience gained and take steps to improve on them. The success of this socio-economic experiment in the raising of the standard of living and the exploitation of forest wealth for the betterment of the people living in the forest has to be judged not merely by the working results of the societies but by the extent to which the societies would be

instrumental in providing higher wages, and in bettering educational, hygienic and social standards of their members.

127. In view of this important consideration, the Board of Directors, in spite of the previous discouraging experience in the working of the societies locking up its funds, have desired that the forest labour societies should be assisted by providing financial accommodation and have suggested to the Government certain modifications in the terms and the nature of the guarantee for advances made to forest labour societies, suggesting an overall or blanket guarantee of 25% of the loans advanced to all forest labour societies. This suggestion is under consideration of the Government.

128. *Leather Workers' Societies:* During the year under review, the general position of the leather workers' societies did not show any improvement and the Bank's previous outstandings with majority of the societies financed continued to be in arrears. During the year, total credits of Rs. 80,000 were sanctioned to 3 societies. The total outstandings with 11 societies at the end of the year amounted to Rs. 95,958, of which Rs. 64,776 were overdue from 8 societies. Two leather workers' societies in Malshiras Taluka in Sholapur District are responsible for a major portion of the defaulted amount. All attempts to improve their working having failed, the societies are proposed to be liquidated.

129. *Oil-men's Societies:* Most of the societies for oilmen organised in the past are practically stagnant. No fresh credits were sanctioned to any of the societies during the year under review. The total outstandings at the end of the year from only one society amounted to Rs. 13,500 which amount has been defaulted.

130. *Fishermen's Societies:* During the year under review cash credit limits totalling Rs. 3.74 lakhs were sanctioned to 6 Fishermen's Co-operatives for advancing loans to their members for fishing, and for supply of fishing requisites, such as twine, tar, fishing hooks, etc. The societies finance their members on condition that they would market their catch through the respective societies. At the close of the year, the total outstandings amounted to Rs. 1.69 lakhs with 12 societies, of which Rs. 27,343 were defaulted by 6 societies. During the year under review, the Government, with a view to encouraging the fishing industry, made available loans and subsidies to individual fishermen for purchasing marine engines for mechanising their boats for deep-sea fishing and to increase their capacity. The mechanised boats naturally required larger equipment than the country boats. There was, therefore, a larger demand for credits from the societies. The Bombay Pranteeya Machhimar Sahakari Sanstha, which is a federation of all Fishermen's Societies and works as their central fish marketing institution in Bombay, marketed fresh fish worth Rs. 7.3 lakhs and dry fish worth Rs. 81,000 and supplied fishing requisites worth Rs. 4.77 lakhs. It is expected that this Sanstha will take greater interest in the development of fishery co-operatives and secure better co-ordination in their working.

131. *Other Industrial Societies:* Besides the different industrial societies mentioned in the foregoing paragraphs, Bank financed during the year under review 29 societies of other industrial workers, to whom cash credit limits aggregating to Rs. 5.22 lakhs were sanctioned and the outstandings at the close of the year amounted to Rs. 3.91 lakhs, and overdues Rs. 0.98 lakhs with 12 societies.

132. The total outstandings from 91 industrial societies of all types amounted to Rs. 22.49 lakhs. Out of the total limits of Rs. 28.68 lakhs sanctioned, limits for Rs. 15.68 lakhs were covered by a Government guarantee aggregating to Rs. 4.45 lakhs as against Rs. 32.19 lakhs and Rs. 8.61 lakhs respectively, at the close of the previous year, as mentioned in para 26

133. The general experience of the working of the industrial societies, it must be admitted, has not been very encouraging. It may be they are still in the initial stages of development and lack both administrative and business experience. However, want of technical experience and absence of marketing organisation for the disposal of the goods produced and the smallness of the size of some of the individual societies, in our opinion, hamper their orderly growth. This question was brought to the notice of the Registrar and the Joint Registrar, I.C. and V.I., and it was pointed out to them that the type of industry and the standards for any unit to make it an efficient and economic unit should be determined before the financing agency was called upon to provide working funds to the industrial societies, even under guarantees from Government. There is also considerable room for improving the management of existing societies as they lack competent managerial personnel.

134. *Co-operative Housing Societies:* Usually, the Bank does not provide financial accommodation to housing co-operatives, as their requirements are of a longterm nature. However, there is a time lag between the construction of buildings and receipt of loan sanctioned by Government or the Housing Finance Society and the societies have to approach the Bank for temporary accommodation for purchase of building materials or payment of wages, in the intervening period. During the year under review, two housing societies were sanctioned Rs. 2.85 lakhs to enable them to complete their building construction, and the outstandings at the end of the year with them amounted to Rs. 1.89 lakhs.

135. *Processing Societies:* With the increase in the number of agricultural credit societies and in the volume of production credit to primary producers, there has been a greater urge for organising processing societies for primary producers to enable them to get better prices for their produce and to eliminate the middlemen and save the transport and other expenses. Efforts in this direction have been made by the primary producers in Gujarat, Khandesh and Karnatak in organising co-operative cotton ginning and

pressing factories. During the year under review, the Shetkari Sahakari Sangh, Kolhapur, established an oil pressing factory for the use of its members and other agriculturists. The success of the Pravara Sahakari Sakhar Karkhana, i.e. the Co-operative Sugar Factory, at Loni, in Ahmednagar district, has inspired cane growers in other areas to organise similar societies in their area. A new society has been registered on the Godawari Canal. It has approached the Government of Bombay for financial assistance, and is expected to establish a Sugar Factory before 1955 season.

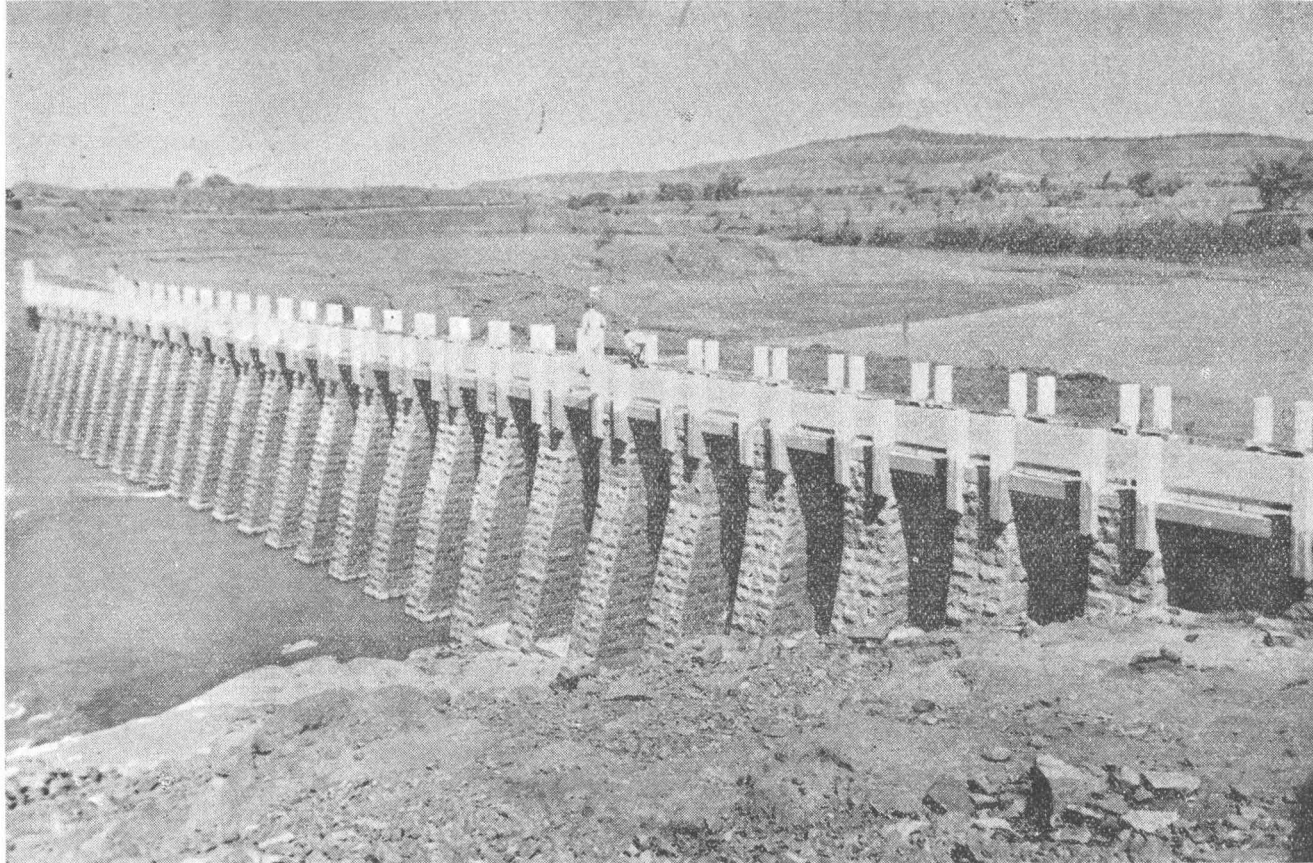
136. The Pravara Sahakari Sakhar Karkhana (Sugar Factory) in Ahmednagar district conducted its affairs with considerable success and maintained its progress under the able guidance of its Chairman, Prof. D. R. Gadgil. The members of the society had about 1600 acres of sugarcane crop and the society produced 63,300 bags of sugar during the year. Since the establishment of the society, not only the acreage under sugarcane crop of the small producer has increased but the quality of cane and production per acre have improved resulting in increasing their income. The society has maintained qualified agricultural staff to advise its members in growing proper type of cane and has also assisted them by providing pumping sets for irrigation. This has given considerable encouragement to the primary producers, some of whom have now established a separate joint farming society to bring under cultivation water-logged or waste land, which was hitherto uncultivated.

137. As in the previous year the Bank provided finance to the factory for financing the sugarcane growers and for the manufacture of sugar.

138. *Co-operative Farming Societies:* The Co-operative Planning Committee (1949) had laid great stress on the formation of co-operative farming societies in order to enable the producers to pool their resources in land and labour so as to have better farming methods or irrigation facilities or to consolidate their holdings for increased production. In recent years with special assistance by way of loans and subsidies from the Government, co-operative farming societies have been organised and have made some progress. The Government have given to joint farming societies lands in blocks for cultivation on short or long term lease and, sometimes subsidies and long-term loans for land development are provided. Nine joint farming societies were sanctioned loans amounting to Rs. 2.69 lakhs for raising crops on the basis of crop acreages and the outstandings at the end of the year amounted to Rs. 2.55 lakhs, of which Rs. 0.27 lakhs were in arrears with 4 societies.

139. The Brahmangaon Phalbag Sahakari Sanyukta Shetki Society (The Brahmangaon Co-operative Fruit Garden Joint Farming Society) which was registered during the year under review, deserves a special mention. The Borawake family, which hailed from a progressive cultivators' class of Mali community, had, with considerable effort and particular attention:

**PERMANENT WEIR ACROSS KUMBHI RIVER
SANGRUL. (DIST. KOLHAPUR).**



**Constructed by:
Kumbhi Nadi Sangrul Dharan Sahakari Society, Ltd.**

established a horticultural Farm over an area of 872 acres of which 540 acres were under fruit garden with about a lakh of grown up trees of oranges, grape fruit, chikku, etc. Rao Saheb Bapurao Ragho Borawake, the head of the family of Borawake brothers, had, with his keen interest in growing fruit garden and his knowledge of horticulture, expanded this garden during the course of last 15 years. But owing to family divisions, the Farm was on the point of breaking up and the entire garden had languished for want of proper care and financial assistance and was on the very verge of being destroyed. Shri Borawake then tried to organise the Farm on co-operative basis, inducing his brothers and other members of his family to join in the society. However, the question of obtaining finance for the cultivation and maintainance of the garden was of prime importance and any delay in this would have made the garden suffer beyond repair. The society approached the Bank and, with considerable risk, the Bank provided the financial accommodation, which saved not only the garden reared by the Borawake family over a number of years but saved a national asset of considerable importance. The Chairman of the Society, in his Annual Report, acknowledged the timely assistance given by the Bank not only to preserve the garden but to work it on co-operative basis. The Society has been able to improve the garden and in due course of time proposes to install juice and fruit preservation machinery to obtain better value for its fruit production.

140. *Irrigation Societies*: Indian agriculture being mainly dependant on uncertain monsoons, co-operative organisations for providing permanent irrigation facilities to the agriculturists are being formed, wherever circumstances are favourable for their organisation. Their number is, however, very limited at present. There are nearly 33 lift irrigation societies operating in the jurisdiction of this Bank.

141. Apart from the co-operative lift irrigation societies mentioned above, the unique co-operative effort successfully canalised recently in the Kolhapur district in harnessing rivers for irrigation of crops like sugarcane by constructing permanent weirs across the rivers deserve a special mention. Hitherto temporary bunds were constructed by villagers after the monsoon for storage of water for irrigating sugarcane crop. Such temporary bunds are washed away during rains and are constructed every year at considerable cost. But the villagers have now formed co-operative societies for constructing permanent weirs across the rivers, so that not only the annual recurring cost is saved but the capacity of storage is increased, and the weir serves as a road for linking the villages across the river during rainy season. Two such co-operative societies have been formed, one at Sangrul on Kumbhi River and the other at Chuye on Dudhganga River, which provide permanent irrigation facilities in more than 30 villages situated along the banks of the two rivers. The cost of each weir is more than Rs. 2 lakhs which is raised by share capital and loans from Government and the District Local Board has given grants for meeting the cost of the surface road across the weir. Pending collection of the necessary share capital and sanction of loan from

Government, the societies were assisted by the Bank by advancing loans amounting to Rs. 1 lakh for enabling the societies to undertake the construction work. While the weir at Sangrul was under construction, a part of the side wall was washed away by the force of the water which necessitated immediate repairs and extra construction work, requiring an additional expenditure to the extent of Rs. 75,000. The society had, therefore, to approach the Bank for extension of the period of the previous loan and for an additional loan to enable it to complete the work. The Bank sanctioned an extension for the period of repayment and additional loan required by the society was provided out of the Project Funds. Though this emergency was very discouraging to the promoters of the society, the members with perseverance completed the project before the commencement of the agricultural season. This attempt has encouraged the formation of similar societies in Kolhapur district where this type of irrigation on bunds constructed temporarily every year is in vogue. This indicates the keen interest the Indian agriculturists take in co-operative effort when benefits of co-operative organisation are demonstrated in concrete form.

142. *Co-operative Marketing*: The Board of Directors, while undertaking the responsibility of organising agricultural credit in the Bombay State on the lines envisaged by the Agricultural Finance Sub-Committee presided over by Prof. D. R. Gadgil and endorsed by the Agricultural Credit Organisation Committee, had emphasised in their policy statement, the importance of linking of credit with marketing. However, though the co-operative movement has made rapid strides in recent years in varied directions, the co-operative marketing still remains in an undeveloped state leaving the marketing of agricultural produce primarily in the hands of private agencies. The agriculturists are exposed to a number of malpractices such as short weights and measures, unfavourable prices, and unauthorised deductions at the hands of the middlemen. Want of satisfactory marketing arrangements thus forms one of the important impediments in the planned development of the institutional agricultural credit system. Though attempts have been made during the last two or three decades to organise co-operative marketing by establishing purchase and sale organisations and multipurpose societies the progress of such institutions has not been satisfactory. During the war, the activities of the marketing institutions were diverted to distribution of essential commodities under State control with the result that the primary duty of marketing agricultural produce remained neglected. Out of the limited number of well managed marketing institutions only a few like the Godavari-Pravara Canal Co-operative Purchase and Sale Union, Kopergaon, and the Shetkari Sahakari Sangh, Kolhapur, have however, continued to show progress during the year under review in marketing agricultural produce of members of co-operative societies and other agriculturists and supplying them agricultural requisites such as manures, seed, and agricultural implements. At the same time, some of the marketing societies, which had rendered useful service in the past, like the

Malshiras Taluka Purchase and Sale Union, District Sholapur, and the Nandurbar Purchase and Sale Union, District West Khandesh, had to be taken into liquidation due to mismanagement of their affairs and misapplication and misappropriation of funds by the office-bearers, or their employees.

143. With this position of the available marketing societies, marketing societies have neither been able to gain the confidence of the agriculturists nor have they succeeded in effectively controlling the marketing of agricultural produce. Without an efficient marketing organisation, the central financing agencies cannot successfully carry out their responsibility of establishing an integrated system of agricultural credit organisation for providing agricultural finance to all credit-worthy agriculturists as envisaged by the Agricultural Credit Organisation Committee.

144. The following table indicates the financial accommodation provided by the Bank to the co-operative marketing societies and to the credit and multi-purpose societies for marketing of agricultural produce and or for supply of agricultural requisites and controlled commodities including food-grains:

(Amount in lakhs of Rupees)

Year	Purchase and Sale Societies			Credit and Multi-purpose Societies			Consumers' and other societies		
	No.	Credit limits	Out-standings	No.	Credit limits	Out-standings	No.	Credit limits	Out-standings
		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.
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	20.29	5.62
1951-52	107	60.56	29.03	279	28.13	11.79	81	20.51	4.13
1952-53	61	28.22	15.01	146	18.16	6.47	26	10.14	7.33

145. Due to lifting of controls on foodgrains and other commodities, like sugar, cement, iron, etc. the societies hitherto dealing in such commodities had to give up their dealing in them. This accounts for the reduction both in the number of institutions and in the amount of credits sanctioned or amounts outstanding with such societies at the close of the year under review. The present number of co-operative marketing and multi-purpose societies which undertake marketing of agricultural produce and supply of agricultural requisites and the volume of their transactions is particularly discouraging, in relation to the volume of agricultural credit made available through co-operative societies. The following figures give the volume of agri-

cultural produce sold and agricultural requisites supplied during the year under review through about 25 purchase and sale organisations and about 100 multi-purpose societies working in the Bank's jurisdiction:

Value of agricultural produce sold	...	...	Rs. 162.42 lakhs.
Agricultural requisities supplied	...	...	Rs. 93.22 lakhs.

146. There is a feeling that agricultural credit through co-operatives has failed to entirely replace the private money-lender or the tradesman and the volume of credit made available through co-operatives has only enabled them to continue their hold on the primary producer without risking their own finance. It is, therefore, all the more necessary to remove this lacuna in the organisation of the integrated system of institutional credit by strengthening this important arm of the credit organism. Agricultural marketing and supply of agricultural requisites such as manures, implements etc. requires not only a specialised, trained and competent managerial personnel well-versed in the different trades but there is also an urgent necessity to co-ordinate the activities of different institutions and to effectively supervise their day to day working, if the mismanagement and misapplication of funds by office-bearers, which is so glaringly noticed in several institutions of this type, has to be eschewed. Until such a central agency is created, the central financing agencies and the State Co-operative Bank which are charged with the responsibility of organising institutional agricultural and marketing credit, may have to share greater responsibility for their efficient working, by creating a common cadre of trained managers and salesmen and by appointing their own personnel, especially to manage the more important and larger marketing organisations or multi-purpose societies. Without an efficient link on the marketing side with the credit organisation, all efforts to provide agricultural credit for production will be exposed to risks which are inherent in the agricultural credit system, especially in a country where the people are yet to be disciplined in institutional credit.

Societies in Liquidation:

147. During the year under review, ten societies, with total Bank's outstandings of Rs. 3.31 lakhs were ordered to be taken into liquidation; and the balance of outstanding loans at the close of the year under review with 110 societies stood at Rs. 6.73 lakhs as against Rs. 3.72 lakhs with 103 societies at the close of the previous year. Total repayments during the year amounted to Rs. 25,357 while a sum of Rs. 4,777 with one society was written off. Of the total outstandings of Rs. 6.73 lakhs, over Rs. 2 lakhs are due from 59 societies which were ordered to be liquidated prior to 1940, which indicates the very slow progress in effective repayment from such societies.

The following table gives the comparative details of the Bank's outstandings with societies in liquidation, during the past five years:

Year	No. of Societies in liquidation and loans outstanding at the beginning of the year		No. and amount from societies liquidated during the year		Repayments received during the year		Societies in liquidation with balance outstanding at the close of the year	
	No. of Stys.	Amount Rs.	No. of Stys.	Amount Rs.	No. of Stys.	Amount Rs.	No. of Stys.	Amount Rs.
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
						(written off Rs. 2,303)		
1950-51	108	4,40,946	5	35,642	3	51,106	110	4,25,488
1951-52	110	4,25,488	2	1,760	4	16,117	103	3,72,509
						(written off Rs. 38,622)		
1952-53	103	3,72,509	10	3,31,079	2	25,537	110	6,73,274
						(written off Rs. 4,777)		

148. With a view to securing expeditious disposal of liquidation proceedings and speedier repayments, the Bank is appointed as liquidator and the Bank Inspectors are entrusted with the liquidation proceedings of societies situated in their jurisdiction. Though in recent years liberal remissions in interest and sometimes in principal dues are granted, the abnormal delays in the execution of awards or liquidation orders obtained against defaulters, by the Revenue authorities encourage the defaulters to withhold repayments as long as they can. Several of the defaulters have no sources of repayments or evade repayments with the result the liquidation proceedings are unduly prolonged. It is, therefore, necessary to lay down some time limit for the execution of awards and liquidation orders through the Revenue Department so as to ensure speedy disposal of the liquidation proceedings, within a specified period from the date of liquidation.

X. ADVANCES TO INDIVIDUALS.

149. Under the provisions of Bye-law No. 72(i) (3), the Bank is authorised to advance loans to individual share-holders against (1) the security of Government or Trustee Securities or agricultural produce and valuables pledged to the Bank or Fixed Deposits, and (2) to share-holders and members of 'B' Class, who are creditworthy agriculturists or parties to the proceedings under the Bombay Agricultural Debtors' Relief Act under Section 2(7) of the said Act, for seasonal agricultural operations. Advances are generally made at Branch Head-quarters to facilitate marketing of agricultural produce or to provide financial accommodation to agriculturists. The advances against valuables like Gold and Silver are made generally to members of agricultural societies, or creditworthy agriculturists so that they can obtain temporary accommodation for their agricultural operations or household expenses.

The following table indicates the various types of advances made by the Bank to individual members, and the extent of the outstandings as at the end of the year under review, and comparative figures for the previous four years:

(Amount in lakhs of Rupees)

Type of Loans	1948-49		1949-50		1950-51		1951-52		1952-53	
	No.	Amount out standing	No.	Amount out standing	No.	Amount out standing	No.	Amount out standing	No.	Amount out standing
1. <i>Against Pledge of:</i>		Rs.		Rs.		Rs.		Rs.		Rs.
(a) Agricultural produce & requisites	121	53.22	126	60.35	175	70.48	140	45.97	83	22.76
(b) Govt. and Trustee Securities ...	4	1.40	8	3.99	8	4.21	11	5.55	11	4.53
(c) Fixed Deposits ...	3	0.12	2	0.11	2	0.07	3	0.04	—	—
(d) Gold & Silver ...	343	1.82	367	2.04	652	3.64	991	5.11	1315	5.71
2. <i>Crop Loans (under B.A.D.R. Act) ...</i>	99	0.15	73	0.11	54	0.10	50	0.09	39	0.07
3. <i>Agricultural Loans.</i>	—	—	8	3.02	12	4.00	30	6.71	29	4.80
4. <i>Other Advances ...</i>	—	—	1	0.03	39	1.82	22	0.97	18	0.84
Total ...	575	56.71	585	69.65	942	84.32	1247	64.44	1495	38.71

150. Advances to individual members were undertaken at a time when the Bank had funds which were not fully utilised in the co-operative movement and not as the normal feature of Bank's lending operations. It would, therefore, be observed from the above table that the advances to individuals against agricultural produce or Trustee Securities were considerably curtailed during the last three years, during which period demands from co-operative societies increased. However, with the introduction of legislative measures to restrict money-lending and to adjust previous debts of agriculturists, the co-operative organisations were called upon to provide credit facilities to agriculturist debtors and therefore, where the local co-operative societies did not exist or were unable to provide necessary finance, the Bank was required to finance them by admitting them as share-holders or 'B' class members.

151. *Advances against Agricultural Produce:* Advances to individuals, especially of commercial type, are being gradually reduced as a matter of policy, though such loans yield a better return on the Bank's investments and at lower cost, and are restricted generally to old customers and at such centres as are not served by any other commercial banks. Due to a sudden fall in commodity prices and unprecedented famine conditions prevailing in several districts, the advances against commercial crops fell sharply. The arrears at the close of the year amounted to Rs. 8.06 lakhs with 18 defaulters. Proceedings under arbitration are in progress against 11 defaulters involving a sum of Rs. 2.18 lakhs.

152. *Advances against Valuables:* The facility offered by the Bank at some of the Branches for advancing loans against valuables is availed of by agriculturists on a larger scale due to the curtailment of such advances by money-lenders. The demand for advances against Gold and Silver continued to be on the increase during the year under review owing to the failure of crops necessitating increased borrowings by the agriculturists. This type of advance is made at 15 Branches of the Bank, mainly in West Khandesh and Satara Districts. The outstanding advances against Gold and Silver increased from Rs. 5.11 lakhs with 991 members to Rs. 5.71 lakhs with 1315 members at the close of the year under review. There is a demand for extending this facility at other branches, but in the absence of proper safe custody arrangements, it has not been possible to widen the scope of this business. The majority of the persons taking advantage of this facility are agriculturists of small means, who are members of societies and are enrolled as 'B' class members of the Bank, and the maximum advance to any member does not exceed Rs. 1,000. Owing to the unsatisfactory crop conditions, the members could not repay the advances within the stipulated period, as they usually did and the period had to be extended. The unauthorised arrears at the end of the year under review amounted to Rs. 2.92 lakhs with 363 members, and were subsequently extended till the next harvest.

153.- *Agricultural Loans:* The system of advancing agricultural loans directly to agriculturists who were parties to the proceedings under the Bombay Agricultural Debtors' Relief Act was introduced in 1947, to provide loans for raising crops. This provision in the Bye-laws was further extended to credit-worthy agriculturists when the Bank undertook the responsibility to provide agricultural and marketing finance to creditworthy agriculturists.

154. *Loans to Agricultural Debtors:* During the year under review, no fresh advances were made to individual members of the Bank, who were debtors under the B.A.D.R. Act. At the close of the year under review, the outstanding loans with 39 borrowers amounted to Rs. 7,000.

155. *Loans to Creditworthy Agriculturists:* Creditworthy agriculturists who own larger acreage of crops, especially irrigated crops, than the average holdings of ordinary members of primary societies, find it difficult to obtain adequate finance from local societies for their crops due to limitations in their bye-laws or on their financial position. Wherever a sufficient number of such members is available they are encouraged to form a co-operative society. Where the number is not adequate or where they are unable to obtain adequate finance in accordance with their crop areas, they are provided agricultural loans direct. The maximum limit for agricultural loan to an individual was fixed by the Board at Rs. 50,000. The following table indicates the extent of agricultural finance made to credit-worthy agriculturists directly by the Bank, during the last three years:

(Amount in lakhs of Rupees)

Year	Loans outstanding at the beginning of the year		Loans sanctioned during the year		Outstandings at the close of the year		Arrears	
	No. of members	Amount	No. of members	Amount	No. of members	Amount	No. of members	Amount
1950-51	—	—	12	4.00	12	4.00	2	1.00
1951-52	12	4.00	22	4.91	30	6.70	18	3.52
1952-53	30	6.70	19	2.48	29	4.80	18	3.46

In case of defaults, legal action under Section 59 (B) of the Bombay Co-operative Societies Act is taken against 13 members involving Rs. 3.16 lakhs.

156. *Bills Discounted*: The Bank discounts demand bills from shareholders within approved limits in order to facilitate transfer of funds and banking business. This facility was availed of at 33 branches. During the year under review, limits amounting to Rs. 18.53 lakhs were sanctioned to 186 individuals and the total number of bills discounted was 40,163 of the value of approximately Rs. 561 lakhs. Amount of bills outstanding at the end of the year was Rs. 7.6 lakhs, of which Rs. 92,776 were overdue with seven parties.

XI. LOAN OPERATIONS OF THE BANK

Loans outstanding as on 30th June

157. Total advances to all types of societies and to individual members, including demand bills discounted, amounted to Rs. 533 lakhs at the close of the year under review as against Rs. 667.27 lakhs as at the end of the previous year, as indicated in the following table:

(Amount in lakhs of Rupees)

Particulars	1948-49	1949-50	1950-51	1951-52	1952-53
To Societies:					
1. Long Term Loans ...	0.42	0.41	0.40	0.22	0.22
2. Short Term & 'Crop Loans' ...	73.38	102.92	151.46	211.14	247.27
3. Intermediate Term Loans ...	—	—	0.13	0.38	0.93
4. Cash Credits ...	30.50	50.84	68.67	61.50	28.54
5. Overdrafts (against Govt. and Trustee Securities) ...	72.17	42.34	87.72	80.65	72.18
6. Fixed Loans (do) ...	35.77	47.84	79.88	67.80	40.25
7. Cloth and Yarn Advances ...	214.88	13.19	9.62	11.05	6.81
8. Dues from Societies in liquidation ...	4.83	4.41	4.25	3.72	6.73
9. Loans to central financing agencies (obtained from the Reserve Bank of India) ...	5.00	21.00	36.00	148.34	67.43
Total ...	436.95	282.95	438.13	584.80	470.36

To Individuals:

10. Advances against Produce and Valuables & Govt. and Trustee Securities & Fixed Deposits ...	55.04	62.39	74.09	51.08	28.47
11. Agricultural Loans ...	0.15	3.13	4.10	6.80	4.87
12. Other Advances ...	1.52	4.13	6.13	6.56	5.37
13. Bills Discounted ...	23.88	12.88	27.24	17.10	22.95
14. Loans against Prov. Fund ...	0.70	0.83	0.92	0.93	1.03
Total ...	81.29	83.36	112.48	82.47	62.69
Grand Total ...	518.24	366.31	550.61	667.27	533.05

158. The agricultural advances increased by nearly Rs. 36 lakhs, that is by nearly 17%, while advances to societies for non-agricultural activities, such as dealing in controlled commodities and marketing activities and overdrafts against Government securities were lower by Rs. 73 lakhs due to release of societies' owned funds from investments in distribution of controlled commodities. For the same reason, advances to central financing agencies obtained from the Reserve Bank of India were lower by nearly Rs. 80 lakhs, as compared with their last year's borrowings. There was a reduction of Rs. 23.21 lakhs in advances to individuals against agricultural produce during the year on account of the Board's policy to reduce this type of advances to individuals and due to last year's unsteady commodity prices.

The following table indicates the ratio of the total advances to deposit and loan liabilities and to working capital of the Bank:

(Amount in lakhs of Rupees)

Particulars	— 1948-49	1949-50	| 1950-51	| 1951-52	| 1952-53
1. Working Capital ...	1063.11	1043.94	1130.26	1217.61	1229.03
2. Deposit and Loan Liabilities ...	958.60	912.48	949.49	1038.87	1062.86
3. Total Advances ...	518.24	366.31	550.61	667.27	533.05
4. Percentage of advances to working capital	48.74%	35.08%	48.72%	54.80%	43.37%
5. Percentage of advances to deposit and loan liabilities ...	54.06%	40.14%	57.80%	64.23%	50.15%

Unauthorised arrears as on 30th June 1953

159. Out of the total loans of Rs. 431.74 lakhs (excluding overdrafts and fixed loans against Government Securities or fixed deposits and bills discounted) due from societies and individuals under various accounts at the close of the year, unauthorised arrears amounted to Rs. 101.59 lakhs which work out at 23% of the total loans. The following table indicates the extent of 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	1948-49	1949-50	1950-51	1951-52	1952-53
1. Unauthorised arrears ...	14.35	24.48	32.09	72.89	101.59
2. Authorised arrears ...	1.66	0.68	0.43	13.38	20.31
3. Estimated doubtful debts ...	2.87	4.55	4.57	6.31	11.09
4. Overdue interest ...	1.09	0.95	0.87	1.72	2.88

160. It will be observed from the above table that the unauthorised arrears increased from Rs. 72.89 lakhs at the close of the last year to Rs. 101.59 lakhs at the close of the year under review. The increase in arrears is mainly due to, as explained previously, scarcity conditions prevailing in some districts as also due to mismanagement in some of the marketing and industrial societies. Legal action is taken wherever necessary against individual borrowers, while in the case of co-operative societies, the Assistant Registrar or the Joint Registrar for I.C. and V.I. is requested to take suitable action by instituting enquiries under Section 43 (1) of the Bombay Co-operative Societies Act, with a view to improve their management or to take them into liquidation, if there was no scope for improvement.

161. The following table indicates the unauthorised arrears in respect of different types of advances to societies and individuals at the end of the year ended June 30, 1953:

Particulars	Number	Amount overdue (in lakhs) Rs.	percentage to total dues
<i>Societies :</i>			
1. Agricultural Credit and Multipurpose Societies ...	1036	60.63	24.0
2. Non-Agricultural Credit Societies ...	13	2.83	1.7
3. Industrial Societies ...	54	14.18	58.1
4. Marketing Societies ...	14	8.01	53.3
5. Joint Farming Societies ...	4	0.27	10.5
6. Other Societies ...	15	0.72	9.5
Total ...	1136	86.64	
<i>Individuals :</i>			
1. Advances against Agricultural Produce ...	18	8.06	35.4
2. Advances against Valuables ...	365	2.92	51.1
3. Agricultural Loans ...	57	3.53	72.5
4. Other Advances ...	18	0.44	8.2
Total ...	458	14.95	
Grand Total ...	1594	101.59	

	No.	Amount involved
Arbitration Suits against Individuals ...	15	Rs. 3.72 lakhs
Civil Suits against Individuals ...	6	Rs. 0.59 lakhs
Societies in which Enquiry under Sec. 43 (1) is instituted ...	39	Rs. 6.15 lakhs

Overdue Interest

162. Interest debited on loans and cash credits, if it is not recovered within six months and interest receivable thereafter on such accounts, is treated as "overdue" interest, for which provision is made before computing the net profits in the annual accounts. Owing to the larger arrears with forest labour co-operatives and some of the purchase and sale societies due to their mismanagement, interest has remained in arrears, which is responsible for a sharp increase in the amount of "overdue interest" from Rs. 1.72 lakhs last year to Rs. 2.88 lakhs at the end of the year under review. Due to scarcity conditions, interest from agricultural societies has remained in arrears. This amount is expected to be recovered on the next harvesting season. Of this amount a sum of Rs. 37,313 is covered by the amount of Government guarantee which is claimed, while an amount of Rs. 21,156 is received in case of three Forest Labour Societies and is held in suspense account pending final adjustment of accounts. The overdue interest reserve was, therefore, augmented to Rs. 3 lakhs.

Bad and Doubtful Debts

163. Bad and doubtful debts in various accounts are carefully estimated at the end of each year with a view to make adequate provision against loans which are of doubtful recovery. Owing to the losses sustained by some of the forest labour societies and owing to misappropriation of funds by office-bearers of two major purchase and sale societies now taken in liquidation and misapplication of loans or losses sustained by some of the industrial societies, the amount of expected doubtful debts has increased to Rs. 11.09 lakhs during the year. Owing to shrinkage of margins in advances against produce to individuals, there was no adequate security for some of the loans outstanding with a few individuals, though the members have other assets.

164. The Reserve for Bad and Doubtful Debts which stood at Rs. 6.81 lakhs at the close of the previous year was, therefore, increased to Rs. 11 lakhs by an addition of a sum of Rs. 4 lakhs from the amount of refund of income-tax, as referred to in paragraph 67.

Enquiries under Section 43(1) of the Bombay Co-operative Societies' Act

165. During the year under review, Managing Committees of 17 societies were suspended. Six Committees under suspension were restored during the course of the year. Thus, at the close of the year, managing committees of 26 societies remained under suspension as against 15 at the close of last year. The Bank Inspectors were associated with the Administrators appointed during the period of suspension.

166. During the year under review, enquiries under Section 43 (1) of the Bombay Co-operative Societies' Act were ordered into the affairs of 40 affiliated societies, and enquiries in 34 societies were completed and

enquiries in 39 societies were in progress as against 33 at the end of the last year. The amount of loans outstanding with the societies in the working of which enquiries under Section 43 (1) are instituted, is approximately Rs. 6.15 lakhs. Out of the 73 societies in which enquiries were held, 24 societies were involved in misappropriation of funds by office-bearers, and 38 societies were mismanaged. Working of six societies improved as a result of the enquiry. It is, however, observed that very often there is delay in conducting the enquiry and the effect of instituting an enquiry is lost on the management. As pointed out in our last year's observations, it is necessary that Statutory Enquiries should be conducted as judicial enquiries, with all possible promptness, if they are to serve the real purpose of improving the affairs and to have the desired effect on persons who are responsible for mismanagement or misapplication of funds, as well as on the general body.

Supervision over Primary Societies

167. At the close of the year, there were 62 Supervising Unions working in the area of operation of this Bank as against 59 at the close of the last year. The Supervisors are appointed and controlled by the Registrar, Co-operative Societies. In addition, the District Co-operative Officers and Assistant District Co-operative Officers supervise the working of major societies. An *ad hoc* committee consisting of the District Co-operative Officer and the Chairman of the District Co-operative Board and the Senior Inspector of the Bank control the working of the Supervisors, the District Co-operative Officer being the Secretary of the Committee. It has, however, been observed that the *ad hoc* committee has no effective voice in supervising or controlling the Supervisor's work and that very often the appointments are made without considerations of the requirements of any particular area or the types of societies which the Supervisor is expected to supervise.

168. The arrangement for supervision having been taken over by the Co-operative Department, under the Registrar's direct control, a more efficient and effective supervision over the primaries was expected, eliminating the need for appointment of inspectorial staff by central financing agencies and thereby avoiding duplication and minimising expenses so as to reduce the rates of interest to the ultimate borrower. However, the experience of the change in the supervision over the primaries is not encouraging and with frequent changes and transfers of Supervisors and appointments of too junior and inexperienced persons for areas where senior and experienced personnel is required, the quality of supervision has deteriorated and the Supervisors cannot exercise any effective control over the affiliated societies. The Supervisors consider themselves to be responsible to the Co-operative Department and not to primary co-operative societies, the central financing agencies and the Union Committees. With the increased volume of the credit made available by central financing agencies and their responsibility to create a suitable institutional agricultural credit structure, there is a greater need for co-ordination between the supervisory staff and the central financing

agencies. If an integrated system of institutional credit has to be established and worked efficiently, the logical development should be to evolve a system of unitary control and supervision over primaries, and ensure an unified arrangement through the agency of the State Co-operative Bank and other central financing agencies, whose constitution is now reorganised so as to give a larger representation to affiliated societies. This should inspire and promote mutual confidence in the financing agencies and the primary societies and avoid duplication of inspection by two different agencies and remove mutual distrust which the present system of supervision encourages. The orthodox belief that a financing institution is not suited for supervision over the affiliated societies and that the societies should arrange for their own supervision and inspection, requires reorientation especially in the changed conditions where now the co-operatives are charged with the planned development of an institutional credit system and where co-operatives are harnessed to the Governmental plans and policies and their relation is no longer that of a lender and borrower. In a planned and integrated system, the primary societies, through whom the State Co-operative Bank and the central financing agencies have to function for the efficient discharge of the responsibility undertaken by them, have to function more or less as branches or pay-offices of the central financing agencies, and, therefore, the supervision and inspection over the primary co-operatives and the responsibility for their efficient management should rest, in the changed perspective of the entire credit movement, with the State Co-operative Bank and the central financing agencies. The question of supervision, therefore, is of vital importance for the progress of the institutional credit system and requires re-examination. The State Co-operative Council has appointed a Committee to enquire into this question and to make recommendations and it is expected that suitable changes in the present arrangements would be made so as to secure more effective and efficient supervision over the primary societies on whose efficiency the entire system of institutional credit hinges.

Arbitration Awards and Liquidation Orders.

169. The following table gives a broad idea of arbitration awards and liquidation orders pending execution with Revenue authorities and Civil Courts, and those pending with the Arbitrators, Liquidators and societies against defaulters of societies borrowing from the Bank:

(Amount in lakhs of Rupees)

Particulars	1948-49		1949-50		1950-51		1951-52		1952-53	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
At the beginning of the year ...	3531	5.92	3140	5.47	2766	5.79	2726	5.65	3178	6.57
Additions during the year ...	75	0.31	191	0.71	206	0.55	622	1.42	1226	6.56
Recovered during the year ...	466	0.76	565	3.39	246	0.69	170	0.49	509	1.98
Balance at the close of the year ...	3140	5.47	2766	5.79	2726	5.65	3178	6.57	3895	11.15

It will be observed from the above table that a larger number of cases was referred to arbitration during the year under review. The amount involved in awards and liquidation orders has increased during the year under review owing to the liquidation orders passed against debtors of the Purchase and Sale Unions taken in liquidation. During the year under review, owing to scarcity conditions, coercive process of recovery was suspended in some districts and hence satisfactory recoveries could not be made. The execution proceedings are very often protracted and the effect of coercive measures against defaulters is lost on them.

Special Recovery Officers:

170. For the expeditious disposal of arbitration awards and liquidation orders obtained against the defaulters of societies, Special Recovery Officers are appointed by the Revenue Department on the recommendations of the Registrar, Co-operative Societies, as the Revenue Officers do not find time to pay adequate attention to the execution of arbitration awards. The deficit in the establishment charges of Special Recovery Officers is borne by the Bank. The appointments of Special Recovery Officers are made during the recovery season only and are not maintained throughout the year. Even so, the cost of their establishment that the Bank is required to bear is disproportionate to the recoveries secured by execution of the arbitration awards and liquidation orders. During the year under review, owing to scarcity conditions, appointment of Special Recovery Officers was held in abeyance and therefore, there was no substantial progress in the disposal of the pending awards and liquidation orders. It is necessary for the speedier disposal of the awards or liquidation orders which are sent up for execution, to make some arrangement for permanent appointment of Special Recovery Staff, Government sharing a part of the cost of their establishment, without calling upon the central financing agencies to meet the entire cost, in view of Government's statutory obligation to execute the awards or liquidation orders obtained against defaulters of co-operative societies.

Lands in possession

171. During the process of execution of arbitration awards and liquidation orders, if the defaulters' lands could not be sold for want of buyers, such lands were transferred to societies by the executing authorities under Section 59 (B) of the B.C.S. Act. 1,758 acres of land valued at Rs. 86,465 were held by societies indebted to the Bank at the commencement of the year. During the course of the year, only 3 acres of land valued at Rs. 200 were sold to outsiders, while 195 acres valued at Rs. 3,794 were reconveyed to the original owners on repayment of loans after granting remissions in the amount of interest or principal. Lands in possession of societies indebted to the Bank at the close of the year were 1,734 acres valued at Rs. 93,045. The following table will show the comparative position in this respect for the last three years:

Particulars	1950-51		1951-52		1952-53	
	Acres	Value Rs.	Acres	Value Rs.	Acres	Value Rs.
Lands in possession at the beginning of the year ...	2428	1,28,356	1799	92,603	1758	86,465
Lands sold to outsiders ...	11	1,470	2	525	3	200
Lands sold to original owners.	376	22,531	393	5,744	195	3,794
New lands that came in possession of societies ...	--	--	--	--	174	10,374
Lands in possession of societies at the close of the year ...	1799	92,603	1758	86,465	1734	93,045

XIII. ADMINISTRATION

172. The total strength of Officers and clerical staff was 513 as against 470 at the end of the previous year. Of these, 87 are University Graduates as against 74 at the close of the last year, and 17 hold Diplomas in Accountancy and Banking or Diploma of Institute of Bankers' Examination. During the year under review, the Bank deputed three of its employees to the Co-operative Training College at Poona, who completed the course of studies for Higher Diploma in Co-operation, all the three securing second class in their examination. Dr. M. G. Bhagat, Senior Inspector at Kolhapur, was given study leave practically throughout the year for undergoing training in the Co-operative College, Loughborough, England.

Inspection of Affiliated Societies

173. For the purpose of inspection and supervision over affiliated societies in the districts served by this Bank, the area in charge of the Bank is divided into ten divisions, each under the charge of a Senior Inspector, assisted by 52 (as against 49 of last year) full time Inspectors and 27 Agent-cum-Inspectors (as against 18 of last year). The average touring undertaken by the Senior Inspectors and Inspectors is 16.6 days in a month as against 16.7 days last year.

174. There were 2,784 agricultural credit and multipurpose societies affiliated to and borrowing from the Bank at the end of the year under review as against 2,468 societies at the end of the previous year. Detailed inspections of societies classed 'A' or 'B' in their last audit is undertaken by the Inspectors, as in the past, every alternate year. The rest of the societies are inspected once in a year. Major societies like Purchase and Sale Unions and Industrial Associations are inspected by the Senior Inspectors every year. The number of societies not inspected during the year under review, including 'A' and 'B' class societies, was 1,118 as against 798 in the previous year.

175. Besides inspection duties, the Senior Inspectors and Inspectors take active interest in promotional activities and propaganda and also assist the local workers in organisation work. They are called upon to deliver lectures at Training Classes for Secretaries and to assist in organising Co-operative Conferences. The Senior Inspectors generally represent the Bank on the District organisations like District Rural Development Boards, District Federations of Co-operative Societies, and Purchase and Sale Unions, while the Inspectors represent the Bank on the managing committees of the Taluka organisations like the Supervising Unions, wherever their bye-laws provide for Bank's representative on their management.

Internal Audit

176. Internal audit of accounts of branches is undertaken every quarter by qualified senior officers appointed as Branch Auditors with their headquarters in each district, except in Satara, Gujerat and Konkan Divisions, where periodical audit is done by the Divisional Senior Inspectors. The Branch Auditors and Senior Inspectors periodically verify the stock of agricultural produce against which advances are made by the Branches. The audits are more or less of a corrective nature and they are useful in checking and rectifying account irregularities.

Visits by the Officers of the Bank

177. Most of the branches of the Bank were visited by the Manager of the Bank during the year under review. During his visit not only the working of the branches and their progress is enquired into but contacts are built up with the leaders of the co-operative movement and the Officers of the Co-operative Department. Major co-operative institutions are visited by the Manager or the Superintendent of Loans in order to keep in touch with the development of the co-operative movement or to study the local problems and working of individual societies served by the Branch. Very often Branch Committee meetings and Branch General Meetings or General Meetings of major societies and meetings of field workers and representatives of societies are attended by the Manager. This gives an opportunity to the Bank to maintain personal contacts with co-operative institutions and leaders in the movement and to explain the policy decisions of the Board or to ascertain the local opinion on matters of policy or local problems.

Study visits of the Trainees

178. Some of the Probationary Assistants and other Officers of the Agricultural Credit Department of the Reserve Bank of India were deputed to this Bank to study the working of the Bank particularly with regard to agricultural finance. Necessary arrangements were also made for their visits to the central financing agencies in different regions for practical study in agricultural finance and co-operative banking. Students from the Co-opera-

tive Training College, Poona, and the Regional Co-operative Schools were given facilities for practical training, after the completion of their College or School terms.

Retrospect and Prospect:

179. The year under review, as will be observed from the foregoing observations, was an abnormal year for the co-operatives in the State. Firstly, the failure of timely rains resulted in severe scarcity conditions in several districts which strained the agricultural economy and crippled repaying capacity of the agriculturist borrowers. The normal working of co-operative societies which provided agricultural credit, therefore, was considerably affected, and their progress was hampered. Secondly, due to removal of State controls over essential commodities, the consumers' as well as marketing organisations ceased to function as in the past and several of them incurred losses due to the fall in prices for want of business. The handloom industry went through a severe depression after removal of controls on yarn and cloth and the working of Industrial Associations and Weavers' Societies received a setback. These factors retarded the progress of the movement in the industrial field and of the co-operative institutions which could not maintain the same pace of progress as they did during the last few years. Some of the institutions after the stoppage of their business in controlled commodities were further exposed to mismanagement and misapplication of funds by unscrupulous office-bearers, due to the slack supervision and control. The above factors were responsible for a rise in unauthorised arrears of Bank's advances and in the increase in bad and doubtful debts as also overdue interest, and in a reduction in the volume of transactions and in the advances to co-operative institutions.

180. The system of integrated credit organisation for providing agricultural and marketing credit is still in the initial stage and, as pointed out previously, the lack of an unified system for effective supervision over the primaries and cohesion among the different component units of the credit structure retard its rapid progress. Though the central financing agencies and the affiliated societies are fully represented on the Board of Directors, measures for close contacts between the central financing agencies and the Bank and arrangements for their periodical inspections are yet to be evolved, in order to secure uniform development of the credit system in the State as well as for the efficient discharge of the responsibility undertaken by the Co-operative Banks in creating an institutional agricultural credit organisation.

181. During the year under review, some of the decisions of the Co-operative Tribunal and the increasing number of election disputes in co-operative institutions have exposed some of the lacuna in the existing Co-operative law and the State Co-operative Council has appointed a Committee to review the Co-operative Societies Act. In view of the responsibilities

undertaken by the Bank and the central financing agencies in the Bombay State to provide institutional credit to creditworthy borrowers in close association with the State and its policies, the present Co-operative Law which governs all type of co-operative societies on par, is found deficient in ensuring efficiency and continuity in management. The need for a separate Law for the Apex Co-operative Institutions, or separate statutory provisions in the Co-operative Societies Act governing the constitution and working of such institutions is being increasingly felt.

182. In spite of the deficiencies and defects to which references are made in this review, the co-operative movement and co-operative institutions have by and large maintained their progress and the movement has succeeded in generating enthusiasm and a sense of democratic interest in the setting up of various types of co-operative organisations for the economic progress of the countryside. Several co-operative institutions besides their normal activities are interesting themselves in social and educational activities in the villages. Attempts are made to improve the standard of living of the common villager and to improve the standard of production and methods of cultivation and to provide irrigation facilities. Though there have been instances of mismanagement or abuse of power and trust by some unscrupulous persons, the general tone of management of co-operative institutions is such as to do credit to the honorary workers who devote their time and energy in building up the movement both in the countryside and the towns and cities. The lapses to which references are made no doubt bring discredit to the movement but they only expose the weakness in the efforts or in the arrangements for supervision on the part of the superior organisations and the Officers of the Co-operative Department. Such defects only underline the greater need for increasing the efficiency in working methods and training of the common man in the democratic way of living and in conforming to the discipline which any institutional system demands. If any reference has been made in this review to any defects or deficiencies it is done not to discourage any further progress but to stress the necessity for pooling our efforts and energies to remove such defects and make the movement much stronger and efficient so as to generate further progress.

183. Before concluding this review, I offer my sincere thanks to the Chairman of the Bank, Shri R. G. Saraiya, for his active interest and his valuable guidance in the day to day administration of the Bank. With the increasing responsibilities in financing various types of co-operative institutions and management of banking activities, the Bank is required to approach several problems in its day to day working. His advice and directions and his mature experience in handling such problems have been a great asset to the Bank and in spite of his other preoccupations he has been devoting considerable amount of his time to the Bank's activities. It is largely due to his association with the Bank that the Bank has been able to maintain its high place in the banking system not only in Bombay State but in the Indian Union and to occupy a front rank in the Co-operative Apex

Institutions. I have also the pleasure of acknowledging the valued co-operation of my colleagues on the Board of Directors and the institutions they represent for their keen interest in the working of the Bank, which lightened my work in the discharge of the heavy responsibilities which the Bank has undertaken in financing various types of co-operative institutions and more particularly the major industry of the country, viz., Agriculture. The Board and myself are particularly thankful to Shri D. R. Gadgil, Director of Gokhale Institute of Politics and Economics, whose presence on the Board as a Financial Expert nominated by the State Government, has been very valuable in evolving an agricultural credit system. His advice and guidance on the different problems which the Bank has to handle, has enabled the Board to arrive at healthy and equitable decisions.

184. During the course of day to day administration of the Bank, I had occasions to seek the advice and guidance of Shri Vaikunth L. Mehta. It is needless to recall his long association with the Bank and other co-operative institutions and his experience as a Minister of the State and a leading Co-operator. I consider it a privilege to consult him and seek his advice and the Board of Directors and I are grateful to him for the keen interest he has continued to evince in the progress of the Bank. The Officers of the Bank who were trained under his leadership also received his ungrudging advice and guidance.

185. Our thanks are due to the Hon'ble Ministers, Shri M. P. Patil and Dr. Jivraj Mehta, for the active interest they have shown in the working and progress of the Bank. I have pleasure in recording my thanks to Shri K. L. Panjabi, I.C.S., Secretary, Development Department, and Shri V. T. Dehejia, I.C.S., Secretary, Finance Department, for their assistance and guidance in administrative and financial matters.

186. I gratefully acknowledge the very valuable assistance which the Bank uniformly received from Shri B. Venkatappiah, I.C.S., Executive Director of the Reserve Bank of India. His keen interest in promoting co-operative banking and extending the financial assistance available from the Reserve Bank of India to co-operative organisations in a larger measure by strengthening the State Apex Co-operative Banks deserves particular mention. I also extend my thanks to Shri K. Subrahmanyam, Chief Officer of the Agricultural Credit Department and Shri V. Sivaraman for enabling the Bank to obtain financial accommodation for the central financing agencies with promptitude and for their advice in the development of the State's agricultural credit system.

187. The Board of Directors acknowledge the very valuable assistance which they obtained from the members of the Branch Committees in promoting co-operative activities in the rural areas and in supervising the working of affiliated societies. I have pleasure in extending our thanks to the Branch Committees for their keen interest in the Bank's working and for

their valuable advice on local problems, and for their co-operation in the successful working of the branches.

188. In the discharge of their duties, the Board of Directors and Officers of the Bank had occasions to seek advice of or to discuss matters of policy and administration with the Officers of the Co-operative Department. Shri P. J. Chinmulgund, I.C.S., Registrar, Co-operative Societies, as a Director on the Board of Directors, representing the State Government and as the Head of the Co-operative Department, evinced great interest in the progressive working of the Bank and his advice and guidance were sought on various matters. I am particularly grateful to him for the valuable assistance the Bank uniformly received from him in its efforts to strengthen the link between the State Government and the Co-operative Movement. I have also pleasure in extending our thanks to Shri Subramanian, I.A.S., Joint Registrar, Industrial Co-operatives and Village Industries, and Shri K. G. Prabhu, Joint Registrar and other Officers of the Co-operative Department, whose sympathetic help and understanding of the Bank's point of view enabled the Bank to discharge its responsibility of financing various types of co-operative institutions with comparative ease.

189. My personal thanks are due to the members of the staff of the Bank for their diligent discharge of their onerous duties, for the strenuous and loyal work and for their devotion to the institution.

Bombay:
31st December, 1953.

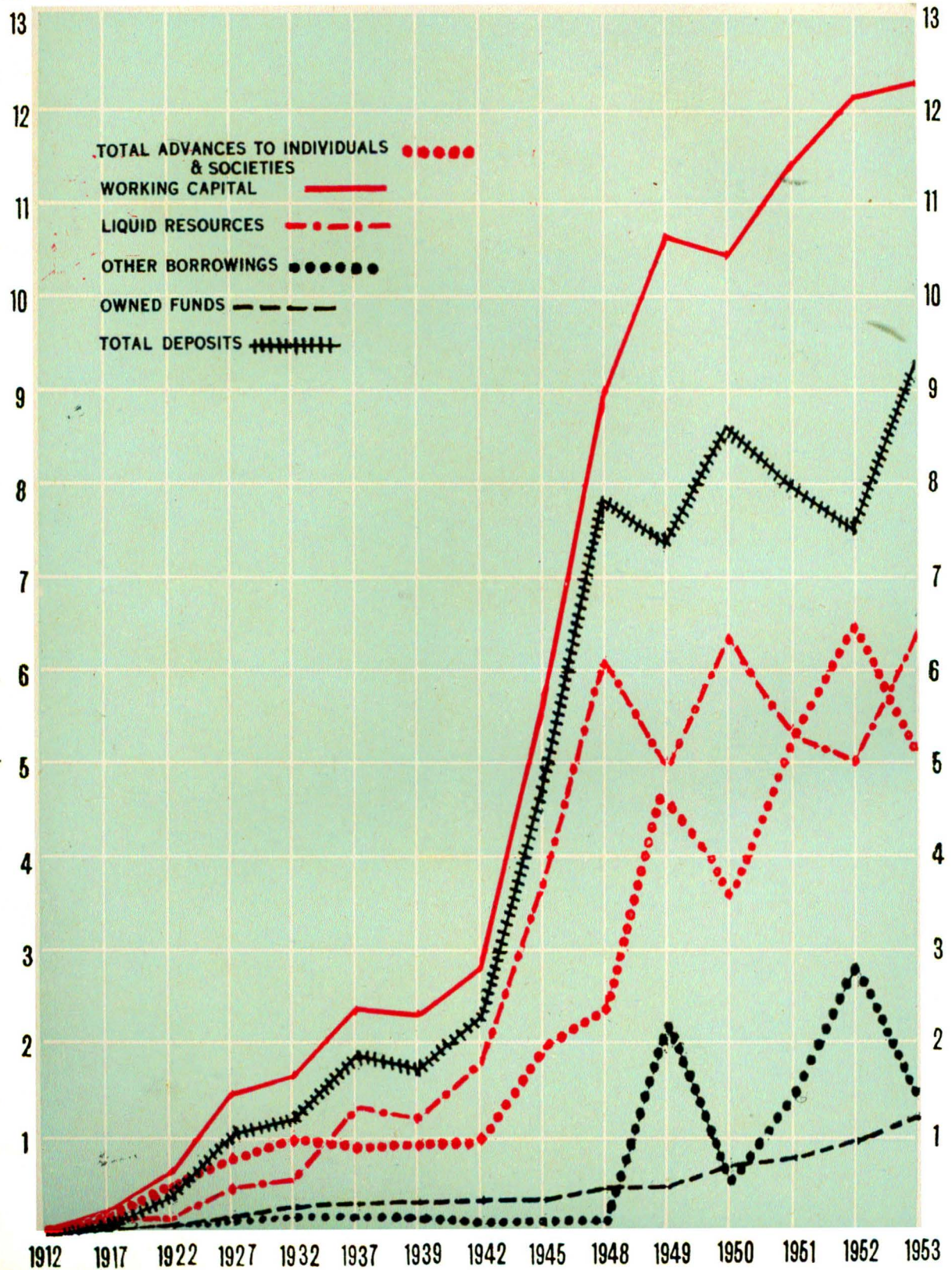
V. P. VARDE
Hon. Managing Director

THE BOMBAY STATE CO-OPERATIVE BANK LTD.

CHART SHOWING THE PROGRESS OF THE BANK DURING

1912-53

RUPEES IN CRORES



THE BOMBAY STATE CO-OPERATIVE BANK, LTD., BOMBAY.

Comparative statement showing the progress of the Bank during 1912 to 1953.

Year	Paid up Share Capital	Reserve Fund	Other Funds	Deposits	Reserve Bank Loans		Other Borrowings	Advances to Societies		Advances to Individuals		Total Advances	Investment in Govt. & Trustee Securities	Cash on hand and with Banks	Working Capital
					Self	C.F.As.		Agrl. Loans	Other Advances incldg. Liq. Stys	Agrl. Loans	Against Tangible Securities				
1912	2.10	...	...	3.37	...	...	...	5.22	...	...	...	5.22	...	0.86	6.22
1917	6.98	0.17	0.59	9.02	...	...	6.68	21.84	...	...	...	21.84	...	0.99	24.21
1922	7.00	0.20	2.04	46.40	...	...	9.10	48.31	2.87	...	...	51.18	4.01	9.27	66.59
1927	10.00	0.31	4.34	110.59	...	...	13.22	81.42	6.56	...	...	87.98	41.13	8.13	144.77
1932	12.97	0.99	5.91	129.58	...	...	14.36	85.22	13.90	(Including	...	99.12	31.84	29.78	172.51
1937	12.98	1.12	15.32	189.57	...	...	13.44	64.59	24.00	Individuals)	2.76	91.35	57.62	80.41	244.13
1939	13.00	1.13	17.84	179.27	...	...	12.23	55.52	34.74	...	8.39	98.65	68.15	53.31	234.67
1942	13.00	2.47	17.16	235.12	...	...	6.64	43.77	31.52	...	20.92	96.21	96.35	83.95	288.98
1945	19.95	4.89	17.20	483.57	...	...	6.52	31.52	60.84	...	103.23	195.59	214.32	154.71	568.15
1948	20.39	7.13	20.08	782.22	...	...	6.50	52.58	85.25	0.17	98.07	236.07	497.83	110.55	897.37
1949	20.62	8.16	21.22	738.58	...	5.00	206.50	73.80	358.16	0.15	56.55	493.66	386.22	110.91	1063.12
1950	48.26	11.58	21.83	860.24	10.00	21.00	11.50	103.35	158.60	3.13	66.52	352.60	506.65	132.28	1043.94
1951	48.70	12.69	24.47	797.96	97.00	36.00	7.50	151.99	250.15	4.10	80.22	522.46	452.25	83.75	1130.27
1952	59.18	14.01	25.26	745.81	120.00	148.34	12.50	211.74	224.72	6.79	57.65	649.24	424.70	79.31	1217.61
1953	59.99	15.69	38.65	925.26	50.00	67.43	6.50	248.42	154.51	4.87	33.84	509.07	535.65	106.68	1229.08

**THE BOMBAY STATE CO-OPERATIVE
APPENDIX
Estimated Extent of Agricultural (Crop) Loan**

Sr. No.	District	Cereals	Millets	Pulses	Sugar-cane	Fruits & Vegetables	Potatoes
GUJARAT :							
1.	Ahmedabad	3,695	4,678	374	2	85	1
2.	Kaira	2,284	5,608	967	1	85	7
3.	Broach	1,900	3,116	1,034	1	61	...
4.	Panchmahals	2,850	5,896	1,733	2	14	1
5.	Surat	2,837	4,248	1,897	28	279	...
6.	Baroda	2,791	3,427	1,303	2	65	2
7.	Amreli	216	3,434	227	23	56	...
8.	Mehsana	681	12,534	1,648	1	113	4
9.	Sabarkantha	587	3,988	382	8	46	...
10.	Banaskantha	422	8,611	920	6	44	15
Total		18,263	55,540	10,485	74	848	30
KONKAN							
11.	Thana	3,766	916	309	1	97	...
12.	Bombay Suburban	42	—	—	...	15	...
13.	Kolaba	3,135	767	321	1	71	...
14.	Ratnagiri	2,970	2,358	496	6	124	...
15.	Kanara	1,714	17	79	31	94	...
Total		11,627	4,058	1,205	39	401	...
DECCAN							
16.	West Khandesh	2,387	8,453	3,205	28	67	...
17.	East Khandesh	1,255	6,760	5,013	15	308	...
18.	Nasik	2,540	10,195	3,218	156	252	18
19.	Ahmednagar	1,678	21,822	2,896	430	200	13
20.	Poona	1,343	15,049	1,575	149	260	106
21.	Sholapur	801	20,275	2,537	151	102	...
22.	Satara North	767	8,814	1,568	160	112	29
23.	Dangs	90	100	32	...	4	...
Total		10,861	91,468	20,044	1,029	1,305	166
KARNATAK							
24.	Belgaum	2,560	11,477	2,730	261	188	10
25.	Bijapur	2,550	21,693	2,425	20	110	...
26.	Dharwar	4,437	9,087	3,836	27	148	8
27.	Kolhapur	1,781	2,682	475	322	42	2
28.	Satara South	564	9,242	1,963	64	102	...
Total		11,892	54,181	11,429	694	590	20
Grand Total		52,643	2,05,247	43,163	1,836	3,144	216

Approximate Quantum of loan per acre Rs. 25 20 15 500 300 400

Loan Requirements Rs. 13,16,075 41,04,940 6,47,445 9,18,000 9,43,200 86,400

Total Loan Requirements in 28 Districts of Bombay State—Rs. 1,08,05,32,000/- or
NOTE: It may be assumed that about 25% of the above is financed from Farmer's farmers and money lenders and Takavi loans. The Co-operatives will in the course of 5 years if institutional credit through Co-operatives is Rs. 50 Crores. Out of this the Co-operative Organisations including Banks be supplemented by the Reserve Bank and the State Government.

BANK, LTD., BOMBAY.

A.

Requirements in The Bombay State.

(.00 Acres)

Other Food Crops	Groundnuts	Other Oil Seeds	Cotton	Tobacco	Fodder Crop	Total Acreage
...	83	496	2,102	48	3,151	14,715
...	477	236	774	787	1,685	12,911
...	126	162	3,159	33	148	9,740
...	1,169	369	236	35	921	13,226
2	153	180	2,175	5	5,146	16,950
1,491	633	53	3,126	288	2,911	16,092
19	814	193	70	1	314	5,367
...	14	832	1,035	70	585	17,517
...	1,001	562	1,221	15	1,143	8,953
94	...	323	1	2	1,516	11,954
1,606	4,470	3,406	13,899	1,284	17,520	1,27,425
...	1	82	...	...	2,147	7,319
...	...	4	...	...	77	138
...	...	66	...	...	472	4,833
...	6	301	...	...	1,102	7,363
...	2	121	...	...	199	2,257
...	9	574	...	...	3,997	21,910
...	2,309	364	487	2	13	17,315
...	3,830	88	1,773	2	43	19,087
4	1,677	725	52	1	3,975	22,813
...	290	1,567	373	24	1,138	30,431
...	241	1,062	2	5	4,513	24,305
...	1,763	1,239	99	19	1,457	28,443
...	1,239	280	...	17	4,281	17,207
...	...	10	...	...	5	241
4	11,349	5,335	2,786	70	15,425	1,59,842
...	2,081	387	855	523	1,122	22,194
...	4,266	1,409	2,673	5	67	35,218
...	1,721	972	4,609	26	961	25,832
...	998	28	48	299	1,674	8,351
698	1,478	236	39	179	1,796	16,361
698	10,544	3,032	8,224	1,032	5,620	1,07,956
2,308	26,372	12,347	24,909	2,386	42,562	4,17,133
20	40	20	40	50	10	This is approximate average of cash loans granted by a society and not the cost of cultivation.
46,160	9,54,880	2,46,940	9,96,360	1,19,300	4,25,620	1,08,05,32,000

as the figures are very rough, round up to Rs. 100 Crores.

own resources, and 25% of the credit required is raised from other sources like other have, therefore, to meet the requirements of about 50% of the crop loan requirements systematically developed as a State policy. The requirements will approximate to about may be able to provide about 20% from their own resources and the rest will have to

THE BOMBAY STATE CO-OPERATIVE
APPENDIX
Resources of Central Financing

Sr. No.	Names of Central Financing Agencies.	No. of offices including Head Office	No. of affiliated Societies	Paid up Share Capital	RESERVES	
					Statutory Reserve	Other Reserve
	The Bombay State Co-operative Bank, Ltd.	68	5,524	59.99	15.69	38.65
GUJRAT DIVISION:						
1.	Ahmedabad Central Co-op. Bank, Ltd. ...	4	422	4.10	1.35	1.49
2.	Amreli District Central Co-op. Bank, Ltd. ...	1	107	1.06	0.56	0.69
3.	Baroda Central Co-op. Bank, Ltd. ...	7	489	4.03	1.36	0.58
4.	Broach Co-op. Bank, Ltd. ...	8	354	10.03	2.74	2.49
5.	Chikhli Tal. Co-op. Banking Union, Ltd. ...	1	40	0.57	0.13	0.31
6.	Kaira District Central Co-op. Bank, Ltd. ...	11	394	6.88	0.15	0.32
7.	Kalol & Halol Tal. Co-op. Banking Union, Ltd. ...	1	92	0.76	0.21	0.35
8.	Kodinar Tal. Co-op. Banking Union, Ltd. ...	1	62	1.00	0.45	0.52
9.	Mehsana Dist. Central Co-op. Bank, Ltd. ...	3	345	0.93	4.07	2.84
10.	Poorva Panchmahals Co-op. Banking Union, Ltd. ...	4	211	1.46	0.29	0.17
11.	Surat Dist. Co-op. Bank, Ltd. ...	16	618	8.33	4.51	10.67
	TOTAL:	57	3134	39.15	15.87	20.42
MAHARASHTRA DIVISION:						
1.	Barsi Central Co-op. Bank, Ltd. ...	2	97	1.15	0.89	0.39
2.	East Khandesh Central Co-op. Bank, Ltd. ...	23	1110	15.05	11.84	6.81
3.	Kolhapur Dist. Central Co-op. Bank, Ltd. ...	5	349	2.81	0.32	0.27
4.	Poona Central Co-op. Bank, Ltd. ...	18	715	5.07	3.58	2.77
5.	North Satara Dist. Central Co-op. Bank, Ltd. ...	2	360	2.43	0.28	0.01
6.	South Satara Dist. Central Co-op. Bank, Ltd. ...	4	264	2.76	0.90	0.81
7.	Shri Laxmi Central Co-op. Bank, Ltd., Phaltan ...	1	87	1.12	0.95	1.63
8.	Sholapur Dist. Central Co-op. Bank, Ltd. ...	9	591	6.40	2.65	2.03
9.	Wada Co-op. Banking Union, Ltd. ...	2	81	0.61	0.13	0.08
	TOTAL:	66	3657	37.40	21.54	14.90
KARNATAK DIVISION:						
1.	Belgaum Dist. Central Co-op. Bank, Ltd. ...	18	748	9.73	4.42	2.40
2.	Bijapur Dist. Central Co-op. Bank, Ltd. ...	13	552	6.97	1.82	1.92
3.	Kanara Dist. Central Co-op. Bank, Ltd. ...	3	181	0.71	0.52	0.30
4.	Karnatak Central Co-op. Bank, Ltd. ...	29	967	15.40	5.74	4.38
	TOTAL:	63	2448	32.81	12.50	9.00
	Total of Central Financing Agencies	186	9239	109.36	49.91	44.22
	Grand Total of all C. F. As.	254	14763	169.35	65.60	82.87

BANK, LTD., BOMBAY.

B.

Agencies as on 30-6-1953.

(Amount in lakhs of Rupees)

Deposits	Other borrowings including Debentures	Total Resources	Advances				Total Loans	Working Capital
			Societies		Individuals			
			Agri.	Non-Agri.	Agri.	Non-Agri.		
925.26	56.50	1,096.09	248.42	154.51	4.87	33.84	441.64	1,229.03
67.49	4.60	78.42	20.56	3.97	...	...	24.53	79.83
1.78	0.68	4.77	3.07	0.11	0.31	...	3.49	4.87
32.38	—	38.35	11.50	2.91	1.41	2.85	18.67	39.95
61.78	8.03	85.07	34.97	3.39	...	1.37	39.73	86.84
1.04	—	2.10	0.66	0.02	0.76	0.01	1.45	2.42
44.32	4.05	55.72	4.60	13.13	0.08	1.30	19.11	58.33
2.87	0.46	4.65	1.22	1.02	0.01	0.42	2.67	4.77
5.15	—	7.12	4.39	0.02	...	0.31	4.72	7.44
11.56	—	19.40	4.86	3.45	0.03	1.50	9.84	21.02
8.17	0.48	10.57	3.20	3.07	...	0.55	6.82	10.86
193.86	—	217.37	18.55	32.06	5.66	15.25	71.52	225.53
430.40	17.70	523.54	107.58	63.15	8.26	23.56	202.55	541.86
15.18	—	17.61	3.72	0.51	1.47	2.57	8.27	18.15
184.81	25.00	243.51	127.20	9.07	0.73	6.57	143.57	250.72
21.83	4.97	30.20	8.47	0.91	3.05	1.45	13.88	31.88
129.52	12.00	152.94	50.50	12.61	0.23	20.35	83.69	160.21
11.50	4.00	18.22	4.39	1.53	0.02	1.30	7.24	18.29
19.48	0.04	23.99	10.29	0.42	...	2.10	12.81	24.48
11.38	0.77	15.85	5.52	0.55	0.03	5.80	11.90	16.74
50.42	5.76	67.26	27.35	9.79	0.07	5.04	42.25	70.28
0.54	1.82	3.18	1.70	0.01	0.15	0.32	2.18	3.29
444.66	54.36	572.76	239.14	35.40	5.75	45.50	325.79	594.04
98.73	10.11	125.39	42.65	13.84	0.17	25.65	82.31	129.17
62.37	0.02	73.10	20.47	8.74	...	6.73	35.94	75.83
7.59	0.14	9.26	0.62	1.62	0.08	1.37	3.69	9.59
155.17	—	180.69	57.76	25.46	...	23.50	106.72	186.79
323.86	10.27	388.44	121.50	49.66	0.25	57.25	228.66	401.44
1198.92	82.33	1484.74	468.22	148.21	14.26	126.31	757.00	1537.34
2,124.18	138.83	2,580.83	716.64	302.72	19.13	160.15	1,198.64	2,766.37

*Shree Laxmi Narayan Press,
Bombay 2.*