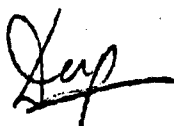


**THE
BOMBAY STATE CO-OPERATIVE
BANK, LTD.**

A handwritten signature in black ink, appearing to be 'Jap' or similar, written in a cursive style.

FORTY-THIRD

ANNUAL ADMINISTRATION REPORT

1953-54

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

With best compliments from:

V. P. VARDE
Managing Director

THE BOMBAY STATE CO-OPERATIVE
BANK LIMITED.

THE
Bombay State Co-operative Bank Ltd.

(ESTABLISHED IN 1911)

FORTY-THIRD
ANNUAL ADMINISTRATION REPORT
1953-54

SIR VITTHALDAS MEMORIAL BUILDING,
9, BAKEHOUSE LANE,
FORT, BOMBAY.

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

Branches & Sub-Branches

DISTRICT SOUTH SATARA:

1. ISLAMPUR
2. KIRLOSKARWADI
3. SHIRALA
4. VITA
5. ATPADI

DISTRICT NASIK:

6. NASIK
7. LASALGAON
8. MALEGAON
9. MALEGAON TOWN
10. NANDGAON
11. YEOLA
12. GHOTI
13. MANMAD
14. SATANA
15. KALWAN
16. SINNAR
17. NAMPUR
18. PIMPALGAON BASWANT

DISTRICT KOLABA:

19. PANWEL
20. KARJAT

DISTRICT THANA:

21. BHIWANDI
22. KALYAN
23. PALGHAR
24. MURBAD
25. DAHANU
26. BASSEIN

DISTRICT DANGS:

27. AHWA

DISTRICT AHMEDNAGAR:

28. AHMEDNAGAR
29. SHRIRAMPUR
30. BELAPUR TOWN
31. KOPARGAON
32. PATHARDI
33. RAHURI
34. SANGAMNER
35. SHEVGAON
36. VAMBORI

37. NEWASA
38. SHRIGONDA
39. LONI
40. RAHATA
41. AKOLA

DISTRICT SHOLAPUR:

42. AKLUJ
43. NATEPUTA

DISTRICT WEST-KHANDESH:

44. DHULIA
45. DONDAICHA
46. NANDURBAR
47. SAKRI
48. SHAHADA
49. NARDANA
50. SHIRPUR
51. SINDKHEDA
52. TALODA
53. NAWAPUR

DISTRICT RATNAGIRI:

54. SAWANTWADI
55. KUDAL

DISTRICT KOLHAPUR:

56. KOLHAPUR
57. SHAHUPURI
58. GANDHINGLAJ
59. MURGUD
60. GARGOTI

DISTRICT PANCHMAHAL:

61. GODHRA
62. DEVGAD BARIA
63. SANTRAMPUR

DISTRICT SABARKANTHA:

64. HIMATNAGAR
65. TALOD
66. MODASA

DISTRICT BANASKANTHA:

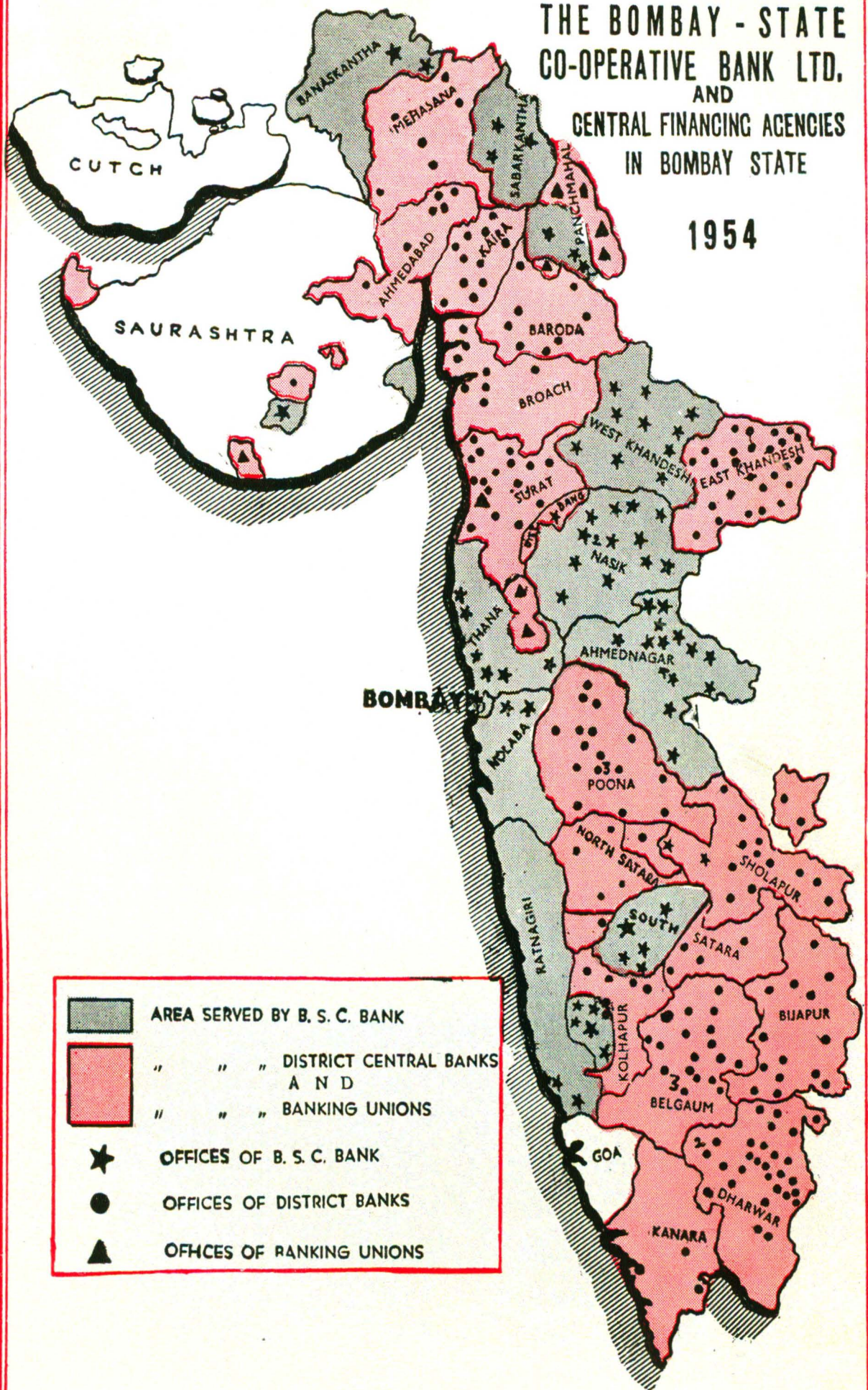
67. PALANPUR
68. DEESA






DISTRICT AMRELI:

69. DHARI

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

1954



- | | |
|---|---|
|  | 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, LTD., BOMBAY

Sir Vitthaldas Thackersey Memorial Building,
9, Bakehouse Lane, Fort, BOMBAY

BOARD OF DIRECTORS:

Shri R. G. SARAIYA, *Chairman.*

Representatives of Individual Shareholders:

Shri Janardan A. Madan. Sri Jyotendra L. Mehta. Sri R. V. Vandekar.

Representatives of Central Financing Agencies:

Sri Sundarrao P. Pandit, Sirsi, N. Kanara. Sri R. Y. Borkar, Poona.
Sri M. B. Inamati, Dharwar. Sri J. A. Patel, Broach.
Sri P. B. Ugargol, Belgaum. Sri J. S. Patil, Jalgaon, E. Khandesh.
Sri L. C. Gandhi, Surat. Sri G. D. Sathe, Sholapur.
Sri M. P. Nadgauda, Bijapur. Sri C. A. Vyas, Nadiad, Kaira.
Sri B. J. Patel, Baroda. Sri K. S. Patel, Mehsana.
Sri D. M. Patel, Ahmedabad.

Representatives of Banking Unions and other agencies functioning as central financing agencies for a part of a district:

Sri R. N. Trivedi, Kalol. Sri L. N. Bhoir, Wada.

Representatives of Urban Banks:

Sri D. V. Potdar, Poona. Sri N. N. Shaha, Jambusar.
Sri V. R. Govankop, Dharwar. Sri G. M. Laud, Bombay.

Representatives of Provincial Co-op. Marketing Society Ltd.:

Sri A. S. Patil, Dharwar.

Representatives of affiliated societies in districts where the Bank functions as a Central Bank:

Sri W. G. Patil, Nasik. Sri D. J. Zunjarrao, Thana.
Sri V. L. Jagtap, Ahmednagar. Sri P. R. Patil, W. Khandesh.
Sri G. N. Dalal, Deogad Baria. Sri K. V. Vichare, Satara.

Representatives of the Government of Bombay:

The Secretary to the Government of Bombay, Finance Department.
The Registrar, Co-operative Societies, Bombay State, Poona.
Sri D. R. Gadgil, (Financial Expert).

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

Chief Accountant.

D. A. Dharap

Manager,

Y. B. Gaitonde

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 lakhs) ...				60,47,100	0	0
Bombay State Government Contribution to Share capital of Central Financing Agencies ...				8,75,000	0	0
2. FUNDS :						
Statutory Reserve Fund ...	Rs.	16,70,598	0	0		
Other Funds ...	Rs.	40,51,260	15	3		
				57,21,858	15	3
3. 4% MORTGAGE DEBENTURES				6,50,000	0	0
4. DEPOSITS :						
(a) Fixed ...	Rs.	3,25,28,195	3	8		
(b) Current and Savings ...	Rs.	5,39,50,443	15	4		
(c) Call Deposits ...	Rs.	33,33,000	0	0		
				8,98,11,639	3	0
5. STAFF PROVIDENT FUND :				13,69,007	11	10
6. LOANS, OVERDRAFTS ETC. :						
(a) Advances from Reserve Bank of India Under Section 17(4)(a) of Reserve Bank of India Act ...	Rs.	25,00,000	0	0		
(b) Advances from Reserve Bank of India for Central Financing Agencies Under Sections 17(4)(a) and 17(4)(c) (per contra) ...	Rs.	99,40,000	0	0		
				1,24,40,000	0	0
7. BILLS FOR COLLECTION (per contra)				10,41,623	3	9
8. INTEREST PAYABLE :				2,89,753	3	0
9. BRANCH ADJUSTMENTS :				25,16,594	7	3
10. SUNDRIES (Including Unclaimed Dividend and Shop Transactions) :				5,11,395	6	0
11. PROFIT AND LOSS ACCOUNT :				4,28,998	4	0

GRAND TOTAL :

13,17,02,970 6 1

BANK, LIMITED, BOMBAY.

at 30 June, 1954.

PROPERTY AND ASSETS:

	Rs.	as.	ps.
1. CASH:			
On hand and with Bankers	92,31,165	3	5
2. INVESTMENTS:			
In Government and Trustee Securities and Authorised Shares	5,17,10,225	7	1
3. LOANS, CASH CREDITS AND OVERDRAFTS:			
(A) To Co-operative Societies and Banks:			
Agricultural:	Rs.		
(a) Long Term Loans	21,137	1	0
(b) Intermediate Term Loans	2,41,349	11	0
(c) Short Term Loans (Including Crop Loans under the B.A.D.R. Act Rs. 25,38,544-4-6)	2,49,35,651	10	6
	<u>2,51,98,138</u>	<u>6</u>	<u>6</u>
Non-Agricultural:			
(d) Cash Credits	29,46,358	9	5
(e) Overdrafts against Govt. and Trustee Securities	61,56,795	13	0
(f) Advances on Tangible Securities	49,77,281	11	5
(g) Dues from Societies in liquidation	12,26,701	14	0
(h) Advances to Central Financ- ing Agencies arranged with the Reserve Bank of India (per contra)	99,40,000	0	0
	<u>2,52,47,137</u>	<u>15</u>	<u>10</u>
(B) Advances to Individuals	56,55,526	5	1
(C) Staff Provident Fund Loans	90,868	11	0
4. BILLS RECEIVABLE (per contra)	10,41,623	3	9
5. INTEREST RECEIVABLE	7,49,138	10	4
6. INLAND BILLS PURCHASED	9,53,698	12	3
7. BRANCH ADJUSTMENTS	10,17,962	14	10
8. SAFE AND FURNITURE	1,87,613	3	3
9. LAND AND BUILDINGS	2,19,195	15	9
10. SUNDRIES	4,00,675	9	0
	<u>12,17,02,970</u>	<u>6</u>	<u>1</u>
GRAND TOTAL:	12,17,02,970	6	1

THE BOMBAY STATE CO-OPERATIVE BANK, LTD.

ADMINISTRATION REPORT

For the year ended 30th June 1954

1. I have the pleasure in presenting the Forty-third Annual Administration Report of the Bombay State Co-operative Bank Ltd. for the co-operative year ending 30th June 1954.

2. The Indian Co-operative Movement has completed fifty years of its useful service. Though originally, the co-operative ideology and the co-operative associations were introduced to India as a measure of Governmental policy for relieving the debt burden on the agriculturists, and providing an alternative credit agency supplementary to the private money-lender, the movement has now come to be recognised as a democratic instrument for the execution of the National Plan.

The Golden Jubilee

3. An event of outstanding importance during the year under review was the celebration of the Golden Jubilee of the Co-operative Movement in the Bombay State. Co-operative institutions in the State observed a week of Jubilee celebrations and carried the message of Co-operation to all parts of the State—in Towns and Cities as in Rural areas. The Prime Minister of India, Shri Jawaharlal Nehru, inaugurated the Golden Jubilee Week in Bombay on 11th April 1954. He expressed his great faith in the Co-operative Movement and asserted that in the co-operative ideology and its application to the complex problems facing the country lay the social and economic progress of the country. President Dr. Rajendra Prasad in his message sent on the occasion observed, "In a poor and populous country like ours whose economic distress is a common feature of every State, the Movement should really have a strong moral appeal. Co-operative organisation is one of the best means of educating the people in self-help and self reliance".

Co-operative Training

4. During the year under review, the Government of India set up a Central Committee for Co-operative Training jointly by the Government of India and the Reserve Bank of India with Shri V. L. Mehta as Chairman, and Shri R. G. Saraiya, Chairman of the Bank, as one of its members. The Committee recommended the opening of Co-operative Training Colleges in other States in India and extension of short term Courses to employees of Co-operative Departments and other Institutions.

State Co-operative Council

5. The Chairman of the Bank, Shri R. G. Saraiya, the Managing Director Shri V. P. Varde and five other Directors are members of the State Co-operative Council. The State Co-operative Council met once on 13th November 1953. Closer association of co-operative institutions in the National Extension Service Blocks and Community Projects, the question of State assistance to co-operative associations of hand-loom weavers which were passing through a crisis after the decontrol of yarn and the co-ordination of takkavi advances by the Government with the agricultural finance provided by the co-operatives, were some of the important subjects discussed by the Council.

Standing Advisory Committee on Agricultural Credit

6. A reference was made in the last year's report to the Standing Advisory Committee on Agricultural Credit appointed by the Reserve Bank of India. Shri R. G. Saraiya, Chairman, and Prof. D. R. Gadgil, a Director of this Bank, were associated with this Committee as members. The Rural Credit Survey undertaken by the Reserve Bank of India is reported to have been completed and its detailed report is keenly awaited. It is expected that this authoritative report based on factual data will provide basic material to the co-operative credit organisations, especially in this State where the Bank is trying to evolve an integrated system of institutional credit to agricultural producers through co-operative institutions. The Standing Advisory Committee is expected to take a lead in giving proper directives to the Co-operative Apex Institutions and the State Governments in the matter of evolution of an institutional credit system in the agricultural sector arising out of the results of Rural Credit Survey.

Co-operative Banks' Association

7. The Co-operative Banks' Association continued to co-ordinate the activities of co-operative banks in the State and to advise them on matters of mutual interest. The Chairman of the Bank, Shri R. G. Saraiya, is the Ex-Officio Chairman of the Association and Shri V. P. Varde, its Honorary Secretary. Shri M. H. Bhadbhade, Officer-in-Charge, Agricultural Credit Department, worked as Assistant Secretary. It has been proposed that the Association be given certain powers at present enjoyed by the Registrar under the provisions of the Co-operative Societies Act. It has, therefore, been decided to get the "Association" registered under the Co-operative Societies Act.

II. STATE ASSISTANCE

Contribution to Share Capital

8. On the recommendation of the Agricultural Credit Organisation Committee (1948) the Government of Bombay, in their Resolution, Revenue

Department, No. 2148/45 dated the 25th June 1948, agreed to contribute to the Share Capital of the Bombay State Co-operative Bank and the Central Financing Agencies with a view to strengthening their financial resources to enable them to take up the responsibility of providing agricultural and marketing credit to credit-worthy agriculturists. In accordance with this decision, the Bank obtained a total contribution of Rs. 26 lakhs. During the year under review, it was not felt necessary to ask for any additional share capital.

9. During the year under review, the Bank contributed a sum of Rs. 2 lakhs towards the share capital of two Central Banks, viz., (1) The Ahmedabad Central Co-operative Bank and (2) The North Satara District Central Co-operative Bank. The total contribution to the share capital of central financing agencies made by the Bank stood at Rs. 8.75 lakhs at the close of the year under review. For this purpose, the Bank obtained from the Government of Bombay a like amount. Of this, Rs. 3.5 lakhs carries interest at 3% and Rs. 5.25 lakhs at 3½% per annum, whether a central financing agency is able to pay a Dividend on the shares contributed by the Bank or otherwise. The Government have now agreed that in case any central financing agency is unable to pay a dividend or pays a lower dividend, such loss as is sustained by this Bank due to the lower yield be recouped from the Credit Stabilisation Reserve.

Credit Stabilisation Reserve

10. The Agricultural Credit Organisation Committee had recommended to the State Government to create a Credit Stabilisation Fund with a view to meeting any contingencies affecting the credit of the agriculturists arising out of unforeseen calamities like floods or famines or economic depression. The Government, however, agreed that such a Fund should be created out of any dividend paid by the State Co-operative Bank and the central financing agencies on the capital contributed by the Government after paying to Government at 3% which was subsequently increased to 3½%. During the year under review a sum of Rs. 47,000 was added to this Fund out of the dividend in excess of the agreed rate, augmenting the Reserve to Rs. 1,25,792 at the close of the year.

Subsidies for uneconomic Branches

11. To facilitate disbursement of loans and to reduce the cost to the agriculturist borrowers and to the co-operative societies dispensing credit in rural areas, central financing agencies are required to open branches or pay-offices which have usually to be maintained at considerable cost. In order to enable the central financing agencies to open branches, which may not be remunerative, the Government of Bombay, on the recommendation of the Agricultural Credit Organisation Committee, also agreed to grant subsidies on certain conditions, as laid down in Government Resolution, Deve-

lopment Department, No. 599 dated 31st October 1949, to meet such deficits in maintaining branches opened with the permission of the Registrar, such subsidy being available for the first three years, except in respect of branches opened in the economically backward and co-operatively under-developed areas, where the period might be extended upto six years.

12. In pursuance of this arrangement, the Bank received during the year under review, a sum of Rs. 42,702 as a subsidy for 14 uneconomic branches opened previously with the approval of the Registrar.

13. The following table gives an indication of the subsidies claimed and received from Government during the last four years:

Subsidies for uneconomic branches

Year	Subsidy claimed		Subsidy actually received	
	Branches No. of	Amount	No. of Branches	Amount
1948-49	11	Rs. 20,000	4	Rs. 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 *
1952-53	14	„ 43,942	14	„ 42,702

(* This includes a sum of Rs. 16,367/- for the previous year).

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

14. On the application of the Bombay Agricultural Debtors' Relief Act, the co-operative societies were recognised as a credit agency to provide "crop loans" to agricultural debtors. Under the said Act a debtor is prevented from alienating or creating a charge on his agricultural lands. The Government, therefore, guaranteed to the societies and central financing agencies an overall guarantee of 5% of the loans advanced to agricultural debtors, as provided in Government Resolution, Revenue Department No. 10670/39 of 4th November 1944. Under this arrangement the Bank was eligible to claim Rs. 1,57,658 as subsidy for the loans advanced during the years 1949-50, 1950-51 and 1951-52. However, as the "crop loans" advanced to societies to finance agricultural 'Debtors' are generally recovered, the subsidy is available only if the outstandings remain in arrears for a long time. Accordingly, a sum of Rs. 7,402 was received from Government as subsidy for "crop loans".

Government Guarantee for "Industrial" Loans

15. The industrial societies of weavers and other industrial workers have usually small resources of their own and have to depend on the central financing agencies to a large extent for their working funds. The societies generally are unable to provide the necessary margins which the central financing agencies insist before the loans are advanced by them. The Gov-

ernment have, therefore, agreed to guarantee to the central financing agencies such margins if an industrial society is not in a position to provide it out of its own funds so as to enable the societies to raise the working funds, or to contribute to their share capital in order to strengthen their capital resources. The Joint Registrar for Industrial Co-operatives and Village Industries is authorised by Government to contribute to the share capital of certain types of industrial societies and to guarantee, within certain limits, the margins required by the central financing agency.

16. The following table gives an indication of the loans outstanding with industrial societies, on Government guarantee:

Government Guarantee for loans to 'Industrial' Societies

Type of Societies	No. of Societies	Nature of Government Guarantee	Amount of loans sanctioned	Amount of loans outstanding	Amount of Government Guarantee available
Forest Labourers' Societies	12	40% margin	5,94,000	6,36,659	2,37,600
Industrial Associations * (Yarn distribution)	... (3 in liq.) 2	20% margin	9,00,000	4,53,523	2,76,000
				(inclusive of interest)	
Total:	14		14,94,000	10,90,182	5,13,600

Note: Government guarantee amounting to Rs. 61,714 was received in respect of 5 forest labourers societies with total outstandings of Rs. 1,40,210, during the year under review. Of these three societies with Bank's dues of Rs. 84,754 are taken into liquidation.

III. ACCOMMODATION FROM RESERVE BANK OF INDIA

17. (a) *For Seasonal Agricultural Operations:* With the increasing demands from co-operatives for seasonal agricultural operations and marketing of crops the central financing agencies have to supplement their resources by availing themselves of the financial accommodation from the Reserve Bank of India, through State Co-operative Bank. In the light of experience gained the procedure for obtaining financial accommodation has now been simplified and regulated and the central financing agencies are required to draw their own lending programme and apply for financial accommodation at the commencement of the agricultural season. On the recommendation of the State Co-operative Bank and the Registrar, Co-operative Societies, limits are sanctioned to each central financing agency, which can draw the loans within such limits as and when required, provided the loans so obtained are used for financing seasonal agricultural operations or marketing of crops, through co-operative societies which are classed A or B in their audit. The loans are usually repaid on the harvesting of the crops, irrespective of the period of the loans.

18. A total limit of Rs. 270 lakhs—Rs. 250 lakhs under Section 17 (4) (a) against Government Securities and Rs. 20 lakhs under

Section 17 (4) (c) against re-endorsement of Pro-notes of primary agricultural societies was sanctioned to this Bank, while a total limit of Rs. 389 lakhs was sanctioned to the District Central Financing Agencies—Rs. 187 lakhs under Section 17 (4) (a) and Rs. 202 lakhs under Section 17 (4) (c).

19. The following table indicates the extent of financial accommodation availed of by this Bank and the other Central financing agencies from the Reserve Bank of India, during 1953-54:

(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 three years			
				1952-53	1951-52	1950-51	
State Co-operative Bank :							
Sec. 17 (4) (a) against Govt. Securities	...	250.00	145.00	25.00	50.00	95.00	97.00
Sec. 17 (4) (c) against Co-operative Paper	...	20.00	19.00	—	—	25.00	—
Total		270.00	164.00	25.00	50.00	120.00	97.00
Central Financing Agencies :							
Sec. 17 (4) (a)	...	187.00	56.00	36.00	34.50	3.00	—
Sec. 17 (4) (c)	...	202.00	177.69	63.40	32.93	5.00	—
Sec. 17 (2) (b)	...	—	—	—	—	140.34	36.00
Total		389.00	233.69	99.40	67.43	148.34	36.00
Grand Total		659.00	397.69	124.40	117.43	268.34	133.00

20. During the year under review a limit of Rs. 270 lakhs was sanctioned as against Rs. 200 lakhs previous year while limits sanctioned to C. F. A. s. were Rs. 389 lakhs as compared to Rs. 312 lakhs previous year. The maximum drawings were Rs. 397.69 lakhs as compared to Rs. 343.53 lakhs last year. Financial accommodation from the Reserve Bank of India for seasonal agricultural operations and marketing of crops is available at 2% below Bank rate. The State Co-operative Bank charged to central financing agencies 1/4% higher on amounts borrowed under Section 17(4)(a) against pledge of Government Securities and 1/2% higher on amounts under Section 17(4)(c) or 17(2)(b) against re-endorsement of their Pro-notes.

21. (b) *Intermediate Term Loans*: The Reserve Bank of India Act has been recently amended enabling the Bank to advance intermediate term loans to State Co-operative Banks for agricultural purposes, repayable on the expiry of not less than 15 months and not more than five years, provided

such loans and advances "are fully guaranteed as to the principal and interest by the State Government". The purposes for which medium term loans can be utilised include the following:

- (1) Reclamation of land.
- (2) Building and other land improvements, as are necessary or conducive to the cultivation of crops.
- (3) Preparation of land for orchards and plantation.
- (4) Construction, development and maintenance of irrigation sources.
- (5) Purchase of such live stock, implements, machinery and transport equipment as are necessary for or conducive to agriculture.
- (6) Construction of farm houses and cattle sheds.
- (7) Purchase, construction, development or maintenance of such equipment as may be needed for carrying on animal husbandry and allied activities jointly undertaken with agricultural operations.

22. The Reserve Bank of India Act stipulates that medium term loans shall not exceed the owned funds of the State Co-operative Bank. The Bank has, therefore, proposed to avail of medium term loans not exceeding Rs. 50 lakhs and has approached the Government of Bombay to furnish the necessary guarantee to the Reserve Bank as required under the Act. Government's decision is awaited. On receipt of the Government guarantee as required by the Reserve Bank it is proposed to avail of this amount to make available the funds so obtained to central financing agencies and co-operative societies directly financed by the Bank.

IV. SHARE CAPITAL AND MEMBERSHIP

23. The authorised and issued share capital of the Bank is Rs. 50 lakhs, value of the share being Rs. 50. Byelaw No. 3(b) provides for a contribution of Rs. One Crore from the Central and State Governments. During the year under review, the paid up share capital increased by Rs. 47,950 to Rs. 60.47 lakhs, inclusive of Rs. 26 lakhs contributed by the Government of Bombay. New Shares are allotted to co-operative institutions at a premium of Rs. 10 per share, only for the purposes of affiliation, the premium being credited to the Reserve Fund. No new shares are allotted to individuals. The increase in the share capital and membership during the last five years is indicated in the following table:

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 Capital		
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
1953-54	60,47,100	5,748	48,536	40.1	4268	20,406	16.9	52,000	43.0

24. Of the total membership of 10,016, Co-operative institutions formed 57.4 per cent as against 56.9 per cent last year. The share capital held by the co-operative institutions was 70.4 per cent as against 69.7 per cent as at the end of the previous year, excluding the share capital held by the Government.

'B' Class Membership

25. Bye-law No. 12 (A) provides for admission of persons (i) who are members of primary societies or (ii) are parties to proceedings under the Bombay Agricultural Debtors' Relief Act or (iii) are credit-worthy agriculturists, as "B" class members. They have no right to participate in the management of the Bank but are eligible to borrow from the Bank monies against pledge of valuables or agricultural produce and/or for raising of crops. The following table indicates the increase in "B" class members during the last 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
1949-50	933	314	—
1950-51	1,216	317	—
1951-52	1,570	317	285
1952-53	2,037	317	556
1953-54	2,278	317	813

V. BANKING OPERATIONS

26. During the year under review the controls on distribution of essential commodities and rationing of foodstuffs were removed with the result that the channels of free trade movements were opened. This resulted in the downward trend of commodity prices, and the wholesale index moved down to 381.6 as compared to 405.4 a year ago. The deposits in the banking system and the note circulation were slightly higher but working class cost of living was lower by 3 points at 350, as would appear from the following table:

Particulars	1-9-1939 (Pre-war)	June 1952	June 1953	June 1954
General Wholesale Price Index ...	100	374.8	405.4	381.6
Agril. Commodities Index ...	100	445	496	422.4
Cost of Living Index ...	106	322	353	350
Notes in Circulation (in crores) ...	182	1129	1138	1174
Deposits with Scheduled and Non-scheduled Banks (in crores) ...	277	889	894	924
Deposit liabilities of State Co-operative Bank (in lakhs) ...	184	758	939	912

27. The economic situation on the whole was stable and one of increasing confidence, owing to increasing output in agricultural and industrial sector. The progress in the implementation of the National Plan programme was reassuring, though the rising unemployment especially among the educated middle-class was to a certain extent, a disturbing feature. In April, 1954 the Government of India floated the 3½% National Plan Loan 1964, the proceeds of which were to be utilised for financing the Five Year Plan. The Prime Minister appealed to the Nation to subscribe liberally to the Loan and the Chief Minister, Shri Morarji Desai, issued a personal appeal to co-operative institutions to wholeheartedly support the loan. In response to this appeal, the Bank subscribed Rs. 50 lakhs to the National Plan Loan. The other central and urban co-operative banks in the State heartily responded with the result that the total subscription to the loan by Co-operatives in the Bombay State exceeded a Crore of Rupees.

Deposits and Borrowings

28. Owing to the receding commodity prices and the opening of the trade channels, the savings of the agricultural community and the surplus of the business community were diverted to their own business and therefore, the flow of deposits in co-operative banks was considerably arrested. Contributions to the National Plan Loan and the facilities offered by the Government to attract rural savings through the Post Offices and Cash Certificates also diverted a part of the institutional and individual deposits which used to be kept with co-operative banks. In addition to these factors which accounted for arresting the rise in the deposits, the opening of branches of some of the commercial banks of standing in areas served by the Bank and the higher rates of interest and other banking facilities offered by them as well as the closing of the branches of the Bank in the North Satara and Ahmedabad Districts resulted in a slight drop in the total deposits, both at the Head Office and the Branches, as is indicated in the following table:

(Amount in lakhs of Rupees)

Particulars	1949-50	1950-51	1951-52	1952-53	1953-54
A. Deposits :					
1. Fixed :					
(a) Societies ...	94.83	122.55	82.98	237.28	190.84
(b) Individuals ...	117.36	88.63	104.65	127.58	134.44
2. Current & Savings :					
(a) Societies ...	233.49	224.55	235.09	223.43	235.87
(b) Individuals ...	343.56	344.41	315.28	333.97	303.64
3. Call Deposits :	71.00	17.81	7.81	3.00	33.33
4. Staff Provident Fund :	9.74	11.04	12.22	13.67	13.69
Total ...	869.98	808.99	758.03	938.93	911.81
B. Loans :					
1. Debentures ...	6.50	6.50	6.50	6.50	6.50
2. Loan (from State Govt. for cloth and yarn yarn) ...	5.00	1.00	6.00	—	—
3. Advances from Reserve Bank of India for C. F. Agencies ...	21.00	36.00	148.34	67.43	99.40
4. Advances from Reserve Bank of India for Self	10.00	97.00	20.00	50.00	25.00
Total ...	42.50	140.50	280.84	123.93	130.90
Grand Total of A and B :	912.48	949.49	1038.87	1062.86	1042.71

29. There was a fall of Rs. 27.12 lakhs in the total deposits held by the Bank. This was due to factors mentioned earlier and the withdrawals by some of the apex institutions which had deposited their surplus funds with the Bank. The deposits, excluding the call deposits, were lower by Rs. 57.47 lakhs as compared to those at the close of the previous year. Call deposits increased by Rs. 30.33 lakhs. There was a fall of Rs. 46.44 lakhs in Fixed Deposits from societies; but those from individuals were higher by Rs. 6.86 lakhs. The Current and Savings Deposits from societies showed a rise of Rs. 12.44 lakhs while those from individuals were lower by Rs. 30.33 lakhs. The overall decline was partly due to the closing of five of the branches in North Satara and Ahmedabad Districts, which accounted for a reduction in deposits amounting to Rs. 30.5 lakhs.

30. The following statement indicates the trend of demand and time liabilities (excluding debentures and other borrowings of the Bank) as at the end of each of the last five years:

(Amount in lakhs of Rupees)

Year	A Time liabi- lities	Percentage to total deposits	B Demand liabi- lities	Percentage to total deposits	Total of A & B	Ratio of A & B
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
1953-54	339	37.17	573	62.83	912	1:1.61

Fluid Resources

31. Rule 18 (a) of the Bombay Co-operative Societies' Rules prescribes the ratio of fluid resources against deposit liabilities. The Bank maintained adequate fluid resources as required under this Rule. The actual fluid resources available stood at Rs. 491.58 lakhs while the amount required under this Rule was Rs. 296.84 lakhs leaving a surplus of Rs. 194.74 lakhs over the prescribed amount. As the Bank functions as a balancing centre for the co-operative institutions in the Bombay State as also other States in India and is an apex institution catering to the banking needs of the co-operative movement, it is considered prudent to maintain a greater fluidity than that prescribed under Rule 18 (a). The following table indicates the fluid resources maintained during the four quarters during the year under review:

(Amount in lakhs of Rupees)

	30.9.53	31.12.53	31.3.54	30.6.54
1. Cash on hand and with approved Banks (current and at call) ...	63.81	69.05	106.78	92.31
2. 90% of investments in Government and 80% of Trustee Securities held by the Bank (less borrowings against them) ...	343.22	327.75	319.34	399.27
3. 80% of fixed deposits with Banks ...	—	—	4.00	—
Total Fluid Resource ...	407.03	396.80	430.12	491.58
less Fluid Resources required ...	281.88	265.56	270.92	296.84
Surplus Available ...	125.15	131.24	159.20	194.74

Investments in Government and Trustee Securities

32. Investments in Government and Trustee securities at the close of the year stood at Rs. 4.96 crores as against Rs. 5.35 crores at the close of the last year. The book value of the investments in Government and other Trustee Securities as at the close of the year were shown at or below redemption price and stood at Rs. 489.32 lakhs, their face value was Rs. 496.48 lakhs and their market value amounted to Rs. 477.96 lakhs. As 81% of the investments would mature within 10 years and the rest not later than 15 years the Board did not consider it necessary to make any further provision beyond the provision already made.

33. Cash at hand and in Banks, at the close of the year, was Rs. 92.31 lakhs as against Rs. 106.68 lakhs at the close of the last year. The average

daily cash on hand and with the Reserve Bank of India, Bombay, stood at Rs. 55.33 lakhs as against Rs. 53.71 lakhs during the previous year and was 6% of the total deposit liability.

Borrowing Rates

34. The interest rates hardened during the year and call money rate ranged from $2\frac{3}{4}$ to 3 per cent during the year under review. In the busy season, the short period deposit rates also rose to 3%. As a result, the average borrowing rate for deposits and loans increased by .13% to 1.24% as against 1.11% during the previous year. The trend of the average borrowing rate, management expenses and cost of borrowed funds during the last five years is indicated in the following table:

Particulars	1949-50 %	1950-51 %	1951-52 %	1952-53 %	1953-54 %
1. Average borrowing rate for deposits & loans borrowed ...	0.92	0.95	1.40	1.11	1.24
2. Management expenses to deposit and loan liabilities ...	1.64	1.77	1.77	1.77	1.95
3. Net cost of borrowed funds including management expenses ...	2.56	2.72	3.17	2.88	3.19

Owned Funds

35. During the year owned funds showed an increase while the working capital was slightly less due to the closing of some of the branches.

The following table indicates the progress maintained by the Bank in respect of owned funds and the working capital during the last five years:

(Amount in lakhs of Rupees)

Particulars	30-6-50	30-6-51	30-6-52	30-6-53	30-6-54
A. OWNED FUNDS:					
1. Paid-up Share Capital ...	48.26	48.70	59.18	59.99	60.47
2. Statutory Reserve Fund ...	11.58	12.69	14.01	15.68	16.71
3. Building Reserve ...	1.40	1.62	1.72	1.82	1.82
4. Reserve for Bad and Doubtful Debts ...	7.16	7.22	6.81	11.00	10.71
5. Sinking Fund for Debentures ...	3.43	3.61	3.80	3.99	4.19
6. Reserve for Overdue Interest ...	3.65	1.56	1.56	3.00	3.22
7. Other Reserves ...	6.19	10.46	11.37	18.84	21.57
Total:	81.67	85.86	98.45	114.32	117.69
B. WORKING CAPITAL:	1044.00	1130.00	1218.00	1229.00	1217.00

36. Total reserves of all kinds at the close of the year were Rs. 57.22 lakhs showing an increase of Rs. 2.88 lakhs. The Reserve for overdue interest was augmented by Rs. 22,000 in order to make a full provision for overdue interest. The credit stabilisation fund created out of the dividend paid on the share capital subscribed by Government as referred to previously increased by Rs. 47,000 and stood at Rs. 1,25,792.

Inland Exchange Operations and Remittance of Funds

37. As bankers to co-operative banks not only in the Bombay State but also in other States in India, the Bank operates as a clearing centre at Bombay and other commercial centres through its branches and affiliated co-operative banks. The Bank has reciprocal arrangements for collection of bills and for drawing of demand drafts with co-operative banks and approved commercial banks covering about 250 towns and cities in Bombay State. The District Central Co-operative Banks and their branches and Urban Co-operative Banks in the Bombay State have arrangements for remittance of funds, through the Imperial Bank or the Government Treasuries, to Bombay and vice versa.

Mutual Arrangement Scheme

38. Under the auspices of the Bombay Co-operative Banks' Association, the District Co-operative Banks and Urban Banks, which are members of the Association, have evolved a scheme for facilitating collection of bills drawn on various centres or transfer of funds by drawing demand drafts on each other's offices, at concessional rates of exchange. Under this arrangement the banks operate through this Bank at Bombay, as if they were branches of the Bank, so that they are not required to maintain separate accounts with the various offices. This has greatly helped co-operative banks in the Bombay State to expand their banking operations and to extend to their members and customers the same facilities in respect of collection of bills and remittances as are offered by commercial banks through the network of their branches.

The volume of collection of bills and remittance handled by the Bank during the year under review as compared to previous four years is indicated in the following table:

(Number in Hundreds and Amount in lakhs of Rupees)

Particulars	1949-50		1950-51		1951-52		1952-53		1953-54	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
HEAD OFFICE:										
Drafts issued and local bills collected ...	535	1,555	557	1,793	578	1,598	519	1,361	513	1,441
Outward bills collected	510	322	504	339	470	311	420	300	473	273
Total:	1045	1,877	1061	2,072	1048	1,909	939	1,661	986	1,714
BRANCHES:										
Drafts issued and bills collected ...	1747	1,823	1802	1,780	1920	1,920	2098	1,787	2160	1,828
Outward Bills collected	743	1,246	725	1,224	792	1,242	849	1,007	925	1,091
Total:	2490	3,069	2527	3,004	2712	3,162	2947	2,794	3085	2,919
Grand Total:	3535	4,946	3588	5,076	3760	5,071	3886	4,455	4071	4,633

Remittance through Reserve Bank

39. The Reserve Bank of India has extended facilities for remittances of funds once a week between this Bank and its branches and/or the District Central Co-operative Banks and their branches to their accounts with Bombay office, through the branches of the Imperial Bank of India. Under this arrangement remittances from branches during the year amounted to Rs. 151.05 lakhs as against Rs. 121.11 lakhs during the corresponding period last year.

40. Remittances through the Sub-Treasuries or the Imperial Bank of India on payment of remittance charges, in addition to the free remittances indicated above, amounted to Rs. 374.88 lakhs during the same period as against Rs. 469.84 lakhs last year.

41. Remittances from the Bombay Office to branches through the Reserve Bank of India amounted to Rs. 256.69 lakhs while similar remittances to central and urban banks and their branches amounted to Rs. 494 lakhs. Remittances from Bombay on branches of the Imperial Bank or the Sub-Treasuries are charged for, but such charge has now been lowered to 1/64% on the recommendation of the Rural Banking Enquiry Committee.

Remittance of Funds

42. In addition to the remittances through the Reserve Bank of India, inter-branch remittance of funds amounted to Rs. 1,049.43 lakhs. Cash in transit and in Safes at branches and at the Bombay Office is insured against theft or robbery and the insurance premia paid amounted to Rs. 18,434.

The Bombay Bankers' Clearing House

43. The Bank is a member of the Bombay Bankers' Clearing House and the Co-operative Banks in Greater Bombay are admitted as Sub-Members. During the year under review, two Banks viz., (1) Greater Bombay Co-operative Bank, Ltd., and (2) Bombay Peoples' Co-operative Bank, Ltd, were admitted as Sub-Members, increasing their number to 25. This has enabled the Bank to offer facilities for clearing the cheques drawn on Banks in Bombay and on the Sub-members. The average number of cheques drawn on this Bank and its Sub-members per day was 1,543. The average amount of cheques drawn on this Bank per day was Rs. 20.67 lakhs while that drawn on other Banks and presented through the Clearing House by the Bank was Rs. 28.40 lakhs, as is indicated in the following table:

(Amount in lakhs of Rupees)

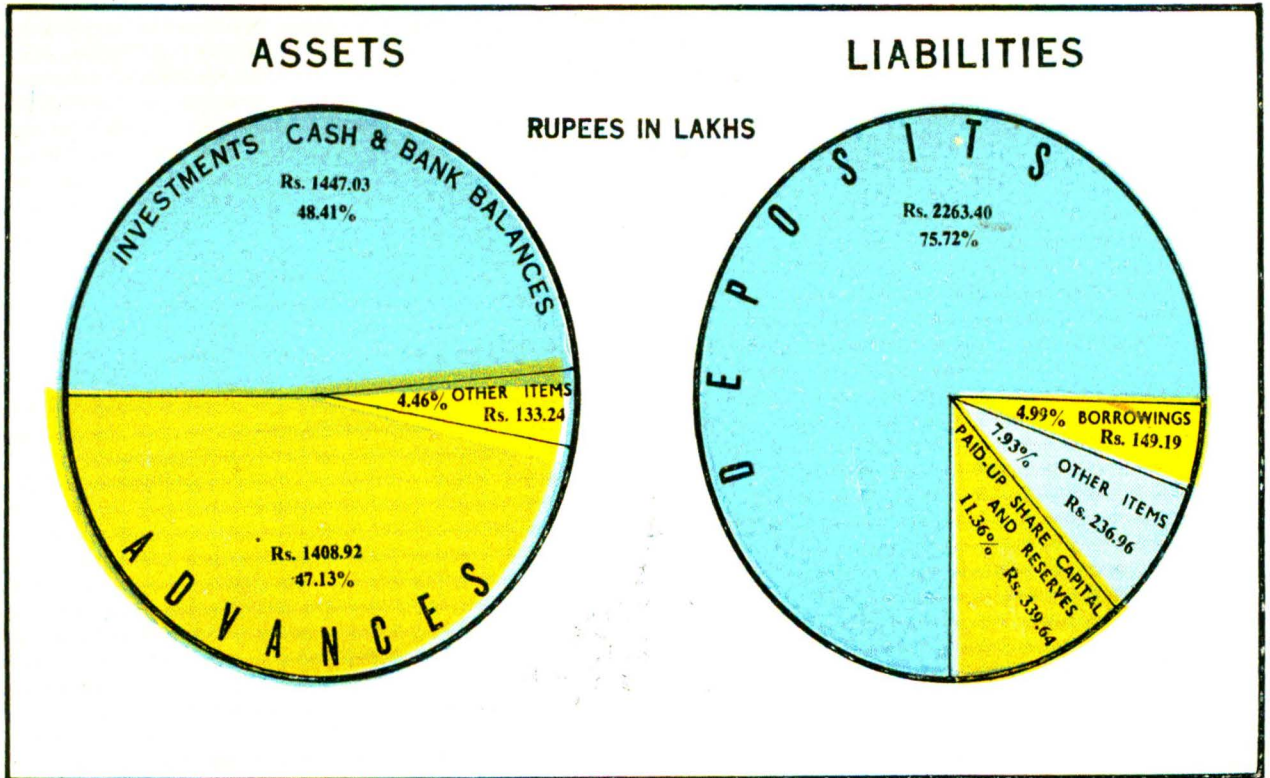
Year	No. of Sub-Members	Average No. and amount of cheques on other clearing Banks in Bombay cleared per day		Average No. and amount of cheques on this Bank cleared per day	
		No	Amount	No	Amount
1949-50	14	1,075	22.96	1,443	18.68
1950-51	20	1,409	26.25	1,863	23.58
1951-52	22	1,450	24.95	1,938	22.90
1952-53	23	1,383	25.53	1,935	19.05
1953-54	25	1,543	28.40	2,221	20.67

THE BOMBAY STATE CO-OPERATIVE BANK LTD.

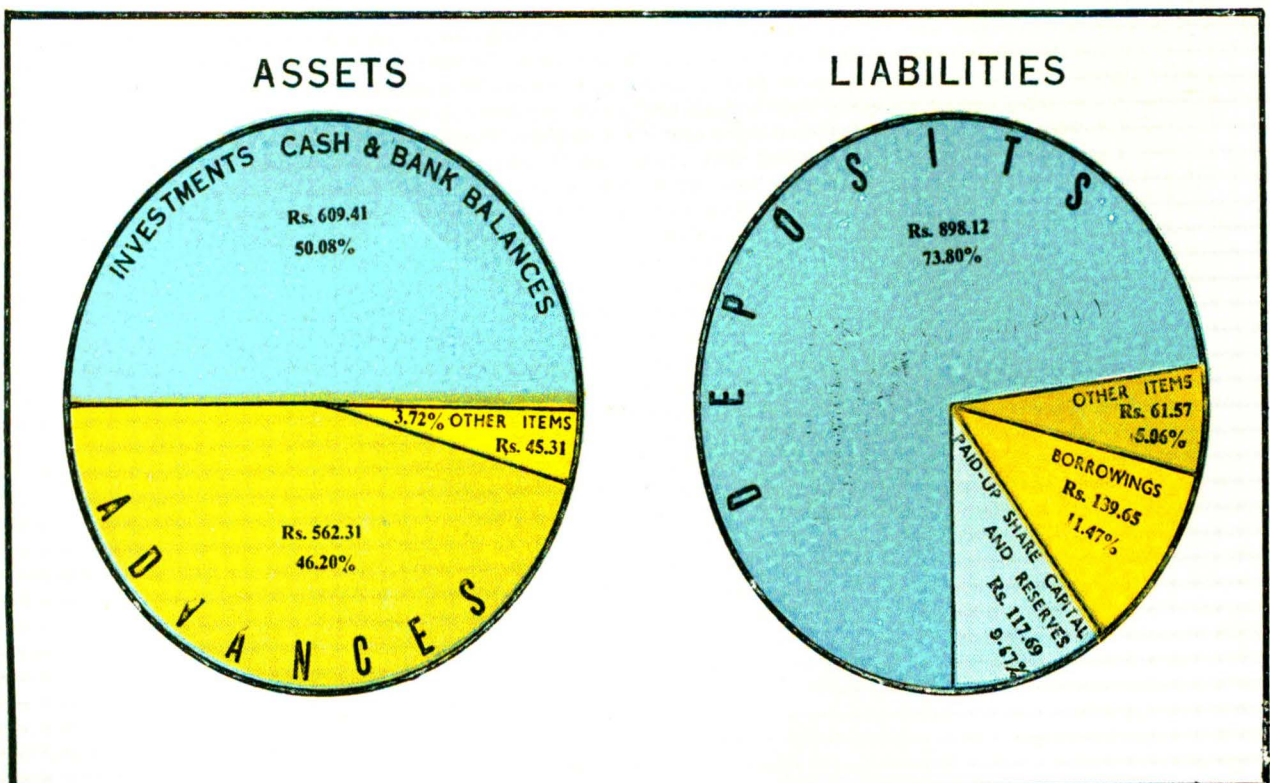
1954

GRAPH OF ASSETS AND LIABILITIES OF CENTRAL FINANCING AGENCIES

(INCLUDING BOMBAY STATE CO-OPERATIVE BANK LTD.)



OF BOMBAY STATE CO-OPERATIVE BANK LTD.



44. The daily average number of cheques drawn on Sub-member banks was 917 of an average value of Rs. 3.35 lakhs as against 796 cheques for Rs. 2.93 lakhs last year.

Central Financing Agencies

45. At the close of the year there were 25 Central Financing Agencies including the Bombay State Co-operative Bank. Of these 13 were District Co-operative Banks operating in whole Districts and 4 Central Banks in parts of Districts, while 5 Banking Unions and 2 Taluka Banks operated in one or two Talukas. During the year under review the Bombay State Co-operative Bank and the other Central Financing Agencies opened 23 Branches in their area of operation to extend banking facilities and thereby reduce the cost to the agriculturist borrower. The following table indicates the number of offices of the State Co-operative Bank and Central Financing Agencies:

	1954		1953		1952	
	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 close of the year *
The Bombay State Co-operative Bank, Ltd., ...	7	69	5	67	2	62
Central Financing Agencies ...	16	178	5	162	11	157
Total:	23	247	10	229	13	219

* excluding Head Office

Resources

46. The following table indicates the total resources and advances of all the Central Financing Agencies including the State Co-operative Bank, as at the end of the year, as compared to previous two years:

(Amount in lakhs of Rupees)

Particulars	State Co-op. Bank			Central Financing Agencies			Total		
	1954	1953	1952	1954	1953	1952	1954	1953	1952
Paid-up Share Capital	60.47	59.99	59.18	121.67	109.86	101.47	182.14	169.35	160.65
Statutory Reserve and Other Funds ...	57.22	54.34	39.27	100.28	94.13	85.60	157.50	148.47	124.87
Deposits ...	898.12	925.26	745.81	1365.28	1198.92	1063.76	2263.40	2124.18	1809.57
Other Borrowings ...	31.50	56.50	132.50	117.69	82.33	175.73	149.19	133.83	308.23
Total:	1047.31	1096.09	976.76	1704.92	1484.74	1426.56	2752.23	2580.83	2403.32

A D V A N C E S :

SOCIETIES :

Agricultural ...	251.98	248.42	211.74	505.44	468.22	397.40	757.42	716.64	609.14
Non-Agricultural ...	154.37	154.51	224.72	171.58	148.21	240.55	325.95	302.72	465.27

INDIVIDUALS :

Agricultural ...	4.05	4.87	6.79	14.22	14.26	13.92	18.27	19.13	20.71
Non-Agricultural ...	52.51	33.84	57.65	156.70	126.31	120.16	209.21	160.15	177.81

Total:	462.91	441.64	500.90	847.94	757.00	772.03	1310.85	1198.64	1272.93
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From Reserve Bank of India for C. F. As. ...	99.40	67.43	148.34	—	—	—	99.40	67.43	148.34
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47. A detailed statement showing the resources and advances of each central financing agency is given in the appendix 'A'. Total advance to agricultural societies have increased by Rs. 40.78 lakhs during the year under review, while the advances to non-agricultural societies were higher by Rs. 23 lakhs. Advances to individuals rose by Rs. 48.2 lakhs and the total advances to societies and individuals were higher by Rs. 112.21 lakhs and stood at Rs. 1321.82 lakhs. It is observed that the rise in deposits was maintained, The working capital of all central financing agencies has increased by Rs. 222.8 lakhs and stood at Rs. 2989.19 lakhs.

VI. AREA OF OPERATION OF THE BANK AS CENTRAL FINANCING AGENCY

48. 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 indicated in the following table:

Complete Dis- tricts served by the Bank	No. of Bran- ches	Parts of Districts served by the Bank		
		District	No. of Bran- ches	Parts served by the Bank
1. Nasik	13	1. Thana	... 6	Whole of the District except Wada and Mokhada Talukas served by the Wada Taluka Banking Union.
		2. Sholapur	... 2	Malshiras Taluka only.
2. Kolaba	2	3. Kolhapur	... 5	1. Karvir, 2. Kagal, 3. Radhanagari, 4. Budhargad, 5. Bavada, 6. Gad-hinglaj Talukas and 7. Ajra Mahal.
		3. Dangs	1	
4. Ahmednagar	14	4. Panchmahals	... 3	1. Godhra, 2. Devgad Baria, 3. San-trampur, 4. Lunawada, 5. Shihore and 6. Limkheda Talukas.
		5. Ahmedabad	... 1	Viramgam (Closed from 30-6-1954).
5. W. Khandesh	10	6. Amreli	... 1	1. Dhari, 2. Khamba Talukas and 3. Ghogo Mahal.
		7. South Satara	... 5	1. Khanapur, 2. Walwa Talukas, 3. Atpadi and 4. Shirala Mahal.
6. Sabarkantha	3			
7. Banaskantha	2	8. Ratnagiri	... 2	1. Sawantwadi, 2. Vengurla, 3. Kudal, 4. Davgad and 5. Rajapur.

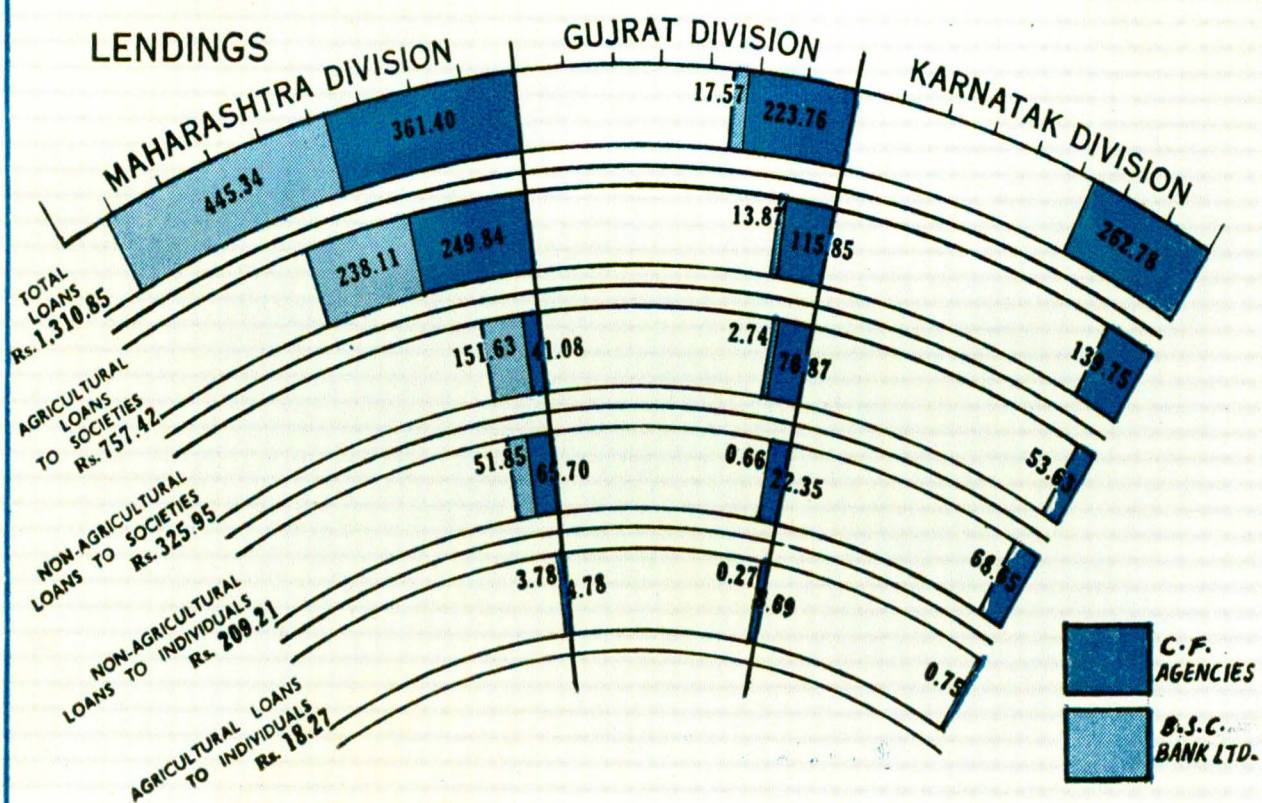
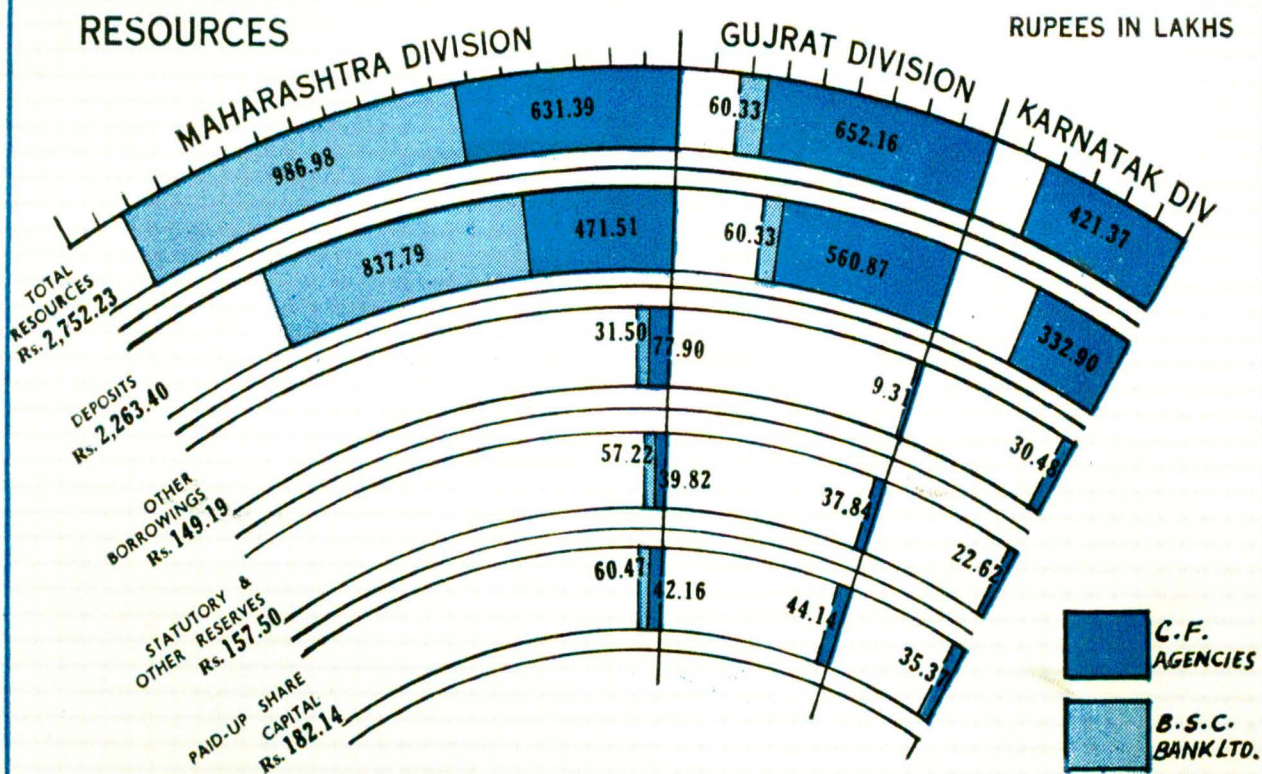
49. During the year under review, three branches of the Bank in North Satara and two branches in Ahmedabad District were closed, the area having been transferred to the respective District Central Co-operative Banks.

Branches of the Bank

50. During the year under review 7 new Branches were opened with the permission of the Registrar, Co-operative Societies, Bombay State, Poona,

RESOURCES & LENDINGS OF CENTRAL FINANCING AGENCIES (INCLUDING BOMBAY STATE CO-OPERATIVE BANK LTD.)

30th JUNE 1954



■ C.F. AGENCIES
■ B.S.C. BANK LTD.

■ C.F. AGENCIES
■ B.S.C. BANK LTD.

as required under Bye-law No. 2 (d) at the following places:

Nampur and Pimpalgaon Baswant, in Nasik District.
 Shahupuri and Gargoti, in Kolhapur District.
 Rahata and Akola, in Ahmednagar District.
 Bassein, in Thana District.

The Branch office at Shahupuri was opened to facilitate the supply of agricultural requisites and sale of agricultural produce through the Shetkari Shahakari Sangh.

51. At the close of the year the total number of Branches was 69 as against 67 at the close of the previous year, five branches having been closed during the year, due to transfer of the area to District Central Co-operative Banks, and seven new ones having been opened.

Board of Directors

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

Directors nominated by District Central Co-operative Banks	13
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
Director nominated by the Provincial Co-operative Marketing Society ..	1
Directors elected by individual Shareholders	4
Representatives of the Bombay State Government	3
Managing Director (Ex-Officio)	1
Total ..	34

53. During the year under review elections were held for the constituencies representing the (1) affiliated societies (2) Banking Unions (3) Urban Banks and (4) Individual Shareholders, while those representing District Central Banks, the Provincial Marketing Society and the State Government were nominated by the respective constituencies.

54. The Board of Directors held six meetings during the year under review and generally considered questions relating to financial and policy matters and administration of the Bank.

Executive Committee

55. The Executive Committee consists of 12 Directors elected annually from amongst the Directors, of whom three are from among the Directors representing Central Banks and the Registrar, representing Government. The Executive Committee meets every month and is responsible for the administration of the Bank. The Executive Committee held eleven meet-

ings during the year. The Executive Committee appoints a Sub-Committee every quarter, consisting of the Chairman, the Managing Director and three members of the Executive Committee, and has delegated to it its powers to facilitate day to day business of the Bank. The Sub-Committee meets every week and held 53 meetings during the year.

56. In addition to the Sub-Committee, the Board of Directors appointed three other Special Sub-Committees as under:

(a) *Agricultural Credit Sub-Committee*: This Committee consisting of 9 Directors was authorised to sanction loan applications from 'A' class members of the Bank for agricultural purposes. As this type of finance is being discouraged with a view to inducing the members to seek accommodation from the local societies, the Committee met once during the year, and that to consider only one application, which had required its sanction.

(b) *Law Sub-Committee*: The Committee consists of 6 Directors for consideration of legal matters referred to it by the Board or the Executive Committee.

(c) *Staff Sub-Committee*: The Committee consists of five Directors and considered questions relating to the staff. The Committee held three meetings and recommended revision of grades and salary scales and allowances and sanctioned service regulations.

Branch Committees

57. Branch Committees are formed under Bye-law 72 (i) (2) at the Branches having more than 40 affiliated societies. The Branch Committees are elected by the affiliated societies and are authorised to sanction loans and credits under certain conditions. The Committees are consulted on local matters and serve as a link between the affiliated societies and the Board and are associated with the working of the Branches. The Branch Committees serve as an electoral college for electing Directors representing affiliated societies in areas where the Bank serves as a central financing agency directly and unlike the Advisory Committees or Local Boards of Commercial Banks, the members are elected by the affiliated societies. The members of Committees visit affiliated societies for stimulating recoveries and for propaganda and local officials of the Bank seek their advice and guidance on local problems. The Committees are thus an instrument to establish contacts of the Bank with the leaders of the Co-operative movement and the affiliated societies. The Committees provide opportunities to the members of co-operative societies to understand the working of the Bank and co-operative institutions and encourage local leadership to take active interest in the working of the Branches. The Branch Committees when properly trained and educated in the organisation of rural credit are expected to assist in the planned development of institutional agricultural credit organisation by imparting local initiative and local knowledge.

58. At the close of the year there were 40 Branch Committees, having 204 members. 24 members were nominated by the Board to associate eminent co-operators and local leaders with the working of the Branches. 29 Branch Committees are authorised under Bye-law 72(i)(2) to sanction credits to agricultural societies, within specified limits. Loans and credits amounting to Rs. 47.65 lakhs were sanctioned to 575 societies during the year under review as against Rs. 43.03 lakhs to 612 societies, last year.

59. Budgets for the expenses such as travelling allowances for attending meetings or visiting societies etc., are approved by the joint general meetings of the affiliated societies and necessary grants are sanctioned by the Board. Total grants amounting to Rs. 6,775 were sanctioned during the year as against Rs. 10,370 last year, while the actual amount spent was Rs. 7,898 as against Rs. 7,341 last year. Amount in excess of the grant was spent out of the balance of the previous year.

◀ VII. ORGANISATION OF AGRICULTURAL CREDIT

60. The problem of organisation of agricultural credit has engaged the attention of several Committees in the past and is under examination by the Committee of Direction appointed by the Reserve Bank of India. Co-operative credit was introduced in India with a view to providing institutional credit to the cultivators of small means. In a society dominated by social inequalities and illiteracy and with an individualistic and capitalist outlook, the co-operative credit has not been able to make much progress. It was only after India attained political freedom, that the urge for economic freedom has been intensified and the place of "Co-operation" as an instrument for the reorganisation of agricultural credit and for the execution of State policies has been recognised by the Planning Commission in their National Plan. As early as 1928 the Royal Commission on Agriculture (1928) categorically stated that "Co-operative credit provided the only satisfactory means of financing agriculture on sound lines".

61. The Agricultural Finance Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries (1944) presided over by Prof. D. R. Gadgil observed:

"In the reconstruction of agricultural finance the initial problem was that of the reduction of accumulated debt and the general problem that of the reorganisation of the credit system. The new financial structure might logically be unitary but in actual practice diversified. The present organisation of agricultural finance is dominated by uncontrolled activities of the private money-lender. The ultimate aim should, however, be to **organise all producers for both credit and marketing purposes** into primary co-operative organisations whose activities are closely co-ordinated".

62. The Director of the Programme Evaluation Organisation in his report on the working of Community Projects (1954) observes:

"Even in the so called co-operatively developed states, the percentage of families, even agricultural families reached by the co-operative movement is yet no where near the objective of reaching all families. One of the obstacles in reaching this is said to be the presence among agriculturists of a large number of non-creditworthy farmers. For the most part this attitude is based on an inadequate appreciation of the implications of planned and integrated national credit. In the new context of providing through national agencies adequate credit for approved items of development one has to think not in terms of creditworthy members but of creditworthy uses. So long as the items for which credit is given are productive and therefore self-liquidating the provision of credit under suitable safeguards need not be treated as unsound. A fresh approach to co-operation is indicated in view of the element of social policy introduced by national schemes of planned development. In view of the basic importance of co-operation in schemes of community development and national extension so emphatically stated in official utterances and of the relatively small measure of factual achievement, this whole subject deserves a fresh and comprehensive consideration."

This in brief sets forth the need for a different approach to the entire problem of agricultural credit as apart from the traditional or orthodox co-operative credit and the magnitude of the problem of agricultural finance, the responsibility for providing which is undertaken by the Co-operative Movement and more particularly by the Bank and the central financing agencies.

Integrated system of institutional credit

63. The Board of Directors while assuming the responsibility for organising agricultural credit, issued a policy statement, detailing the steps to be taken to secure an integrated system of credit, within the co-operative structure, and an attempt was made to evolve a crop loan system to replace "Annual Loans" which is a common feature of co-operative finance for agriculture. For a successful attempt at evolving a suitable credit system in agriculture, the flow of capital should be "simple, efficient and equitable" and should aim at increasing the productivity of the small farmer. International Conference on Agricultural Co-operative Credit held in Berkely specifies the purpose and aim of agricultural credit in the following terms:

"Credit to be an instrument of progress by getting needed capital to those who can make good use of it, requires suitable background conditions, in the absence of which it may be as sterile as seeds thrown on the dry sands of the desert. After all credit is a good thing only if so productively used that it provides a surplus after interest and principal are paid, otherwise it decreases the farmers' equity or it borders on charity which, though necessary at certain times and places, should not be confused as an instrument of agricultural progress."

Among the background conditions needed to make credit an instrument of progress are mentioned the following:

(1) A recognition among the farmers themselves of the importance of business character as a basis for credit; i.e., prompt payment of interest and instalments and the development of ability to handle wisely borrowed capital;

(2) A set of agricultural credit agencies so integrated with each other and so geared to the rest of the economy as to facilitate the flow of capital into agriculture and between its parts and to minimise the risks involved; and

(3) A marketing system which will facilitate trade between persons and between regions and permit desirable specialisation. This should include suitable storage facilities, regulation of the issuance of Warehouse Receipts as basis of credit, standard grades along with a related inspection system and market news services."

64. The objective of an institutional credit system can be secured only if the lender i.e., the primary credit societies and the borrower appreciate and understand the implications of an integrated system of credit and the Government agencies more especially the Co-operative Department and the different agencies in the integrated structure, take the financing agencies into confidence in regulating the flow of capital for productive uses. Mr. Chester C. Davis, Consultant to the Ford Foundation in his report "Rural Credit in India" pertinently remarks:

"The trouble is, while institutional plan looks good, some new approach and some new force is needed to make it work. The approach should be carefully tested and planned. The movement has been hurt by waves of promotional enthusiasm which has superimposed co-operative societies on villagers where patient educational work had not laid the foundation for successful growth."

In the absence of a unitary system of credit, to guide, advise and supervise credit organisations and to discipline the borrower in an institutional credit system and in the absence of a strong link between the various intermediary agencies such as the central financing agencies and marketing organisations and the primaries, so essential for the development of a supervised credit system, the superstructure of an integrated institutional credit organisation cannot gain momentum and is not likely to progress. A credit organisation with weak links and divergent forces may not be efficient and strong enough to take upon itself the great responsibility of providing agricultural and marketing credit to all institutional borrowers in agricultural sector.

65. The Rural Banking Enquiry Committee observed that the "Weakness of the co-operative structure seems to be mainly in these institutions (primary societies) where it comes directly in contact with the rural people rather than in the superstructure". Mr. Chester Davies confirms this by observing that "the cultivators in villages that have primary credit societies and even their local leaders have not made strengthening and growth of their co-operatives a principal aim." He adds: "My hurried look at the primary societies has convinced me that it is time for India to re-examine the basis for the familiar axiom that there must be a primary credit society for each village. The question should be looked at in the context of Rural India of the future rather than of the past. As the rural improvement spreads, the traditional isolation of the villages must begin to diminish and the way should be opened for the development of rural co-operative units still close to the villages but *large enough to employ competent management and with facilities to extend credit promptly and when needed* rather than once a year in lump sum. The problem of getting credit to the villagers quickly and adequately will be immensely simplified as this weakness is corrected. It is a lot easier to lend to or through a local society that is well

provided with capital, is growing and is well managed than through one that is under-capitalised, is static or hidebound and so small that it has to depend largely on the voluntary, unpaid service of officer-members for management."

66. These are some of the important aspects of the basic problem that confront us in the systematic organisation of agricultural credit, for which a satisfactory solution has to be attempted before evolving a dynamic Rural credit organisation if the needs of the cultivators are to be adequately and promptly met and the credit agencies are to aim at the targets in agricultural production and improved rural economy as set forth in the National Plan.

Progress

67. On the recommendation of the Agricultural Credit Organisation Committee (1947) the State Co-operative Bank and the District Central Financing Agencies accepted this great responsibility, with financial assistance from the State Government and the Reserve Bank of India, in 1950. The following table indicates the extent of the progress made in the sphere of organising agricultural credit since the Bank assumed the responsibility of providing agricultural finance to creditworthy agriculturists:

(Amount in lakhs of Rupees)

	1946	1951	1953	1954
Agricultural Societies:				
No. of Societies	...	...	...	...
(Credit and M. P. Societies)	4,796	9,429	10,080	10,591
Membership (in lakhs)	2.32	6.99	8.20	8.87
Paid up Share Capital.	51.44	226.44	323.71	380.89
Reserve and Other Funds.	111.95	216.05	182.66	195.41
Member's Deposits.	17.56	141.17	76.71	77.65
Working Capital.	306.82	1069.35	1443.21	1546.60
Total agricultural loans	...	...	...	...
outstanding with members.	212.43	719.94	1126.22	1221.65
Average loan per member.	91	124	148	126
Average membership per society.	48	73	81	83
C. F. As.:				
No. of C.F.As. (including	...	...	...	...
Bombay State Co-op. Bank)	13	25	25	25
No. of their Offices.	140	231	254	272
No. of affiliated Societies.*	6278	12,954	14,763	15,443
Paid up Capital.	56.54	140.23	169.35	182.14
Reserve and Other Funds.	62.70	111.26	148.47	157.50
Deposits.	1178.85	1919.48	2124.18	2263.40
Loans due from Co-operatives.*	196.9	958.69	1019.36	1083.37
Working Capital.	1408.13	2552.83	2766.37	2989.19

* These include all types of Co-operative Societies.

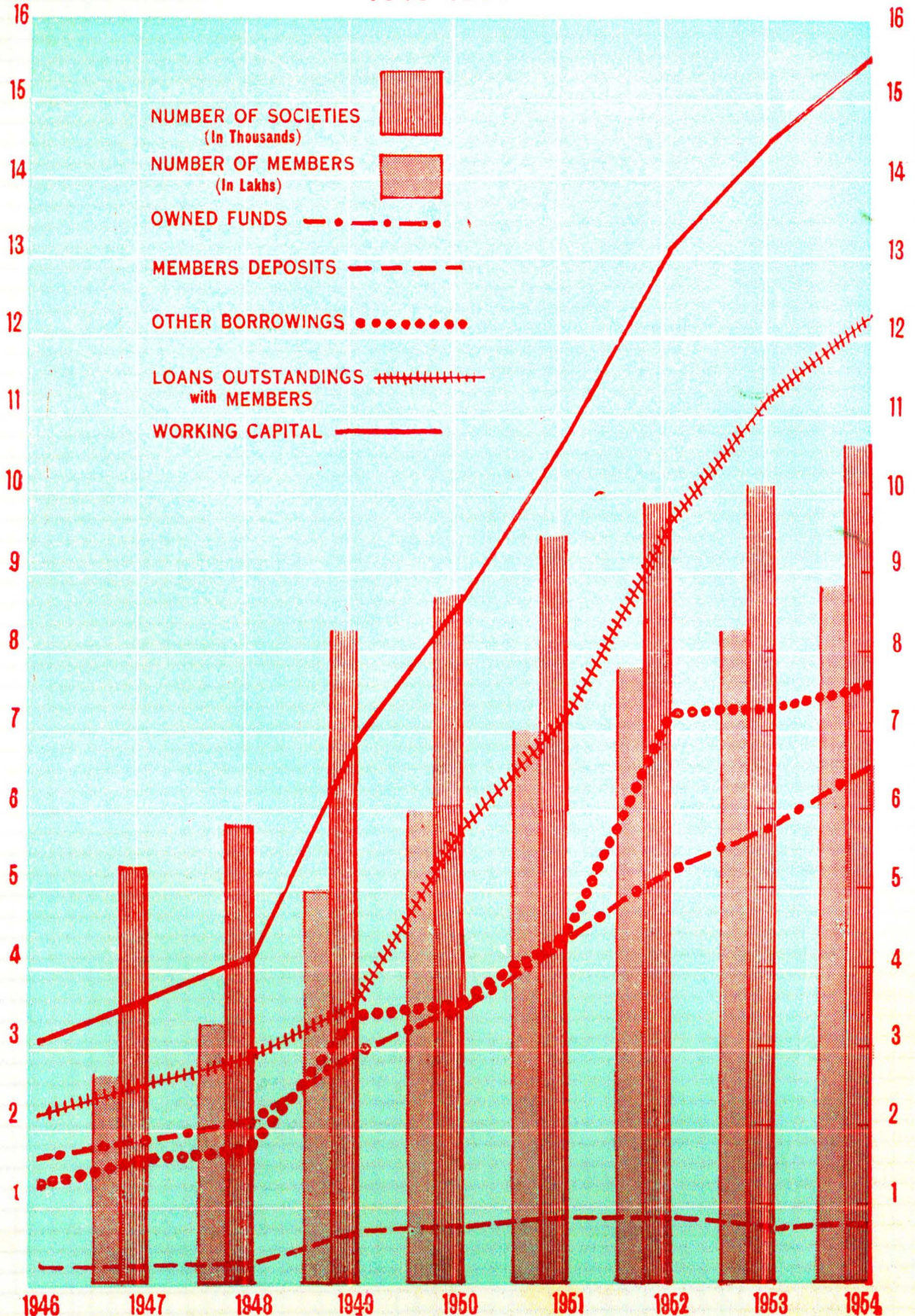
Note: the above figures are approximate. The figures for 1946 and 1951 do not include the Indian States merged in Bombay State.

THE BOMBAY STATE CO-OPERATIVE BANK LTD.

PROGRESS CHART OF AGRICULTURAL CREDIT & MULTIPURPOSE SOCIETIES IN BOMBAY STATE

1946-1954

RUPEES IN CRORES



68. There are 34,600 villages in the Bombay State. 10,600 Agricultural credit and multipurpose societies, with a total membership of 8.87 lakhs served roughly about 15,000 villages. The average loan per member was about Rs. 126 which cannot be considered to be adequate for production finance considering the commercial crops like Sugar-cane, Cotton, Tobacco and Potato requiring considerable cultivation expenses in cash for seed and manuring. The question of providing production credit to the submarginal or the tenant cultivator has yet to be adequately solved. The economically backward and under-developed tracts and backward communities have yet to be brought within the co-operative system. All this requires careful planning and patient work, if an enduring system of institutional rural credit were to be organised. An attempt was made last year to measure the extent of the agricultural credit requirements of the entire agricultural industry in the Bombay State. This indicated that the total seasonal agricultural credit for the cropped acreages of different crops was of the order of Rs. 108 crores. Of this nearly half may have to be provided by co-operatives if the institutional credit organisation is ultimately able to replace the private agencies, whereas the present production finance advanced through co-operatives is Rs. 12 crores.

Meeting of the Central Financing Agencies

69. With a view to taking a survey of the progress made by the C. F. As. in the matter of discharging their responsibility for the provision of agricultural finance to creditworthy agriculturists a meeting of the representatives of the Central Financing Agencies and their senior officers was convened by the Bank on 13th March, 1954. The Secretary, Development Department, the Registrar and the Divisional Assistant Registrars attended the meeting by special invitation. The Development Commissioner, Capt. Mohite and officers of the Agricultural Credit Department of the Reserve Bank of India attended the meeting. The meeting undertook a review of the progress made by the financing agencies and of the measures taken to evolve a more scientific crop loan system. Prof. Gadgil emphasised the importance of what the Bank was attempting at evolving an institutional agricultural credit system. He recalled that the Governor of the Reserve Bank of India had called a conference of official and non-official co-operators some three years back as a result of which the Reserve Bank had adopted a policy of helping the agricultural credit throughout the country, which was essentially a policy based on the principles of Bombay experiment. The Reserve Bank authorities were advising all States to shape their policies according to what they believe to be the policy of the Bombay apex Bank. "What we should remember here is that firstly we are trying to carry out through the co-operative movement a state of giving credit for production and other purposes to the maximum extent we can compatible with banking security and secondly what we are trying to do here is going to affect materially of what happens in this country as a whole". The past performance of the borrower and the societies' insistence on sale of produce through marketing organisation, proper ascertainment of crop acreages and

fixation of different scales of finance based on proper investigation of the productive capacity of the soil, introduction of improved methods of cultivation, and finally the financial and administrative efficiency and resources of the local society to properly administer the crop loan system were emphasised as a prerequisite for the successful implementation of the institutional credit system.

70. At the special invitation of the Chairman of the Bank, Shri Morarji Desai, Chief Minister, delivered an address on the importance of the Co-operative Movement in relation to the programme of economic development and at the same time stressed the need for improving the morale and efficiency of the workers in the Movement. Shri Jivraj Mehta, Finance Minister, Shri M. P. Patil, Minister for Co-operation and Shri Naik-Nimbalkar, Minister for Public Works, Shri B. D. Deshmukh, Deputy Minister for Co-operation and Shri Mustafa Faki, Shri V. K. Sathe and Shri D. N. Wandrekar, Deputy Ministers, were kind enough to be present on the occasion and meet the representatives of the Central Financing Agencies.

Crop Loan System

71. The question of regulating the agricultural finance in accordance with crop requirements and evolution of a proper crop loan system was referred to in greater detail in the last year's Review. A general survey of the loan operations of the central financing agencies was, therefore, attempted by issuing a questionnaire and by personal visits to some of the central financing agencies. During the course of this survey, it was noticed that the proper system of crop loans was not uniformly worked. The general trend of the replies received from the central financing agencies in respect of the regulation of crop loans may be indicated as under :

(1) **Scale of Finance:** In most of the districts, the scale of finance is fixed crop-wise in the Field-workers' meetings on the acreage basis. However, in districts where there are only dry crops, for example, Cotton or Wheat, as in Broach and East Khandesh, the scale is based on the total acreage cultivated at an average of Rs. 20 to Rs. 30 per acre. No large variations are made except where there is default or where the repaying capacity of the members is not assured. The general indication is that the variation is not very large.

(2) **Ascertainment of crop acreage:** The procedure for ascertaining the acreage under different crops, except in case of specific crops like sugarcane or potato, is to get the information from the assets statements. In some districts, the acreage under each crop is shown while in other districts the total cropped area is shown in the credit statements. The actual cropped acreages are not checked or verified by the Bank staff.

The utilisation of loans is not checked. In case of finance for sugarcane or potato, the seed or manure is usually supplied through a sale society. In case of finance provided by the cotton sale societies in Gujarath and Karnatak, a portion of it is loaned by way of seed.

(3) **Time lag between repayment and fresh advance:** The advances are usually made in one lump amount and not as and when required for seasonal opera-

tions. In a few districts, the bulk advance is made in the earlier part of the season and a portion of the credit is reserved for later agricultural operations. The time lag between repayments and advances, therefore, varies from district to district. In the Maharashtra districts, the general trend is to make advances more or less after repayments within about a month from the date of repayments while in Gujarat districts, the time lag is between 2 and 3 months especially where the commercial crops like Cotton and Wheat are grown. In some districts, the Banks insist on the entire repayment of the previous outstandings before a fresh advance is made, while in some other districts advances are allowed even if the entire loan is not cleared by the societies, to finance such of the members as repay last year's dues. The Belgaum Central Bank attributes the drawing in lump to want of competent and full-time Secretaries, whereas some other Banks attribute it to the inadequacy of finance sanctioned by the societies.

(4) **Charge on crops:** Most of the banks state that the charge on the crop under Section 24-A of the B. S. C. Act is neither registered nor made effective and, therefore, the charge merely remains on paper.

(5) **Sale through Co-operative Agency:** There is no enforcement of the condition of sale through co-operatives. Most of the members sell their produce through the private agencies. The proportion of sales through co-operatives even where there are fairly good purchase and sale organisations, is not very large nor are the sale proceeds directly channelled towards repayment of the loans. Only in the case of sugarcane cultivation in Nagar District, the sale through co-operative agency and direct repayments to societies are secured to the extent of about 60%. The Cotton sale societies in Gujarat which make direct advances for raising of cotton crop, recover the dues out of the sale proceeds. Insistence on sale of produce through co-operatives as a condition of the loan is not generally enforced and advances are allowed on retirement of loans by the members in cash by sale of their produce through outside agencies.

72. The absence of systematic regulation of the crop loan system is attributed to the combination of several factors over which the central financing agencies have practically no control. For instance, in the absence of well-managed and efficient marketing organisations, the regulation of advances cropwise and repayments through crop realisations becomes difficult and the loans tend to be "annual loans". The efficiency of the primary unit and of the supervision agency and the measure of their active co-operation in understanding and executing the policies and procedures of a crop loan system can, in a large measure, assist in the regulation of such an institutional credit system. As decided last year, certain specific crops like Potato and Sugarcane or some specific areas were taken up for giving a trial to regulate the system with fairly good results.

73. Prof. Gadgil during the discussions at the meeting of the central financing agencies explained the implications of the crop loan system in the following words:

"The old system of loans based on landed assets annually paid and repaid immediately is a system which had no merit. The charge on the crop gives a statutory base on which to give finance even to a non-land holder and links finance to the definite productive capacity and it is in the nature of being liquidated with the sale of the crop. A check on the crop acreages through the field agency should be

insisted, which is very important feature of a crop loan system. Avoidance of delay and availability of prompt and adequate credit as and when the seasonal agricultural operations need it and recovery of the amount from the sale of the crop are essential features of a crop loan system."

Supervision over Primaries

74. The importance of close supervision and direction over the primary societies for securing uniformity in the procedure and policies and the sustained progress of the scheme of integrated credit system need not be overemphasised. For any planned development of the credit structure, the uneven growth of the societies has to be avoided and individuality and independence of the affiliated institutions have to a certain extent to be subordinated to the Central and Apex institutions in the larger interest of the agricultural community and the movement, if the targets have to be reached within the specified time of the Plan.

75. With a view to minimising the cost of supervision and inspection and avoiding the duplication of work and ensuring efficiency, the Agricultural Credit Organisation Committee had suggested that the banks should reduce or dispense with their inspectorial staff and should have "closer control over the supervisors". It is, however, seen that there is a lack of co-operation between the Supervisors appointed by the Co-operative Department and the Central financing agencies. Specific mention was made in our last year's review of the feeling that the supervision staff was neither trained for the agricultural credit organisation nor was responsible to the central financing agencies. On the contrary, the control over the secretarial staff of the affiliated societies is not as effective as was expected and instances of mismanagement or misapplication of funds have been increasingly reported. While the central financing agencies are responsible for the efficient working of the entire rural credit structure, they were unable to strengthen the links between the different units of the credit organisation for want of an efficient co-ordinating supervision machinery.

76. The Agricultural Credit Organisation Committee (1947) had suggested that to enable the central financing agencies to reduce the interest rates charged to primary societies their expenditure on their inspection staff may be minimised if the supervision staff appointed and controlled by the Co-operative Department improved the tone of supervision and inspection. No duplication of inspection by the central financing agency was then necessary. In transferring the supervision arrangement to Government the Committee's main consideration was to minimise the cost to the societies and to reduce the interest rates charged to the ultimate borrowers within the rates recommended by the Gadgil Committee. However, the Government has since 1st July 1953 levied a supervision fee of 1/4% on the working capital of the agricultural credit societies and have now suggested to increase it to 1/2%. The Provincial Board of Supervision has, however, unanimously expressed its opposition to the proposed increase in the levy of supervision fees from agricultural societies.

77. The Supervisors in the Community Project areas and National Extension Service Blocks have been transferred to the control of the Project Officers and the Supervising Unions have ceased to function in these areas. As regards the other areas, the following recommendation of the Provincial Board of Supervision passed at its meeting held on 18th February, 1954, would indicate that the Supervising Unions have ceased to have any effective voice in the supervision arrangements:

“As regards Supervising Unions in other areas, the Board was of the view that the present system should be continued **with restricted number of meetings** and restricted expenditure as in case of Block Supervision Committees. Their meetings could only be held twice a year — the need for having an independent office for Supervising Unions for holding meetings should not be there as the meetings could conveniently be held at the office of local Departmental Officer, a Central Bank or its Branches at the respective places.”

78. The question of reorganisation of supervision arrangement over primary societies was, therefore, referred to the State Co-operative Council. A detailed note was submitted by Shri V. P. Varde, emphasising the need for a unitary system of supervision and inspection by the central financing agencies in an integrated system of finance and a new approach to the vexed question, in view of the joint responsibilities of the State and the Apex Bank to provide institutional credit to agriculturists, efficiently and effectively, to the State Co-operative Council and to the Board of Directors. He was of the view that in view of the fact that the Apex Bank and the central financing agencies are fully representative and virtually the federation of primary co-operative societies in their respective areas, the central financing agencies should themselves discharge the responsibilities of supervision and inspection, under some centralised authority. This would efficiently work out the integrated system of agricultural credit and result in the training of their own personnel, the borrowers and the affiliated societies in the proper execution of the system. Such an arrangement would retain the original conception of the “supervision by the societies for the societies” and will throw a greater responsibility both on the primary societies and the central financing agencies and avoid the present system of dual control and duplication and overlapping of supervision by the banks, the Supervising Unions and the Departmental Supervisors.

79. When the Bank undertook the responsibility of financing credit-worthy agriculturists, the Board of Directors in their policy statement had also urged that to ensure a closely-knit and integrated system of credit institutions, the supervision and inspection of affiliated societies should rest with a single agency, preferably the central financing agencies. The Board of Directors after careful consideration of the present state of supervision over primary societies, as herein indicated, have made the following recommendation for the consideration of Government:

“The Board was of opinion that in an integrated system of credit the supervision and direction of credit should be vested in the Central Financing Agencies and propaganda and education should be the responsibility of the Institute and the District Co-operative Boards, while the Government should be responsible for timely

audit of accounts, which is their statutory responsibility. The Board held the view that the amount spent on supervision by Government including fees now charged to societies should be allocated to the Central Financing Agencies."

Community Projects and National Extension Blocks

80. There are Community Projects and National Extension Blocks in almost all the Districts where the Bank functions as a central financing agency. In Nasik, Thana, Kolhapur and West Khandesh the Project Areas are served by a number of co-operative societies, while the co-operative development is new in Banaskantha and Sabarkantha Districts. At all these places the branches are opened to facilitate co-operative development and to provide agricultural credit. In Kolhapur District a special scheme for providing adequate credit for raising of crops, for financing irrigation and land improvement projects and for the marketing of produce through the co-operative agency was introduced in collaboration with the Project Administration and Co-operative Department mainly with a view to stepping up production standards and linking up agricultural finance with co-operative marketing. Cash credits for storage of agricultural produce or seed and agricultural requisities in the Village Depots were also sanctioned for facilitating timely supply.

81. In the Karjat Project area, in Kolaba-Thana District, a number of new societies were organised and finance for seed and manure for paddy crop was allowed to a large number of cultivators. A special feature of this tract is that most of the cultivators are tenant cultivators and have small holdings and security for the loans is meagre. The members require finance for purchase of plough cattle and a special scheme was devised to sanction loans for this purpose. As a result of these measures, the cultivation standard and the output of crop are reported to have improved.

82. In Banaskantha and Sabarkantha areas, there are no co-operative societies and the tract is backward and undeveloped. The land tenures are yet to be fixed and there are no record of Rights which create difficulties in assessing credit. The people are illiterate and extremely backward and the communications are difficult. However, during the year under review, a few co-operative societies were organised. In Sabarkantha, schemes for land improvement and collective sale of produce were also undertaken. Bank Inspectors are directed to actively associate themselves with the development activities and to promote co-operative organisations in all Project areas and National Extension Service Blocks.

Big Bagayatdar (Irrigators) M. P. Societies

83. The bigger land-holders and irrigators in the sugarcane areas till recently abstained from joining any co-operatives as they were able to meet their credit requirements from the money lenders or Dalals. However, they have now organised their own co-operative societies for supplying credit and marketing of their produce. Five such societies have been formed in Ahmednagar and Nasik Districts. The main features that

distinguish these societies from the rest of the agricultural credit societies are (1) membership is restricted to those having irrigated crops like sugar cane over a specific acreage; (2) oil cake and other manures and agricultural requisites are supplied in kind, and (3) sale of members' produce is undertaken, the sale proceeds being directly credited to members' loan accounts. Most of the members are progressive agriculturists and their yield per acre is much higher than that of other irrigators. One of the societies has introduced Farmers' Club and during the season the members meet on the farms of different members, weekly or fortnightly and inspect the crops and exchange their experience about methods of cultivation, regulation of manurial doses and other allied questions pertaining to the crops. This innovation has encouraged other cultivators to interest themselves in the Club's activities. Another advantage which the Big Bagayatdar Societies have over the primary credit societies is that they are able to employ full time and adequately paid secretaries and regulate the day to day working of the societies as a business institution.

84. During the year under review the membership of the societies increased from 139 to 165. The societies command approximately 2,100 acres of sugarcane crop in addition to other garden crops. Their Share Capital increased from Rs. 4.24 lakhs to Rs. 5.19 lakhs and their other funds amounted to Rs. 1.14 lakhs. Unlike other societies, their managements are more responsible and more efficient and responsive to suggestions in regulating the crop loan system. During the year under report the sale of agricultural produce amounted to Rs. 25.89 lakhs, while the supply of requisites was valued at Rs. 10.71 lakhs. Leaders of these societies took active part in the organisation and establishment of Co-operative Sugar Factories.

Special Savings Scheme

85. The agricultural industry is open to several risks. Natural calamities like floods and famines, pests and frosts are not unusual in Indian agriculture. The low yield and uncertain price trends are a common feature. These and other factors over which the cultivator has no control, very often create uncertainties in his economic standards and production capacity with the result that his credit-worthiness is largely dependent on uncertain factors. As an insurance against such uncertainties, co-operative societies encourage thrift and savings. But due to several factors, the primary societies, with possibly a few exceptions, have not been able to mobilise the savings of the agriculturists or to encourage thrift. With the expansion of institutional credit, it is equally important to draw the small savings of the agriculturists to the Co-operative Movement. Farmers have, therefore, to be educated to save and deposit their savings with their own co-operative societies or with co-operative banks. Very often the members are asked to contribute 5% of their annual borrowings to strengthen the Share Capital of their societies. Such a compulsory deduction from borrowings does not inculcate the habit of savings and thrift, nor such shares can be available

to a borrower when his crop fails or his income shrinks, to reduce his borrowing within his repaying capacity.

86. As a measure of encouraging savings from earnings, the Bank introduced a Special Savings Scheme by offering higher rate of interest on such savings deposits, whereby the cultivator was asked to deposit with the Bank or his society a small proportion of the sale proceeds of his crop for a period of five years, at the end of which he could utilise the deposit to reduce his borrowings or for investment in any land improvement activity. Such savings from earnings could be adjusted towards the repayment of his borrowings in the event of any crop failure or lowering of the agricultural prices. Though this scheme has not taken root, it is encouraging to note that the more advanced and educated cultivators like the members of the Big Bagaitdar Societies have appreciated the objective of the scheme and have voluntarily introduced the scheme in their societies. During the course of two years they deposited with the Bank Rs. 60,000 in spite of the falling prices. The scheme envisages savings when the price of produce is higher than a specified minimum or when the crop yield is higher than a minimum yield, so that the agriculturist is able to conserve a part of his additional earnings as an insurance against unforeseen risks in a form which assures of liquidity so vitally needed for the successful conduct of any business.

VIII. ADVANCES TO CO-OPERATIVE INSTITUTIONS

Central Financing Agencies

87. The District Co-operative Banks and Banking Unions obtain financial accommodation for financing agricultural and marketing societies from the Reserve Bank of India through this Bank. For their other banking operations or for financing other types of societies, they have arrangements with this Bank for overdrafts against Government Securities and sometimes for Cash Credits. During the year under review, 20 central financing institutions from Bombay State and 4 Apex Co-operative Banks in other States were granted financial accommodation, the latter against gilt-edged securities.

88. The limits sanctioned to and the outstandings with the financing agencies at the close of the last three years are indicated in the following table:

(Amount in lakhs of Rupees)

Nature of Accommodation	Limits Sanctioned				Amount Outstanding			
	1954	1953	1952	1951	1954	1953	1952	1951
1. Cash Credits ...	17.95	22.50	62.25	36.75	10.19	2.67	8.49	13.81
2. Overdrafts (against Govt. Securities) ...	133.13	120.36	137.10	147.30	4.15	5.10	14.49	31.72
3. Fixed Loan:								
(a) against Bank's Fixed Deposits ...	Nil	Nil	0.45	1.35	Nil	Nil	Nil	0.45
(b) against Government Securities ...	1.60	—	—	—	—	—	—	—

89. Overdrafts against Government Securities are very often arranged for the purpose of fluid resources and are, therefore, very sparingly utilised. As the banks had released their advances made to co-operatives dealing in controlled commodities, they were not required to draw on the overdrafts to any large extent, during the year under review.

Primary Land Mortgage Banks

90. Prior to the establishment of the Provincial Land Mortgage Bank in 1936, this Bank had a separate Land Mortgage Department to finance primary land mortgage banks which were then functioning. Out of these banks, the Land Mortgage Banks at Pachora and Dharwar are still indebted to this Bank. Owing to misappropriation of recoveries received from members by the Ex-Secretary of the Dharwar Land Mortgage Bank, there are no prospects of repayments from this Bank. An Enquiry under Section 43 was held in the working of the Bank and the result of the Enquiry is awaited. There were no repayments during the year except a sum of Rs. 957 from the Dharwar Land Mortgage Bank and the total outstandings with the two Banks at the close of the year stood at Rs. 20,957.

Agricultural Societies

91. *Short Term Loans:* As a result of the policy to provide institutional credit to primary producers they are encouraged to form co-operatives where there are no societies or to join co-operatives to obtain financial accommodation for raising of crops. The number of societies and their membership have, therefore, increased, as indicated previously, especially in the co-operatively underdeveloped areas, like the merged States. Owing to the falling commodity prices, the cultivators have to supplement their resources by outside borrowings to meet the cultivation expenses and owing to curtailment of private agencies increasing use is made of co-operative credit agencies. As reported last year, increased finance had to be made owing to scarcity conditions prevailing in several districts. Owing to better crop conditions in the year under review the additional finance was recovered except in the case of a few societies in the Ahmednagar and Panchmahals Districts where scarcity conditions continued.

92. During the year under review 179 societies financed by the Bank were transferred to the District Central Co-operative Banks, as referred to previously, while the number of borrowing societies increased by 164 during the year resulting in a net decrease of only 15 societies in the number of borrowing societies at the close of the year.

93. The loans advanced and the repayments received and the outstandings at the close of the year in Short Term Agricultural Loans (exclud-

ing crop loans to societies for financing parties to proceedings 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		Percentage in increase	
	No. of Stys.	Amount			No. of Stys.	Amount	No. of Stys.	Amount
1949-50	1,549	51.89	102.49	79.67	1,802	74.71	16.3	44.0
1950-51	1,802	74.71	164.55	120.54	1,985	118.72	10.1	58.9
1951-52	1,985	118.72	219.31	162.98	2,468	175.05	24.3	47.4
1952-53	2,468	175.05	217.00	177.43	2,784	214.62	12.8	22.6
1953-54	2,784	214.62	274.60*	247.21*	2,769†	223.97		4.3

* The amounts are exclusive of amounts transferred to newly opened branches or those that are closed during the year.

† 179 Societies were transferred to central financing agencies.

Crop Loans

94. Crop loans to agriculturists who are parties to the proceedings under the B. A. D. R. Act were allowed by societies as in the past. Some of the members who were originally parties to proceedings have subsequently discharged their debts and are treated as ordinary members. The B. A. D. R. Act does not allow alienation of lands in case of adjusted debtors under the Act and hence Government has guaranteed losses to the extent of 5% of such crop loans advanced by the societies and central financing agencies. Hence such advances, though of the nature of short term agricultural loans are shown separately. The following table indicates the loans advanced, repayments received and the outstandings at the close of the year, 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 close of the year	
	No. of Stys.	Amount			No. of Stys.	Amount
1949-50	1,137	21.43	36.16	29.35	1,247	28.24
1950-51	1,247	28.24	43.79	39.29	1,182	32.74
1951-52	1,182	32.74	46.72	43.38	1,063	36.08
1952-53	1,063	36.08	29.88	33.32	960	32.64
1953-54	960	32.64	29.87*	36.22*	688	25.39

* These amounts are exclusive of those transferred on account of closing of branches or opening of new branches.

95. At the close of the year the total agricultural loans including Crop Loans under the B. A. D. R. Act, stood at Rs. 249.36 lakhs showing an

increase of Rs. 2.10 lakhs i.e., 8% 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	
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	43.38	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%
1953-54	297.53	34.26	331.79	288.18	41.52	329.70	223.97	25.39	249.36	0.8%

96. Owing to the recovery of the additional finance in scarcity areas to the extent of Rs. 26 lakhs and to the transfer of branches in South Satara and Ahmedabad Districts resulting in reduction in the outstandings of Rs. 29.44 lakhs, the total increase in the agricultural loans has been nominal as compared to 17% during the previous year.

Distress Loans

97. During the year under review scarcity and semi-famine conditions continued in parts of the Ahmednagar and Panchmahals Districts for the second year in succession. Land Revenue was suspended in some of the villages where the crop had entirely failed. Consequently there were no repayments. There was at the same time demand for loans for seed and fodder and for next year's agricultural operations. The Board of Directors took measures to provide the additional finance and applications from 84 societies were sanctioned for Rs. 1.45 lakhs, as under:

District	No. of Societies	Amount Sanctioned.
Panchmahals	48	Rs. .78 lakhs
Ahmednagar	36	Rs. .67 lakhs
	84	Rs. 1.45 lakhs

Owing to heavy rains in Kolhapur District through which several rivers flow, there were heavy floods which damaged or washed away newly sown crops, especially in the low lying areas by the riverside. Additional doses of manures had to be given especially to the Sugarcane and Paddy crops. As an emergency, additional loans amounting to Rs. 37,700 were allowed to members of 30 societies, chiefly by way of manures, which reclaimed the crops from the damage caused by the floods.

Unauthorised Arrears of Agricultural Loans

98. Crop conditions in parts of Ahmednagar, Nasik and Panchmahals were unsatisfactory due to the failure of rains. In Ahmednagar and Panchmahals this was the second year of scarcity in succession. Extensions were granted to societies, wherever satisfactory but partial repayments were made. As some of the applications for extensions were received after the close of

the year under review, the arrears at the end of the year were higher than they would have otherwise been. The following table indicates the number of societies and the amounts for which extension till the next harvest has been granted:

District	No. of Societies	Amount Extended
Panchmahals	93	Rs. 2.20 lakhs
Nasik	13	Rs. .37 lakhs
Ahmednagar	96	Rs. 6.43 lakhs
West Khandesh	17	Rs. .42 lakhs
South Satara	1	Rs. .10 lakhs
	220	Rs. 9.52 lakhs

99. The following table gives an idea of the authorised and unauthorised arrears of Short Term and Crop Loans at the close of the year:

(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	
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
1953-54						
Short-term	812	31.13*	13.89	220*	9.32	4.16
Crop loan	148	3.27	12.88	4	0.20	0.7

* Out of Rs. 31.13 lakhs shown as arrears with 812 societies under short term and Rs. 3.27 lakhs with 148 societies under crop loans, an amount of Rs. 9.32 lakhs with 220 societies under short term and Rs. 0.20 lakhs with 4 societies under crop loans were extended after the close of the year.

It is satisfactory to note that the percentage of unauthorised arrears was reduced to 13.9% from 23.6% last year. The unauthorised arrears were much lower than in the previous year and were further reduced to 9.7% by grant of extensions. This reflects a healthy feature in agricultural finance and indicates that if the crop conditions are satisfactory the flow of repayments is easier, except in areas where recalcitrant defaulters or mis-managed societies predominate.

Intermediate Term Loans

100. In recent years there is a healthy tendency on the part of agriculturists to undertake improvements in their agriculture by deepening the wells, setting up power pumps for irrigation in order to replace bullock

power and generally to undertake land development. There is a keen desire to improve irrigation facilities wherever available by erecting bunds or deepening or constructing wells. There has, therefore, been a demand for intermediate term loans in recent years. A number of applications for purchase of oil engines were received and such of them were entertained when the members were able to provide one-third of the cost of the engine out of their own resources. In the Community Project area in Thana and Kolaba Districts, a proposal to allow loans for purchase of bullocks was accepted. In Kolhapur District there were applications for intermediate term loans for the "Dharan" (Weir-cum-bridge) Irrigation Co-operatives. During the year under review 84 societies were sanctioned Intermediate Term Loans amounting to Rs. 2.91 lakhs of which Rs. 1.75 lakhs were for purchase of oil engines and pumping sets and about Rs. 30,000 for repairs to or sinking of wells. The outstandings at the end of the year amounted to Rs. 2.41 lakhs as shown in the following statement:

Year	Limit Sanctioned		Opening Balance		Advances made during the year	Repayments Rs.	Outstanding at the close of the year		Arrears	
	No. of Stys.	Amount Rs.	No. of Stys.	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
1953-54	84	2.91 lakhs.	48	92,865	2,39,950	96,945	92	241,350	18	30,417

Finance for Special Crops

101. An attempt has been made since the introduction of the crop loan system to provide adequate finance required for crops like Potato and Sugarcane by the supply of selected seed and required doses of manures. Sugarcane is grown as a commercial crop on the Deccan Canals and a large number of societies in Ahmednagar and Nasik District have been specialising in financing this crop by providing credit for purchase of manures in adequate quantities and for harvesting. During the year under review a similar attempt was made in the Kolhapur District, where sugarcane is grown on lift irrigation on the river water on an extensive scale. In the Community Development Project areas as also in a few selected villages, the scale of finance allowed to sugarcane growers was increased with a view to providing adequate and timely doses of manures. Sulphate of ammonia and oil-cake was supplied through the depots of the Shetkari Sahakari Sangh. As a result of this, it has been observed that a larger number of cultivators have joined the societies and the crop has improved to a very considerable extent, recording a substantially higher yield per acre of crop, just as in the case of the cane growers of the Loni Co-operative Sugar Factory, referred to elsewhere. The average yield per acre of an average member on the lift irrigation in Kolhapur and on the canal irrigation in Ahmednagar District has increased by nearly 20% and, with further improvement in the system and insistence on supply of manures in kind and sale through the co-operative agency, it is expected that the standard of the crop and its yield will rise further and its quality will improve.

Finance for Sugar-cane Crop

102. The total area of sugarcane for which finance on the above basis is allowed was approximately 23,000 acres for which aggregate loans amounting to Rs. 84 lakhs were provided.

103. During the previous season, loans on the same basis as indicated above were allowed to the extent of Rs. 56.75 lakhs. Of this advance approximately Rs. 40 lakhs were recovered directly from the sale of the produce through the marketing societies. This is a healthy trend, which demonstrates that if the crop loan system is properly directed and adequate and timely credit is made available and sale of produce is controlled and efficiently organised, the crop loan system is capable of being systematically enforced.

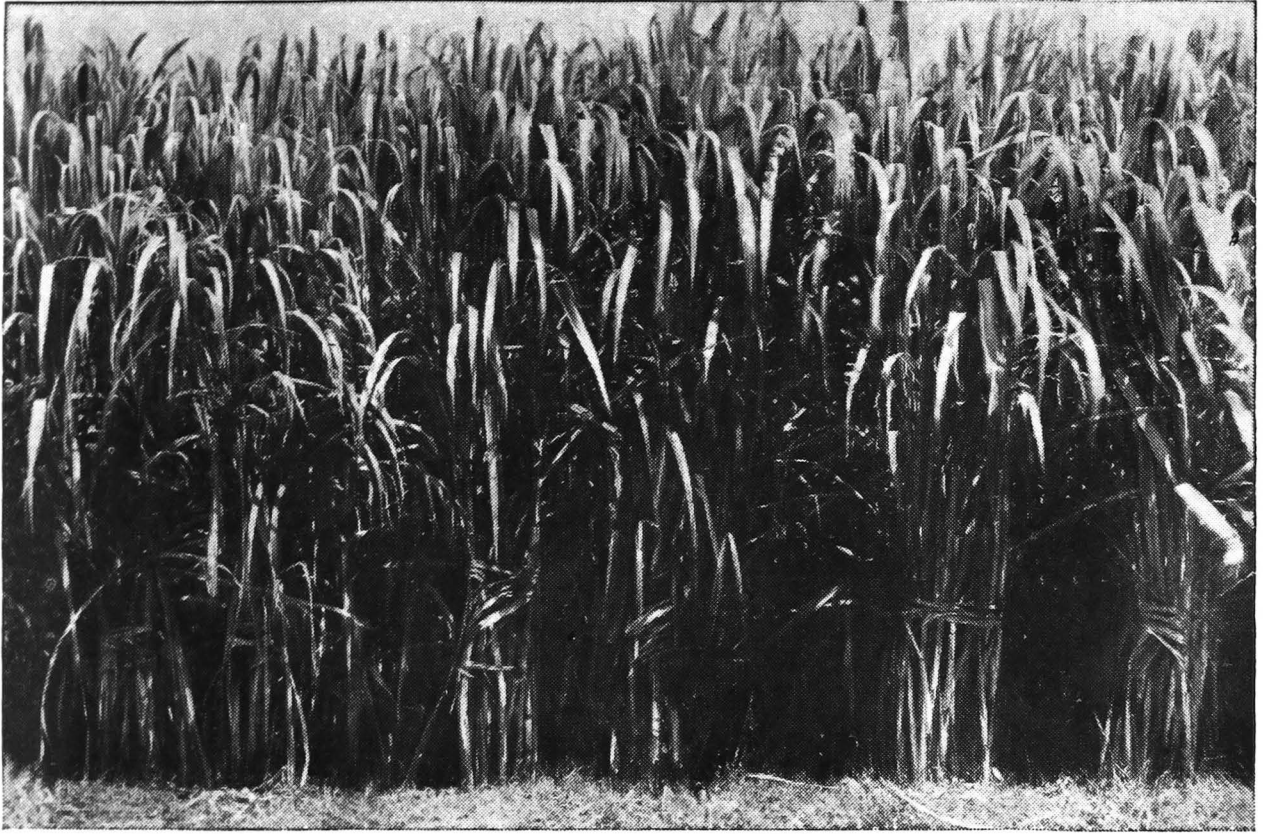
FINANCE FOR SUGAR-CANE CROP: *(Amount in lakhs of Rupees)*

District	Branch	No. of Societies	Acreage of sugar cane crop financed	Amount Sanctioned	Outstanding at the close of the year
Ahmednagar :					
	Rahuri	3	700	2.08	1.72
	Shrirampur	34	4,275	15.91	13.74
	Kopargaon	26	4,400	18.70	13.80
	Rahata	15	1,200	3.73	2.90
	Loni	18	1,750	12.67	5.39
	Sangamner	21	850	3.57	2.17
		117	13,175	56.66	39.72
Kolhapur :					
	Kolhapur	115	5,400	12.25	12.25
	Gadhinglaj	35	2,000	4.00	4.00
	Murgud	25	1,600	3.89	3.89
		175	9,000	20.14	20.14
Nasik :					
	* Malegaon	4	400	3.00	3.00
	* Satana	6	400	2.50	2.50
	* Nampur	5	300	2.00	2.00
		15	1,100	7.50	7.50
Individual creditworthy agriculturist					
		7	100	0.60	0.60
Total :			23,375	84.90	67.96

* These figures are approximate.

Kolhapur "Fad" (joint cultivation) System

104. Kolhapur District has about 40,000 acres of sugarcane cultivation on lift irrigation, chiefly along the banks of the five rivers that flow through the District. A special feature is that the cultivation is a sort of a joint undertaking by a number of persons who come together under a leader on the



Sugar cane crop of Shri Shahapurkar, Member of Koulge Co-operative Credit Society, District Kolhapur.



Paddy crop by Japanese method of cultivation.

basis of sharers in the crop, and pool their labour, irrigation and land, for raising the crop. The leader arranges for the credit and marketing of the crop. There are a large number of such joint units and it is estimated that nearly 50 per cent of the sugar-cane is grown under this system. Provision of credit required for such units through the co-operative societies is difficult as the unit is neither permanent nor a legal entity being just a conventional joint effort of a few persons. The unit owns no lands nor can it offer any security except the crop. The leaders of such units were hitherto financed by the commission shops in the Kolhapur Market on condition that the produce would be sold through them. An attempt was made to provide finance to such units on the joint and several liability of the members of the unit, by admitting them as members of a local society. This helped the cultivators to reduce their interest charges, and obtain manures and fuel oil for their oil engines on easy terms through the Shetkari Sahakari Sangh. It is encouraging to note that the number of such units (Fads) increased from 86 with an acreage of 400 in 1952-53 to 215 units with an acreage of 1,650 at the close of the year under review. It is expected that this type of advances will gradually increase as the Commission Agents are reported to have curtailed their finance due to restrictions on money lending imposed by legislation.

Potato Crop

105. Potato crop is grown in a few places in Nasik, North Satara, Poona, Ahmednagar and Banaskantha Districts. Owing to the transfer of the branches in North Satara District to the District Bank in 1953-54, the Bank provided finance for this crop mainly in Nasik District and at Deesa in Banaskantha district. In Nasik and Ahmednagar Districts the crop is grown on well irrigation while at Deesa the crop is grown in the Banas River bed. The societies usually purchase potato seed from Simla and supply the seed and manure mixtures to their members. Finance is allowed for cash requirements for seed and manure. At Deesa, the River-bed cultivation requires heavier doses of manuring and a larger quantity of seed, and, therefore, while the maximum of loan allowed in Nasik and Ahmednagar District was Rs. 400 per acre the same at Deesa was Rs. 800 per acre. 32 societies in Ahmednagar and Nasik District and 6 societies at Deesa were sanctioned loans amounting to Rs. 9.70 lakhs during the year under review, of which the outstandings at the close of the year were Rs. 1.7 lakhs.

106. Arrangements for the sale of the crop were undertaken by the Potato Growers' Association at Deesa, while in Nasik District an unregistered representative Committee is appointed to purchase seed from Simla and to supply manure mixtures. The Committee has not, however, been able to insist on joint sale through a cooperative sale organisation, though an attempt was made in that direction. It is hoped that in view of the supply of credit for this crop which is systematised, the sale of the crop on cooperative basis would be organised by the respective associations.

Co-operative Marketing

107. When the State Co-operative Bank and the Central financing agencies undertook the responsibility for providing agricultural credit, the Board of Directors of the Bank issued a statement laying down their policy. The agricultural credit system, visualised in the statement, laid down that the loans would be made for production of crops, on which a charge was to be created under the Co-operative Societies Act and the repayments were to be made through the sale of the crops. Great stress was, therefore, laid on the marketing of the crops through co-operative societies and in fact the loan was conditioned on the marketing of the crop through a co-operative agency. There is, however, no strict enforcement of this condition and most of the members sell their produce through private agencies. The proportion of sales through the marketing organisation where one exists, is not very large as compared to the volume of advances made by credit societies nor are the sale proceeds directly channelled to the credit societies for liquidating the loans borrowed by the members. Only in the case of the sugarcane crop on the Godavari and Pravara Canals in Ahmednagar Districts, the sale of the produce — Gur — is made through the co-operative agencies, viz., the Purchase and Sale Union and the Bagaitdar Multipurpose Societies and direct repayments are secured to the extent of about 60%.

The following extract from the Presidential speech of the President of the State Co-operative Marketing Society briefly sums up the position:

“The importance of this branch of the movement is being emphasised by the State Government for the past four decades and Commissions and Committees have also observed that the system of agricultural co-operative credit will not progress unless credit is linked with co-operative marketing. It is on this basis the State Government and the State Co-operative Banks have jointly undertaken the responsibility of building up an integrated system of co-operative credit for agriculture. The elaborate set of model bye-laws and the conditions on which financing agencies provide the credit stipulate that agriculturist borrower must market his produce through the co-operative sale agency so that credit is supervised and the charge on the crop is effective. These conditions are a dead letter; no farmer to my knowledge has so far been denied credit because he has failed to conform to the condition, and the financing agencies have, instead of ploughing the holes turned cautious in granting credit and driven the farmer to the money-lender. Such a development can hardly be conducive to the growth of agricultural credit on sound lines”.

108. The absence of systematic regulation of the crop loan system and the retirement of the loans through the sale proceeds of the crop through a co-operative agency is attributed to the combination of several factors over which the Bank and the Central financing agencies have by and large no control. For instance, in the absence of well-managed and efficient marketing societies, the regulation of advances cropwise and repayments through crop realisations become difficult and the loans tend to become “annual” loans. The efficiency of the primary unit and the supervision agency and their active co-operation in understanding and executing the policies and procedures and the existence of financially strong and administratively efficient marketing organisations in the proximity of the credit

societies can in a large measure assist in implementing a proper and scientific system of institutional credit for agricultural production. There is no clear realisation of this aspect of the problem nor any clear policy about the proper set up of marketing organisations at different levels. Where there are strong organisations, attempts are being made to split up such institutions resulting in lowering their efficiency and financial resources, while some others undertake business activities, which are not conducive to agricultural marketing. No attempt is made to secure effective co-ordination between the credit and marketing organisations, except securing a few representatives of the credit societies on their management.

109. Linking of credit with marketing is the basis of a sound agricultural credit system. The Agricultural Credit Organisation Committee itself laid considerable emphasis on this aspect of the agricultural credit, and recommended:

“The efficiency of arrangements made for marketing of cultivators’ produce has also an important bearing on the efficiency of credit arrangements. We feel that there should be a complete harmony and close co-ordination between the working of credit institutions and marketing organisations. In areas where there are no marketing organisations the Central Banks should encourage formation of these institutions and till such institutions are organised they should themselves arrange for performance of these functions by opening of sale shops in conjunction with their branches”.

In our opinion, the entire problem of the set up of marketing organisation from the State level to the district and primary market level requires a detailed examination at the hands of an expert Committee, with a view to evolving an integrated system of co-operative marketing in the same way as in the “credit” organisation. The success of institutional credit is largely linked with the marketing of agricultural produce through the co-operative agency. In the last year’s report, a reference had been made to this problem. The Chairman while presenting the Directors’ Report for 1953-54 at the last Annual General Meeting of the Shareholders while emphasising the urgency of strong and efficient marketing organisation as an adjunct to credit organisation for the success of institutional credit system, observed:

“In the sphere of agricultural credit organisation we have evolved a certain pattern of organisation and standards of different units with an apex institution to co-ordinate and guide their working. It is equally necessary that the pattern of administration, organisational set up and finance to co-operative marketing units is determined and steps are taken for co-ordinating the credit and marketing structure in a more effective manner than at present”.

110. In fact, the Agricultural Credit Organisation Committee made such a suggestion, when it observed: “A stage has been reached when it appears necessary to examine the whole question with a view to secure proper co-ordination and integration of work as also linking credit with marketing in an effective manner. We therefore suggest that Government may appoint a small Committee to consider the problem and recom-

mend the lines on which the future development of co-operative marketing should be guided and proper co-ordination of various units secured". Such an investigation is long overdue in view of the failure of some of the well managed Purchase and Sale Unions and the uneven development and the defective organisation of marketing societies without proper thought. It should be possible for such a Committee to suggest a suitable pattern of an integrated system in marketing organisations, and their functions, their size and their finances and above all the method of their integration with the credit organisations and the effective linking of credit with marketing.

111. Shri G. M. Laud, President of the Bombay Provincial Co-operative Marketing Society, speaking at the Annual General Meeting of the Society, observed:

"Agricultural co-operative marketing is no doubt a delicate plant to grow. It requires a far more competent paid personnel and guidance than any other co-operative sector. It is a specialised business full of hazards and risks and demands adequate resources and effective supervision."

This can be secured if the central financing agencies actively share in the responsibility for the efficient management of marketing organisations by lending their support by providing efficient managerial and supervisory personnel in their initial development and by taking active interest in their administration. The role of the central financing agencies in an integrated system has, therefore, to be clearly defined, if they are expected to share the responsibility of organising agricultural credit in any systematic and enduring manner and co-ordinate the credit and marketing structure more effectively.

112. The Bank provides financial accommodation to marketing societies and to multi-purpose societies for financing their marketing operations and for supply of agricultural requisites. During the year under review, 115 societies were sanctioned credit limited of Rs. 43.52 lakhs and the outstandings at the end of the year amounted to Rs. 23.27 lakhs as against Rs. 21.48 lakhs at the close of the previous year. The Shetkari Sahakari Sangh, Kolhapur, the Godavari-Pravara Canal Purchase and Sale Union, Kopargaon, and the Malegaon Purchase and Sale Union, Malegaon, continued to show good progress and the working of Gadhinglaj Purchase and Sale Union in Kolhapur improved very considerably. The Bank has lent the services of its senior employees to the last three institutions, as Managers. The Gadhinglaj Purchase and Sale Union received voluntary contributions from the members to make up the losses incurred by the Union in the past as an evidence of their keen interest in the continuance of the Union. The Shetkari Sahakari Sangh, Kolhapur, in addition to the marketing of jaggery, also supplied manures, mainly sulphate of ammonia and oilcake and has opened about twenty deposits in the village centres in order to save the transport and other charges to the members and to make the stocks available as and when required. It has also obtained a distribution agency from the Burmah Shell Co. for distribution of fuel oil to the agriculturists who have

oil engines for lifting water for irrigating their sugarcane crop. The total value of oil supplied to agriculturists during the year was Rs. 8.34 lakhs and the distribution of sulphate of ammonia totalled 4900 tons valued at Rs. 22.85 lakhs.

113. The following statement indicates the financial accommodation granted by the Bank to Purchase and Sale Societies and Multi-Purpose Societies undertaking marketing operations and supply of agricultural requisites, during the year under review, as compared to previous four years:

(Amount in lakhs of Rupees)

Year	Purchase and Sale Societies			Credit and Multipurpose Societies		
	No.	Credit limits	Outstandings	No.	Credit limits	Outstandings
1949-50	143	79.96	21.68	367	36.04	14.06
1950-51	114	60.00	35.35	304	44.68	28.15
1951-52	107	60.56	29.03	279	28.13	11.79
1952-53	61	28.22	15.01	146	18.16	6.47
1953-54	45	30.59	16.08	65	12.93	7.19

114. Though the volume of business and the sale of members' produce through the marketing societies have been progressive during the year under review at centres where we have strong marketing organisations, most of the borrowers still continue to sell their produce through the private agency. Expansion of agricultural credit without being effectively linked with marketing and retirement of the loans through the sale proceeds of crops for which credit was raised, is likely to be exposed to grave risks, especially when the agricultural prices are receding and the agriculturist borrower is yet to be disciplined in an institutional credit system.

115. During the year under review 48 marketing organisations financed by the Bank handled business of supply of agricultural requisites including manure and fueloil for Oil Engines and sold agricultural produce as under:

Value of Agricultural produce sold:

Members	...	Rs. 162 lakhs	
Non-members	...	Rs. 43 lakhs	
			Rs. 205 lakhs

Value of agricultural requisites supplied Rs. 204 lakhs

Out of the sale proceeds of the crop sold, Rs. 44.25 lakhs were directly credited to the societies towards the repayment of the loans borrowed by members.

Bank's Shops

116. The Nandurbar Purchase and Sale Union and the Dondaicha Purchase and Sale Union in West Khandesh and the Malshiras Taluka Purchase and Sale Union in Sholapur District, were taken into liquidation

last year, owing to their gross mismanagement and misapplication of their funds, with the result that the marketing organisation which was built up in those areas, with considerable effort, was completely destroyed. The Registrar, Co-operative Societies, then urged the Bank to open Shops so that the arrangements for marketing of agricultural produce be continued and the members of co-operative credit societies might still continue to have the marketing facilities. The Board of Directors, therefore, decided to open Shops to replace the shops of the societies taken into liquidation. The sales of members' as also non-members' produce were very encouraging, as is indicated in the following table:

Shop	No. of Societies served	Value of produce sold through the shops (in lakhs)	Of which, value of members' produce (in lakhs)	Banks' investment in the Shop at the close of the year
West Khandesh :				
1. Navapur ...	13	7.19	2.19	25.300
2. Khandbara ...	3	2.60	.62	} 13.900
3. Chinchpada ...	9	1.16	.45	
4. Nandurbar ...	72	1.55	1.52	
5. Dondaicha ...	52	6.84	6.19	—
Sholapur :				
6. Akluj ...	28	5.51	3.07	91.300
Total :	177	24.85	14.04	130.500
No. of Agriculturists who sold their produce		5976		

117. The shops, except the one at Nandurbar, which was opened late in the season, were run at a profit while the Nandurbar Shop incurred a small loss of Rs. 600. Nearly 6000 agriculturists sold their produce through the shops. The shops at Akluj, Dondaicha and Navapur received considerable custom from the members as well as non-members. They also supplied agricultural requisities of the value of Rs. 81,000. There was a keen demand from societies in Malshiras Taluka to open a shop at Natepute, the headquarters of the Sale Society taken in liquidation. But as the Liquidator actively encouraged formation of a Purchase and Sale Union in that area, the Bank did not like to open a shop at that centre even though the Bank's Shop would have helped in reviving the confidence of the members and in rehabilitating the working of co-operative societies which had received a serious setback on account of the failure of the Sale Union.

Processing Societies

118. Co-operative credit without the aid of co-operative marketing and processing societies cannot go far enough to help the producer to derive the advantages of an organised market. Any attempt at the successful and systematic organisation of institutional credit in agricultural production has, therefore, to be supplemented by organisation and development of process-

ing co-operatives. So far cotton growers in Khandesh, Gujarath and Karnatak have made successful attempts in running co-operative ginning and pressing factories of the primary producers.

119. The Kolhapur Shetkari Sahakari Sangh established last year an oil mill at Vadgaon for processing groundnut. This Mill purchased groundnut worth Rs. 4.5 lakhs and processed 7,000 B. maunds of Groundnut oil, and oilcake worth Rs. 86,000.

Co-operative Sugar Factories

120. The sugar-cane producers on the Pravara Canal in Ahmednagar District organised a co-operative sugar factory in 1949 under the guidance and directions from Prof. D. R. Gadgil. This was an unique attempt on the part of the sugar-cane producers to take to a processing industry which was so far the monopoly of the Industrialist and private enterprise. Thanks to the keen interest taken by Shri V. L. Mehta, the then Minister for Finance and Co-operation, the Government of Bombay could be persuaded to assist in the formation of the co-operative sugar factory owned and managed by the primary producers by contributing to its share capital in the initial period. The factory started production in 1950 and has been working very satisfactorily. Though in the initial period the Bank had to provide the working capital the society has now been able to work on its own funds and to repay in advance the instalments of the loan obtained from the Industrial Finance Corporation.

121. The progressive working of the society (Factory) would be indicated from the following information, published in the society's annual report for the period ending 30-6-1954:

Particulars	1950-51	1951-52	1952-53	1953-54
Number of members	490	528	557	574
Paid-up Share Capital (in lakhs)*	12.41	15.24	15.79	16.10
Members' Sugarcane (in acres)	766	1,143	1,568	1,565
Tons of Sugarcane processed	32,479	48,052	57,722	70,883
Average per acre	42.0	42.0	37.0†	45.29
Number of working days	134	173	157	167
Recovery of Sugar per cent.	11.49	10.86	10.79	11.49

* This includes Rs. 6 lakhs subscribed by Bombay Government.

† Crop was damaged owing to crop disease and shortage in rainfall.

122. The factory crushed during the year under review, 70,900 tons of sugar-cane from 425 member-producers and produced 90,000 bags of sugar and made a profit of Rs. 3.38 lakhs after making adequate provisions for the depreciation and taxes. During its working over a period of four years the society has been able to build a Reserve Fund of Rs. 2.61 lakhs and other funds of Rs. 29.30 lakhs including depreciation on machinery. The society is now earnestly considering the question of increasing its capa-

city as there is considerable increase in the members' cane production and there are other producers intending to join the membership but have to be refused admission for want of capacity to accept their sugarcane. The society continued to improve the quality and quantity of cane produced by members and has brought about a healthy change in the economic condition of its members and has brought in considerable land which was lying fallow or was water-logged in the past, by providing means of production such as Oil Engines and Pumping Sets, manures and even additional irrigation facilities which were, previous to the society, not available to the members. This is reflected in the increase in the average output from 37 tons to 45.29 tons per acre as also in the sugar recovery from 10.7 to 11.5% which shows the improvement of the quality of cane. The maximum per acre was 86 Tons. As in the previous year, the Bank sanctioned a credit limit of Rs. 20 lakhs to the society which was operated to the full extent and the outstandings at the close of the year were Rs. 5.63 lakhs.

123. Encouraged by the success of this co-operative sugar factory, as mentioned in the last year's review, the sugar-cane cultivators on the Godavari Canal organised a similar society with a view to establishing a sugar factory having a daily crushing capacity of 1,000 to 1,200 Tons of sugar-cane. The society was registered during the year under review and Shri V. P. Varde, Managing Director of this Bank, was elected as its Chairman and Prof. D. R. Gadgil as one of the Directors. This society has placed an order for the machinery and is expected to commence the manufacture of sugar by October, 1955.

124. The setting up of the two co-operative sugar factories stimulated an active desire on the part of sugar-cane growers in other parts of the State to organise similar factories. Around the same time, the Government of India had decided to take steps to increase the indigenous production of sugar and invited applications for licences for establishing new sugar factories. The Bombay Co-operative Institute represented to the Government of Bombay that in the Bombay State the sugar-cane growers should be encouraged to form their own co-operative sugar factories, in preference to private individuals or joint stock concerns. The Government of Bombay took a survey of the areas where adequate supply of sugar-cane was available and where it was possible to start economic sized units for sugar manufacture. As a result of this survey the Government selected suitable sites for the location of about a dozen sugar factories, and announced in a Press Note that "Government would like to establish sugar factories on co-operative basis at suitable places in these areas and was prepared to give special support to such factories by way of sharing in their share capital". In order to assist the promoters and the primary producers to finalise the projects on sound financial basis and assist them on organisational matters, a Central Committee was set up, on the initiative of this Bank, with Prof. D. R. Gadgil as its Chairman and Shri V. P. Varde as its Secretary and the Bank placed the services of a Senior Inspector at the disposal of this Committee free of cost to make preliminary survey of the

possibilities of setting up co-operative sugar factories to finalise the proposals for submitting them for registration and to assist the promoters on organisational matters. As a result of this, it is encouraging to note that so far three proposals have been submitted for registration in Ahmednagar District and one society is registered at Phaltan in North Satara District and proposals for six other societies—two in Kolhapur District, one in Belgaum, one in Nasik and two in Surat District are being finalised. Welcoming this development, the Chairman of the Bank in his address at the last General Meeting of the Bank, congratulated the Government of Bombay on its bold decision and observed:

“For the first time in the economic history of the Country, co-operative enterprise of such magnitude is being organised and we are proud that Bombay State has taken the lead. Such a measure marks an important milestone in our efforts to achieve the larger objective of establishing the Co-operative Commonwealth in this Country. The Government’s decision is both a challenge and an opportunity to the Co-operators and I am glad that sugar-cane growers have come forward enthusiastically to organise co-operatively about a dozen sugar factories. The organisation of sugar factories is not so simple as is popularly imagined and careful planning from the start is essential if the experiment is to be a success”.

Prof. Gadgil and Shri Varde have been devoting considerable time in assisting the promoters in the proper planning of the proposed factories and in their day to day working.

Co-operative Farming Societies

125. Importance of farming Co-operatives was stressed by the Co-operative Planning Committee (1949). The Planning Commission in its recommendation for programme of land development and land policy of State Governments emphasise that “preference should be given to co-operative groups and to workers employed on lands which pass into the control of the land management authority” and that “the general aim of policy should be to encourage and assist small and middle owners to develop their production and to organise themselves, as far as possible, in co-operatives”. Small and uneconomic holdings not only hamper agricultural development but retard the agricultural production and prevent large scale improvements or mechanical cultivation which are so important for securing increased production. Even for the success of the agricultural credit institutions, the promotion of agricultural improvements and increased production is of considerable importance and irrigation facilities and mechanisation of cultivation methods and consolidation of holdings can only be achieved by joint and co-operative effort on the part of the small and middle class cultivators. Co-operative farming societies are assisted by Government by grant of land on easy terms of lease or by grant of long term loans for land development or for irrigation projects and the Bank grants short-term finance required for cultivation of crops. During the year under review, four joint farming societies were sanctioned crop loans amounting to Rs. 5.37 lakhs and the outstandings at the close of the year

amounted to Rs. 5.25 lakhs of which Rs. 5,000 were in arrears with one society.

The Brahmangaon Phalbag Sahakari Samyukta Shetki Society (The Brahmangaon Co-operative Fruit Garden Society) to which a detailed reference was made in the last year's review, improved the garden and increased the crop yield per acre.

Irrigation Societies

126. There are nearly thirty irrigation co-operatives in the areas served by the Bank. Lift irrigation societies are financed by Government and long-term loans and subsidies are granted for purchase of Oil Engines and pumping sets. Such societies are financed by the Bank for their running expenses.

127. In the Kolhapur District the cultivators construct temporary 'bandharas' (embankments) across the rivers and store water which is lifted by power pumps for irrigating sugar-cane crop. Such temporary 'bunds' are washed away during the rains and have to be rebuilt every year, involving considerable waste of labour and expense. In order to stop this sort of annual expenditure, the cultivators were encouraged to form cooperatives to build up permanent weir-cum-bridge across the river, which cost a permanent expenditure of about Rs. 2.5 lakhs. The District Local Board gave grants for the bridge and Government loans repayable from 15 to 20 years were sanctioned to such societies. Five such societies have been organised in Kolhapur District, two of which, viz., Sangrul Dharan Society on Kumbhi River and Chuye Dharan Society on the Dudhganga River completed the work and were advanced loans of Rs. 50,000 each, in the initial period, to enable the societies to complete the work in time, as it took some time to obtain loans from Government, after the completion of the work. A third society was organised at Surupali in Kagal Taluka on the Vedganga River and was sanctioned a similar loan of Rs. 50,000 of which Rs. 30,000 were drawn before the close of the year under review. This project is expected to provide irrigation for about 1200 acres of sugar-cane crop. Similar projects for constructing permanent weir-cum-bridge "bandharas" are undertaken by the cultivators in the District, wherever they construct temporary bunds at present, with a view to saving the recurring annual expenditure on temporary bunds and to increase the storage capacity.

Non-Agricultural Credit Societies

Urban Banks and Societies

128. The co-operative movement in the banking sector in urban and semi-urban areas has made considerable progress in the Bombay State and there are a number of well managed and financially sound banks which carry on their banking or loaning operations within their own resources. In recent years, Merchants' Co-operative Banks have been

established in most of the trade centres and such banks have shown considerable progress in raising local deposits. The salary-earners' societies in Bombay City and in the Districts have been making good progress by encouraging thrift and savings from their members and except for the smaller societies of municipal servants in the mofussil places and a few others, such societies work within their own resources. The Urban Banks and societies, therefore, approach the central financing agencies for financial accommodation to secure an overdraft arrangement against their investments in Government securities or for seasonal advances to their members. Urban Banks operating outside the area where this Bank functions as a central financing agency, have arrangements with this Bank, for overdrafts or cash credits for facilitating their inland exchange business or transfer of funds, while new banks and smaller societies are granted cash credits in their initial stage of development.

129. The following table indicates the different types of financial accommodation granted to Urban Banks and Societies, during the year under review as compared to previous four years:

Loans and Overdrafts:

(Amount in lakhs of Rupees)

Year	Overdrafts on Current Accounts			Loans against Government and Trustee Securities			Loan against Banks' Fixed Deposits		
	No. of Banks	Limits Sanctioned	Out-standings	No. of Banks	Limits Sanctioned	Out-standings	No. of Banks	Limits Sanctioned	Out-standings
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
1953-54	158	224.27	57.26	7	2.55	2.35	8	7.16	0.34

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	
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
1953-54	44	18.36	9.56	9	9.50	3.48	72.99

130. Though the limits for overdrafts sanctioned during the year were higher as compared to the limits sanctioned last year, the banks did not draw on the limits to the same extent, as the demand for funds was less owing to the decontrol of essential commodities and the recession in commodity prices which sharply reacted on the business community. For the same reasons, the cash credits and advances against hypothecation or pledge of goods were comparatively lower. The total outstandings under the various types of credits amounted to Rs. 72.99 lakhs as against Rs. 85.36 of last year and Rs. 103.55 for the year 1951-52. Overdraft limits on current accounts were higher by Rs. 34.75 lakhs but the total outstandings at the

close of the year were only Rs. 57.26 lakhs, while last year the outstandings were Rs. 67.07 lakhs.

Industrial Societies

131. The Five Year Plan emphasises the importance of co-operatives in the organisation of small scale industries and handicrafts. "If the artisan is to become less dependant on middleman and technical knowledge and guidance are to be carried to him," it said "the two lines of advance have to be (a) formation of co-operatives and (b) formation of associations in each established handicraft centre with co-operatives as well as individual workers as members." During the year under review, the Government of India, in collaboration with the Planning Commission and through the courtesy of the Ford Foundation invited an International Team to study "opportunities directed towards increasing both industrial production and employment of people". The Team recommended that co-operatives should be used (1) for credit, (2) as procurement agents for their members, and (3) for marketing of the industrial products. Their Report contained valuable suggestions in harnessing the co-operative organisations for the rehabilitation of small-scale and village industries, which should merit consideration. In the opinion of the Team "too little initiative on the part of private sector, too great reliance upon Government to take action and upon Government purchasing orders, out-dated production and marketing methods, lack of credit facilities and lack of systematic approach towards improvement" were some of the reasons for the deterioration and slow progress in this sector, while the basic causes for present deficiencies in small industry were methods of management and production which fall far short of meeting modern demand for efficiency plus reluctance or failure to adopt improved rationalised methods. Only co-operative organisations can be expected to remove such deficiencies which lead to stagnation if the problem has to find a lasting solution.

132 During the period of controlled economy, co-operatives of industrial workers like the weavers and leather workers were encouraged and the Government of Bombay established a separate section in the Co-operative Department for organising and supervising industrial co-operatives. In a competitive and capitalist economy, the village artisan and the small scale or cottage industries find it difficult and well nigh impossible to carry on their trade and industry profitably, especially on account of want of capital or supply of raw material and facilities for marketing their wares. They have to depend largely on the capitalist trader or the master craftsman. In spite of the efforts on the part of the Government to organise the artisans into co-operatives, the industrial co-operatives have received a setback after the controls were removed in the absence of proper co-ordination between the various units and well organised marketing arrangements. Co-operatives and industrial associations which were entrusted with the distribution of yarn have particularly received a great setback so much so that their working and finances are completely disorganised and some have sustained heavy losses

in the yarn stocks which they held when the controls were lifted. Likewise, the industrial co-operatives of tanners or leather workers and small artisans have suffered losses on account of falling business turnover and want of demand for their products in a competitive market. The District Industrial Associations which were expected to undertake promotional and marketing activities for the industrial co-operatives have not been able to assist the primary societies in withstanding the deterioration in their activities with the result that the industrial co-operatives are passing through a very critical period.

133. The Registrar, Co-operative Societies, in forwarding the Annual Report for Industrial Co-operatives and Village Industries, for the year 1952-53, to Government, observed:

“I am in agreement with the conclusion drawn by the Joint Registrar, Industrial Co-operatives and Village Industries, that the general depression during the year and consequent recession in business conditions have affected the industrial co-operatives, which is reflected in the general reduction of working capital and the profits of these societies. With the various steps taken by Government to stabilise small and cottage industries and their organisations which are destined to play a vital role in the village economy, it is hoped that they will be able to tide over the initial difficulties and come to stay”.

134. The Joint Registrar for Industrial Co-operatives and Village Industries has been authorised by Government to grant financial assistance to industrial co-operatives and village artisans by way of (1) loans repayable on easy terms, (2) subsidies (i) for meeting secretarial expenses or (ii) purchase of implements or machinery, (3) share capital contribution for particular types of industrial co-operatives and (4) guarantees to financing agencies for the loans advanced by them under certain conditions. The Joint Registrar is assisted by technical experts for advising the industrial co-operatives in their undertakings. With such State assistance the industrial co-operatives are expected to make progress and rehabilitate the village industries on co-operative effort.

Industrial Banks

135. Industrial Co-operative Banks were organised with the expectation of attracting the savings of industrial workers and pooling their savings for financing the small scale industries. The sponsors of such banks thought that Industrial Banks, apart from the other Co-operative Banks—Urban and Central—would be in a better position to command the confidence of the workers and artisans and provide necessary technical knowledge in the industrial undertakings and thereby cater to their needs more efficiently than the central financing agency of the district. With this purpose in view District Industrial Banks had been formed in Bijapur, Sholapur, Belgaum and Surat. The experience has, however, shown that the Industrial Banks have not attracted deposits from industrial workers as was expected of them. The Banks had, therefore, to draw financial accommodation from this Bank and were sanctioned credits to the extent of Rs. 6 lakhs. Their outstandings at the close of the year amounted to Rs. 61,800.

136. The State Industrial Finance Corporation was recently established to finance the District Industrial Banks, cater for the financial needs of the industrial societies, arrange for their effective supervision and provide technical guidance. With closer contacts with the small scale industries and their needs and with the assistance from the Joint Registrar, Industrial Co-operatives and Village Industries and his technical experts, and the Village Industries Board, the Corporation should, in our opinion, be in a better position to meet the financial needs of the industrial co-operatives and help in their rehabilitation and revival.

Finance to Industrial Co-operatives

137. During the year under review the Bank sanctioned cash credits to the extent of Rs. 18.99 lakhs to 42 industrial societies of different types as under:

Three Industrial Associations ...	...	...	...	Rs. 3.90 lakhs
Three District Industrial Banks	...	...	...	Rs. 6.00 lakhs
Thirteen Weavers' Societies	...	...	...	Rs. 1.82 lakhs
Three Forest Labour Societies	...	...	...	Rs. .85 lakhs
Nine Fisheries Societies ...	...	...	...	Rs. 5.12 lakhs
Eleven Miscellaneous Societies	...	...	...	Rs. 1.30 lakhs
Total:				<u>Rs. 18.99 lakhs</u>

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
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
1953-54	73	24.71	25.70
(inclusive of arrears)			

138. The number of borrowing institutions was reduced by 18, while the total outstandings with industrial co-operatives is higher by Rs. 3.21 lakhs as compared to the corresponding period last year but was lower by nearly Rs. 10 lakhs as compared to the corresponding period in 1951-52, which is indicative of the effect of the decontrol of yarn distribution and deterioration in the working of some of the industrial co-operatives.

The State Industrial Association

139. The Provincial Industrial Association now named as the State Industrial Association is mainly an organisation for promoting industrial co-operatives and coordinating their activities providing technical and expert advice and marketing intelligence. The Association was entrusted with the

distribution of yarn both as zonal and district wholesaler. With the removal of control on yarn distribution, the Association has directed its activities to secure orders from Government Departments and other agencies for products manufactured by industrial co-operatives. The Association has been entrusted with the management of the Government Cottage Industries Sales Depot at Bombay. Under its directions the Sales Depot has been reorganised and is able to secure better types of goods and improve the sales.

140. The All India Handloom Board granted a subsidy to the Association for encouraging sale of handloom cloth. The latter set up production centres and has sold handloom cloth worth Rs. 2 lakhs. The Association has depots at Dharawi and Dhaboo Street in Bombay City for sale of leather goods and supply of hides and sale of tanned leather from industrial societies. It maintained a similar depot at Malvan in Ratnagiri District. During the year under review it participated in a number of exhibitions of handicrafts and Cottage Industries, and sent exhibits to industrial fairs at Toronto, San Francisco, London, Oslo, Berlin and Cairo.

141. The Association is recognised by the Directorate General of Disposal and Supplies, New Delhi, as approved suppliers of Kamblis, leather, leather-articles, cane and bamboo baskets, furniture, iron buckets, iron pumps, etc. The Association supplied through its affiliated societies goods worth about Rs. 16.39 lakhs. The Stores Departments of the Government of Bombay, Madhya Pradesh and Bihar, the Central Railway and the Bombay Corporation placed orders with the Association for some of their requirements, which were supplied by industrial co-operatives. We are particularly mentioning these activities undertaken by the Association for the benefit of the industrial co-operatives in Bombay State and outside, so as to promote co-ordination and closer association between them and the Association in the larger interest of rehabilitating village industries and industrial co-operatives.

District Industrial Associations

142. The District Industrial Associations and the Weavers' Societies were mainly engaged in the distribution of yarn as wholesalers or retailers. The Bank financed the purchases of yarn made by the Industrial Associations working as wholesalers. On the termination of the controlled distribution of yarn, the Associations and Weavers' societies were unable to continue their business on account of competition from the private trade. On the other hand, they had large stocks of unwanted yarn, the prices of which had slumped considerably below the controlled rates. Some of the industrial associations which were financed by the Bank were able to sell their stocks and pay the Bank's advances before the slump in prices set in though they incurred losses, which wiped off their accumulated reserves. The Belgaum, Ahmednagar and the Kolhapur Industrial Associations, however, have not been able to repay the advances made to them, even to this date,

although the stocks of yarn were sold out. The accounts of the Belgaum and Kolhapur Industrial Associations are reported to have not been finally settled with the Civil Supplies Department and the Controller of Textiles. In the case of the Kolhapur Industrial Association, certain deposits with the Civil Supplies Department have been forfeited. The Associations were given financial accommodation against hypothecation of yarn on Government guaranteeing 20% margin. On account of heavy losses incurred by them they are not in a position to repay the Bank's dues. It is reported that Enquiries under Section 43 (1) of the B.C.S. Act have been ordered in the Belgaum and Kolhapur Associations. In the meantime, the Joint Registrar has been apprised of this state of affairs and the amount of Government guarantee is claimed, to recover the outstandings with these two Associations. The position of the Nagar District Industrial Association, which is one of the oldest Associations, has further deteriorated during the year under review. The Malegaon and Yeola Industrial Associations which have survived without meeting heavy losses in yarn distribution, were sanctioned cash credits to the extent of Rs. 1.90 lakhs. There were no outstandings with them at the close of the year. The old outstandings with the three Industrial Associations referred to above amount to Rs. 5.38 lakhs.

Weavers' Societies

143. The handloom industry has been passing through a period of intense depression which has resulted in a general deterioration in the working of the Weavers' Societies. The societies which were functioning as useful institutions for handloom weavers as retail distributing agencies for yarn, have ceased functioning except for supply of yarn on indent basis and sale of finished goods, for a few of their members. Like the District Associations, some of these societies which had large stock of yarn when it was decontrolled met with losses following the slump in yarn prices. Some of them opened "production" centres and supplied yarn to those who worked on their looms and purchased the finished products according to set specifications and fixed price thus giving them employment, while others made temporary advances against finished goods, during the slack season, pending sale. There was, however, considerable disorganisation in their working and deterioration in their financial position for want of adequate volume of business and of members' loyalty.

144. During the year under review, 13 weavers' societies were sanctioned cash credits aggregating Rs. 1.82 lakhs as against Rs. 4.14 lakhs to 13 societies during the previous year, while the outstandings at the close of the year amounted to Rs. 1.30 lakhs of which Rs. 0.14 lakhs were overdue from four societies.

The following observations of the Registrar, Co-operative Societies, sums up the present position of Industrial Associations and Weavers' Societies:

"The reasons for the reductions in the profits and increase in the losses sustained by the societies can be attributed mainly to the depression in the handloom industry

and the abrupt termination of the scheme for the controlled distribution of yarn, as a consequence of which most of the weavers' societies which were working as wholesalers and retailers for the distribution of yarn, had to liquidate their stocks at substantial losses in view of the reduction in prices of yarn and the inability of the societies to export their stock. The position of District Industrial Associations in the matter of losses was rather disquieting. Though there has been an increase in membership, share capital, reserve and other funds, the working capital has declined and the profits have dwindled and the losses have increased. The sudden increase in loss is due to the fact with the decontrol of yarn, the Associations had to sell the stock of yarn at ruling market prices which were below the cost price. In view of the fact that the District Industrial Associations have performed the task of distribution of yarn as wholesalers, with credit, which was assigned to them by Government, it will be only fair that Government should come to their rescue by providing assistance in order to enable them to tide over the difficulties through which they are passing".

Leather Workers' Societies

145. During the year under review, cash credit limit to one society only was sanctioned to the extent of Rs. 40,000. The outstandings at the close of the year were to the extent of Rs. 1,19,706 with ten societies inclusive of unauthorised arrears of Rs. 79,971 with nine societies. Some of the leather workers' societies which are indebted to the Bank are mismanaged. Enquiries under Sec. 43 (1) of the B.C.S. Act have been ordered in three societies.

Fishermen's Societies

146. Fisherman's societies advance seasonal loans to their members for purchase of fishing requisites, such as twine, tar, fishing hooks, etc. and maintenance during the off season. Fishermen's societies finance groups of members who work on fishing boats on the explicit condition that their catch would be marketed through the society. It was the practice of the trade that the "Tindels" of the country crafts arranged for finance from fish merchants for their requirements on the condition that the catch is marketed through the merchant who provided the finance. Fishermen's societies have been organised with a view to displacing the middleman. The Industries Department has encouraged mechanisation of fishing boats by granting loans and subsidies for purchasing "motor" boats. This has helped them in carrying out deep-sea fishing and increasing their capacity for procuring more catches. The Bombay Pranteeya Machhimar Sahakari Sanstha, a federation of the fishermen's societies, undertakes marketing of fish in Bombay market and also supplies fishing requisites. During the year under review the society marketed fresh fish worth Rs. 9.20 lakhs and dry fish worth Rs. 2.96 lakhs and supplied fishing requisites worth Rs. 3.35 lakhs. Very often the Fishermen's societies round about Bombay make their own arrangement for sale of fresh fish through merchants. Attempts are being made to co-ordinate the sale of fish of all the fishermen's co-operatives through the Prateeya Sanstha to secure better rates and arrange for preservation of fish in cold storage in Bombay.

147. During the year under review, cash credits totalling Rs. 5.12 lakhs were sanctioned to 9 fishermen's societies both for advancing loans to boatmen as also for purchase of fishing requisites. At the close of the year the outstandings amounted to Rs. 2.25 lakhs with 8 societies of which Rs. 12,649 have been defaulted by two societies. As in the previous year, two societies were granted accommodation for importing twine from Italy, and Letters of credit were opened through this Bank.

Forest Labourers' Societies

148. The Bombay State has a vast strip of forests along the Western Ghats, rich in teakwood and timber. The Government used to auction the forest coupes for felling to contractors who usually employed the Adivasis living in the forests, on very low wages, inspite of Government regulations. In order to bring about the improvement in their social and economic conditions, Shri B. G. Kher, the then Chief Minister made an announcement in April 1947 that Forest Labour Co-operatives would be organised to replace the individual contractors and that the Forest coupes would be allotted to their co-operatives on payment of the upset prices, so that the forest labourers secure better wages and raise their social and economic standard of living. The underlying objective was to gradually provide them with facilities for education and to train them in the scientific exploitation of the forests and make them conscious of their responsibility in maintaining and preserving forest wealth in their own interest as well as in the interest of the Country. With a view to co-ordinating the activities of forest labour societies and the Forest Department, a Committee for Planning the Development of Forest Labourers' Societies was constituted under the Chairmanship of the Deputy Minister for Co-operation. The Committee advises the Forest Department in allotting Forest Coupes to the various societies and in the fixation of the upset price.

149. The forest labour societies in their initial period cannot raise adequate funds to enable them to carry out their operations and have to rely upon loans from the financing agencies. The Joint Registrar, Industrial Co-operatives and Village Industries, is authorised by Government to guarantee 40% of the advances obtained by the societies as working funds from central financing agencies, if the societies are not in a position to provide any marginal security for such advances.

150. During the initial period of organisation and development of the forest labour societies they had to encounter difficulties in the matter of fixation of upset price paid to Government and procurement of railway transport and disposal of the stocks, with the result that some of the societies, particularly in the Dangs District where the management was in the hands of inexperienced persons, incurred losses. It was, however, noticed as a result of the experience gained in the better managed societies that the experiment was encouraging and the forest labour in whose interest the societies were organised derived considerable advantages, both in their wages as also

standard of living. The Government have now revised the formula for determining the upset price. The main features of the revised formula for determining the upset price are:

- (1) Joint enumeration of trees and estimation of the quantity of the material by the Forest Department and a representative of the society.
- (2) Fixation of standard rates in regard to extraction charges, Depot expenses, transport charges etc., for determining the operational costs.
- (3) The upset price of a Coupe is determined after deducting the total operational cost from the estimated value of the material and a margin of 10% of total operational cost is allowed to the society to serve as the net profit of the society.
- (4) The consequent loss or gain is shared 50:50 between the society concerned and Government, provided the loss is not due to mismanagement.

The revised formula makes the societies and the Government partners in the common endeavour in improving the management of the societies as also in improving the economic and living standards of the people.

151. In view of the large commitments of the Bank with Forest Labour Societies, especially in the Dangs District, to which attention was drawn in the last year's report, and the possibility of losses exceeding the 40% guarantee given by the Joint Registrar, it was represented to Government that the terms and conditions of the guarantee be revised, suggesting an overall guarantee for the loans advanced to all forest labour co-operatives in the aggregate instead of 40% in each individual society. This proposal was discussed with the Hon'ble Minister for Finance on 4th March 1954. It was also urged that the delay in determining the losses and payment of the guarantee amount should be avoided. The Government under their Resolution No. C.F.A. 1354/76499 dated 6th August 1954 sanctioned an overall guarantee of 20% as an experimental measure and have directed that the sale proceeds of the stocks should be distributed in the proportion of 75% towards payment of upset price and 25% to the Bank.

152. A reference was made to the arrears with the societies in the Dangs District due to heavy losses incurred by them resulting in the shrinkage of the margin for the Bank's advances. The Joint Registrar, Industrial Co-operatives and Village Industries, observed in his last year's Annual Report: "Generally speaking, these losses were due to the high upset price fixed by the Forest Department, excessive expenditure in transport and operational costs incurred by the societies, inability of the societies to obtain timely and adequate supply of waggons for the transport of timber, the necessity of selling the timber at reduced rates in view of the deterioration in quality in consequence of the inability of the societies to despatch them

in time due to difficulties over which they had no control, want of timely and adequate finance which the State Co-operative Bank and the central financing agencies were not in a position to provide and in some cases the inefficient management of the societies themselves”.

153. During the year under review, three societies were sanctioned a total credit of Rs. 85,000 without any Government guarantee. Two of them did not avail of the credits sanctioned while the Barhe Vibhag Forest Labourers' Society availed the limit of Rs. 50,000 to the extent of Rs. 20,000 and repaid the Bank's dues in full before the close of the year. The reduction in the finance to forest labour societies as compared to previous year's advances was mainly due to the smaller number of forest coupes allotted to Forest Labour Societies and the ability of some of the societies such as those in Panchmahals and West Khandesh to work the coupes out of their own funds. The total outstandings of Bank loans with forest labour societies stood at Rs. 6.99 lakhs at the close of the year under review with fifteen societies inclusive of Rs. 1.06 lakhs outstanding with four societies in liquidation. The entire outstandings are in arrears. Against these arrears a sum of Rs. 61,714 (Rs. 31,899 in respect of the societies taken into liquidation and Rs. 29,815 in respect of two other societies) were received from Government under the terms of Government guarantee referred to previously. The Bank further claimed a sum of Rs. 1.54 lakhs as Government guarantee in respect of 6 forest labourers' societies in the Dangs District and Rs. 1,809 in the case of one society in Ratnagiri District. The Government has sanctioned a sum of Rs. 1.26 lakhs for 5 societies after the close of the year.

154. The organisation of Forest Labour Co-operatives is a socio-economic movement and its success has to be judged by the extent to which the societies are instrumental in bettering the social and educational standards of the adivasis and Scheduled tribes. Shri L. M. Shrikant, Commissioner for Scheduled Castes & Scheduled Tribes, presiding over the Sixth Conference of Forest Labourers' Co-operative Societies held at Devgad Baria on 14th to 16th May, 1954, while agreeing with the general view that Forest Labour Co-operative Societies should try to consolidate themselves and not to extend their field of operation, sounded a note of warning “not to lose sight of the ultimate goal that we have in view namely that in the course of, if not ten, at least twenty years all the forest coupes in Bombay State be allotted to co-operative societies and run on that basis mostly by the scheduled tribes”. There are about a thousand coupes on an average with an area of about 8500 acres which are sold annually at an upset price of about Rs. 1.5 crores. Of these only 157 coupes were allotted to 61 forest labour co-operatives during the year under review, for an upset price of Rs. 15.22 lakhs. It should, therefore, be possible for the movement to go ahead and to achieve its objective after the initial difficulties inherent in this type of new organisation are overcome, their management, supervision and their financial resources improve and effective measures are taken for

the quicker disposal of the forest produce or a marketing organisation is set up.

Other Industrial Societies:

155. Besides the different industrial societies mentioned above, the Bank has financed during the year under review 10 societies of other industrial workers to whom cash credit limits of Rs. 90,000 were sanctioned and the outstandings at the close of the year amounted to Rs. 80,512 of which Rs. 24,515 were overdue with 9 societies.

Societies in Liquidation:

156. During the year under review, 17 societies with Bank's outstandings of Rs. 6.76 lakhs were taken into liquidation. At the close of the year balance outstanding with 107 societies in liquidation was Rs. 12.26 lakhs, while the same at the beginning of the year was Rs. 6.73 lakhs with 110 societies. The outstandings with the societies in liquidation increased considerably because of the amount of Rs. 4.20 lakhs outstanding with Malshiras Purchase and Sale Union which was taken into liquidation during the year. Repayments from societies in liquidation amounted to Rs. 49,304 while Rs. 47,315 with 6 societies in Dharwar District were written off. Seven societies with outstanding balance amounting to Rs. 26,139 were transferred to District Central Financing Agencies, where the area was handed over to them. The classification of the different types of societies in liquidation with the Bank's loans outstanding with them is given hereunder:

Type of Societies	No.	Amount outstanding as at the close of the year		
		Principal	Overdue	Interest
		<i>(in lakhs)</i>		<i>Rs.</i>
1. Agricultural Credit	76	4.02		2,536
2. Urban Credit	7	.96		4,575
3. Purchase and Sale	3	5.25		19,803
4. Industrial Societies	9	.44		1,421
5. Forest Labour Societies	3	.87		1,459
6. Miscellaneous	9	.72		7,938
Total:	107	12.26		37,732

157. Of the above societies, 48 societies were taken into liquidation prior to 1940 and the outstandings with them are Rs. 1.60 lakhs. The liquidation proceedings are delayed over quite a long period and there were no recoveries from 51 societies. The Bank is appointed as Liquidator of societies which are indebted to the Bank and the Bank Inspectors work as Liquidators of 82 societies. This has to some extent helped in expediting recoveries from members. But the inordinate delay in the execution of awards or liquidation orders obtained against defaulters is responsible for dragging on the liquidation proceedings for years together.

158. The comparative position of the Bank's outstandings with societies in liquidation during the last five years is indicated in the following table:

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.
1949-50	114	4,83,215	3	4,030	9	43,996 (written off Rs. 2,303)	108	4,40,946
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 (written off Rs. 38,622)	103	3,72,509
1952-53	103	3,72,509	10	3,31,079	2	25,537 (written off Rs. 4,777)	110	6,73,274
1953-54	110	6,73,274	17	6,76,186	20	49,304 (written off Rs. 47,315)	107	12,26,702

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

159. During the year under review, Managing Committees of 8 societies were suspended, while those of 7 societies were restored. Number of Committees under suspension at the close of the year was 24 as against 23 of the last year.

160. During the year under review, Enquiries under Section 43(1) of the Bombay Co-operative Societies' Act were ordered into the affairs of 42 societies indebted to the Bank, in addition to 18 Enquiries ordered previously. Enquiries were completed in case of 28 societies. At the end of the year under review, Enquiries under Section 43 were pending in case of 32 borrowing societies as against 18 last year. Misappropriation of funds and misuse of cash balances by office-bearers formed the main reason for instituting statutory Enquiries while in a few cases deliberate defaults by office-bearers necessitated such an action. The amount misappropriated was approximately Rs. 3.84 lakhs, and nearly 32 Chairmen and 74 Secretaries or Managers were involved. Criminal proceedings were instituted against ninety five persons of whom twelve resulted in conviction. Proceedings against 68 persons were pending at the end of the year. It is, however, observed that the Enquiry Officers do not hold the Enquiries promptly and within the prescribed time, and the delays very often defeat the purpose of ordering an Enquiry. Enquiries to be effective should have the same force and promptness of judicial enquiries so that the persons against whom the Enquiries are held can feel the legal sanction behind it or the mismanagement is set right in time.

Arbitration Awards and Liquidation Orders

161. The societies have to resort to arbitration proceedings and to obtain Awards or Recovery Certificates under Section 59 (B) for the recovery of agricultural loans, when a default occurs. The following statement indicates the number of Awards and Liquidation orders sent for execution through the Revenue authorities, in the societies which are indebted to the Bank:

(Amount in lakhs of rupees)

Particulars	1949-50		1950-51		1951-52		1952-53		1953-54	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
At the beginning of the year ...	3140	5.47	2766	5.79	2726	5.65	3178	6.57	3895	11.15
Additions during the year ...	191	0.71	206	0.55	622	1.42	1226	6.56	853	2.82
Recovered during the year ...	565	3.39	246	0.69	170	0.49	509	1.98	764	*2.10
Balance at the close of the year ...	2766	5.79	2726	5.65	3178	6.57	3895	11.15	3984	11.87

* Recoveries include the amount of Rs. .38 lakhs of 158 members of closed branches.

162. There is an increase both in the number and amount of arbitration awards and liquidation orders, some of which are under execution for over five years. Due to scarcity conditions in Ahmednagar, Khandesh and Sholapur Districts, the execution of awards was suspended, and therefore, the progress of recoveries from awards or liquidation orders was slow. It is also observed that the revenue authorities are not expeditious in pursuing the execution proceedings, where no Special Recovery Officer is appointed.

Special Recovery Officers

163. In view of the delays in the execution of awards and accumulation of large number of awards and Liquidation orders, Government was moved to appoint Special staff for speeding up the proceedings. Government, therefore, agreed under Government Resolution, Revenue Dept. No. 3482/28 dated 13-2-1932 to appoint Special Recovery Officers, on the recommendation of the Registrar, Co-operative Societies, provided the central financing agencies agreed to meet the cost of their establishment. In accordance with this arrangement Special Recovery officers are appointed for a period of one year and the appointments are discontinued during the monsoon, when no proceedings can be taken against agriculturist defaulters, with the result that there is no continuity of the proceedings and the delays persist and the volume of recoveries secured in cash by actual coercive measures is not commensurate with the cost incurred. It was, therefore, urged that in order to ensure quick disposal of the awards and Recovery certificates granted under Section 59 (B) Government

should appoint Special Recovery officers permanently and to bear the cost of their establishment, in view of the ceiling placed by Government on the interest charged by central financing agencies on agricultural loans and in view of Government's statutory obligation to recover the arrears as arrears of Land Revenue, under the provisions of the Co-operative Societies Act.

164. During the year under review, Recovery officers were appointed for Nasik and West Khandesh Districts in the area served by the Bank, on the Bank's agreeing to meet the deficit in the cost of their establishment. Bank Inspectors and Supervisors are sometimes delegated powers by the Collector under the Land Revenue Code to execute distraint warrants issued by the Special Recovery officers or the Revenue authorities. Thirteen Inspectors were delegated powers to execute warrants against the defaulters under this arrangement and they were able to recover Rs. 61,000 without being required actually to enforce the warrants. This goes to show that if prompt action is taken during harvesting time, it is easier to secure recoveries by merely issuing distraint warrants and if permanent Recovery officers are appointed it can help in the quicker and prompt disposal of the large number of awards and Liquidation orders now pending with the Revenue authorities.

Lands in possession

165. During the course of the execution of awards or liquidation orders through the Revenue authorities under Section 59 of the Bombay Co-operative Societies Act the defaulters' lands are transferred to the societies if there are no outside purchasers, when the lands are put to auction. At the commencement of the year 1,734 acres of lands valued at Rs. 93,045 were held by the societies indebted to the Bank. Lands admeasuring 13 acres valued at Rs. 3,230 were sold to outsiders while 154 acres valued at Rs. 4,577 were reconveyed to original owners on repayment of loans after giving them concession in interest or principal. Lands at the close of the year with societies indebted to the Bank were 1,563 acres valued at Rs. 91,168.

The following comparative statement will indicate the position in this behalf during the last three years:

Particulars	LANDS IN POSSESSION					
	1951-52		1952-53		1953-54	
	Acres	Value Rs.	Acres	Value Rs.	Acres	Value Rs.
Lands in possession at the beginning of the year ...	1,799	92,603	1,758	86,465	1,734	93,045
Lands sold to outsiders ...	2	525	3	200	52	4,623
Lands sold to original owners	393	5,744	195	3,794	154	4,577
New Lands that came in possession of Societies ...	—	—	179	10,374	35	7,323
Lands in possession of societies at the close of the year	1,758	86,465	1,734	93,045	1,563	91,168

Supervising Union

166. There were 59 Supervising Unions in the area of operation of the Bank at the close of the year as against 62 at the end of the last year. The Supervisors, who are incharge of supervision of primary societies are now appointed and controlled by the Co-operative Department. Ad-hoc Committees consisting of the Chairman of the District Co-operative Board, a representative of the financing agency and the District Co-operative Officer, are appointed to check the Supervisor's work. However, the Ad-hoc Committees have no effective control over the Supervisors who get their orders and instructions from the Assistant Registrar. The Supervising Unions have ceased to function efficiently or effectively as they have no source of income of their own.

IX. ADVANCES TO INDIVIDUALS

167. The Bank allows loans to individual shareholders and 'B' class members under Bye-law No. 72(i)(3), against tangible security, such as Government or Trustee Securities or agricultural produce and valuables pledged to the Bank or Fixed Deposits. Production finance, if they be credit-worthy agriculturists or are parties to the proceedings under the Bombay Agricultural Debtors' Relief Act, for their seasonal agricultural operations, is also permitted. Advances against valuables are allowed to members of societies at certain branches, mainly with a view to providing temporary advances during the agricultural season. Advances to individuals are made at branches approved by the Board and within certain over-all limits. Advances made by the Bank to individuals and the outstandings under the different types of loans as at the end of the last five years, are indicated in the following statement:

(Amount in lakhs of Rupees)

Type of Loans	1949-50		1950-51		1951-52		1952-53		1953-54	
	No.	Amount out-standing	No.	Amount out-standing	No.	Amount out-standing	No.	Amount out-standing	No.	Amount out-standing
1. Against Pledge of:										
(a) Agricultural produce & requisites	126	60.35	175	70.48	140	45.97	83	22.76	121	36.71
(b) Govt. & Trustee Securities ...	8	3.99	8	4.21	11	5.55	11	4.53	12	10.46
(c) Fixed Deposits ...	2	0.11	2	0.07	3	0.04	—	—	2	0.16
(d) Gold and Silver	367	2.04	652	3.64	991	5.11	1315	5.71	1091	3.91
2. Crop Loans										
(To Agril. Debtors)	73	0.11	54	0.10	50	0.09	39	0.07	34	0.07
3. Agricultural Loans										
(To creditworthy borrowers) ...	8	3.02	12	4.00	30	6.71	29	4.80	26	3.97
4. Other Advances:	1	0.03	39	1.82	22	0.97	18	0.84	23	1.28
TOTAL:	585	69.65	942	84.32	1247	64.44	1495	38.71	1309	56.56

168. Advances to individuals, as a rule, do not constitute the normal feature of loaning operations of a central financing agency and of an apex credit institution. However, under the peculiar development of co-operative banking in this State, the Bank has been making advances to individuals, where there are no other facilities for such type of advances, but it has been the policy of the Board to restrict such advances within certain limits and only to those who were being allowed such loans in the past. Advances against the security of gold and silver ornaments and agricultural loans are allowed only to agriculturists as a part of the policy to finance all creditworthy agriculturists in the State, and cannot, therefore, be considered a "commercial" advance. Advances against the pledge of Government Securities are made in a few instances mostly to institutions like Banks or business Firms.

Advances against Agricultural Produce

169. As indicated above, advances against agricultural produce are allowed at a few branches and are restricted to only old customers, for facilitating the marketing of agricultural produce. The total outstandings of this type amount to Rs. 36.71 lakhs with 121 members, of which Rs. 7.54 lakhs are in arrears with 18 members. The arrears were due to the shrinkage in groundnut stocked in 1951-52 and the sharp fall in the prices then. Legal action had to be taken against the borrowers involving Rs. 7.51 lakhs. Legal proceedings were in progress.

Advances against Gold and Silver

170. With a view to enabling the members of primary co-operative societies to obtain small accommodation against pledge of gold and silver ornaments during the agricultural season, for which they had to approach private money-lenders, the Bank has made arrangements for advancing loans against pledge of valuables at 15 branches, mainly in Nasik and West Khandesh Districts. The members availing themselves of such type of accommodation are enrolled as "B" class members, the maximum individual limit for such advance being Rs. 1,000. Though there is a demand from the farmers for this facility at other branches of the Bank, it has not been possible to extend this facility at other branches in the absence of safe custody arrangements, except at Kolhapur, where with the assistance of the Shetkari Sahakari Sangh, a Safe Deposit Vault has now been constructed. Due to favourable crop conditions, some of the last year's loans were repaid and the outstandings were reduced to Rs. 3.91 lakhs as against Rs. 5.71 lakhs last year. However, owing to the fall in the price of agricultural produce, the loans could not be cleared within the prescribed time and a sum of Rs. 1.26 lakhs was in arrears and the period of repayment had to be extended.

Agricultural Loans

171. Agricultural loans for raising crops are allowed to members of the Bank direct only as a measure of expediency for enabling the agricul-

turists to obtain such loans, until they join a co-operative society or form a society, if there is no society. When the Agricultural Debtors' Relief Act was enforced, the agriculturists who were parties to proceedings or awards passed by the Debt Adjustment Boards, had to be provided with an alternate agency for agricultural credit and therefore, co-operative societies were recognised to provide such credit. Where there were no co-operatives the central financing agencies were required to provide "crop loans". Later when the Bank undertook the responsibility of financing creditworthy agriculturists, the Bye-laws were suitably amended to enable the Bank to make loans to individual agriculturists for the raising of crops where there was no co-operative society or where a society, for financial or other reasons, was unable to advance loans beyond its limits. As far as possible such type of loans are restricted within a limit of Rs. 50,000 and are conditional on the loan being used only for production of crop and repayable on the harvesting of the crop. Direct advances of this type are, however, discouraged as a matter of policy and the borrowers are asked to join a local co-operative or to organise a co-operative society if the number of such borrowers in any particular area is large enough to form a society.

172. *Advances to "Debtors" under B. A. D. R. Act:* No new advances were made during the year under review to any member who is a party to proceedings under the B. A. D. R. Act, as generally the "Debtors" have now been admitted as members of co-operative societies. The outstandings of Rs. 7,000 under this head represent the arrears of loans made in the past which are being gradually recovered.

173. *Agricultural loans:* During the year under review, agricultural loans aggregating to Rs. 6.28 lakhs were sanctioned to 34 individual shareholders of the Bank the maximum loan sanctioned to any individual being Rs. 50,000. The outstandings at the close of the year amounted to Rs. 4.97 lakhs as compared to Rs. 4.80 lakhs at the end of the last year. Of this amount a sum of Rs. 2.62 lakhs was in arrears with 13 defaulters. Recovery Certificates under Section 59 (B) have been obtained against the defaulters for a sum of Rs. 1.6 lakhs and are under execution. The following table indicates the extent of direct agricultural loans to creditworthy agriculturists during the last four years:

(Amount in lakhs of Rupees)

Year	Loans outstanding at the beginning of the year		Loans sanctioned during the year		Outstanding 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
1953-54	29	4.80	34	6.28	26	3.97	13	2.62

Bills Discounted

174. As part of its banking business, the Bank carries on the business of discounting of Demand Bills from its share-holders within limits sanctioned to them. This facility was available at 15 Branches. During the year, total limits amounting to Rs. 18.19 lakhs were sanctioned to 170 individual share holders. The total turnover of bills discounted during the year approximately amounted to Rs. 307 lakhs, and bills of Rs. 4.19 lakhs were outstanding at the close of the year.

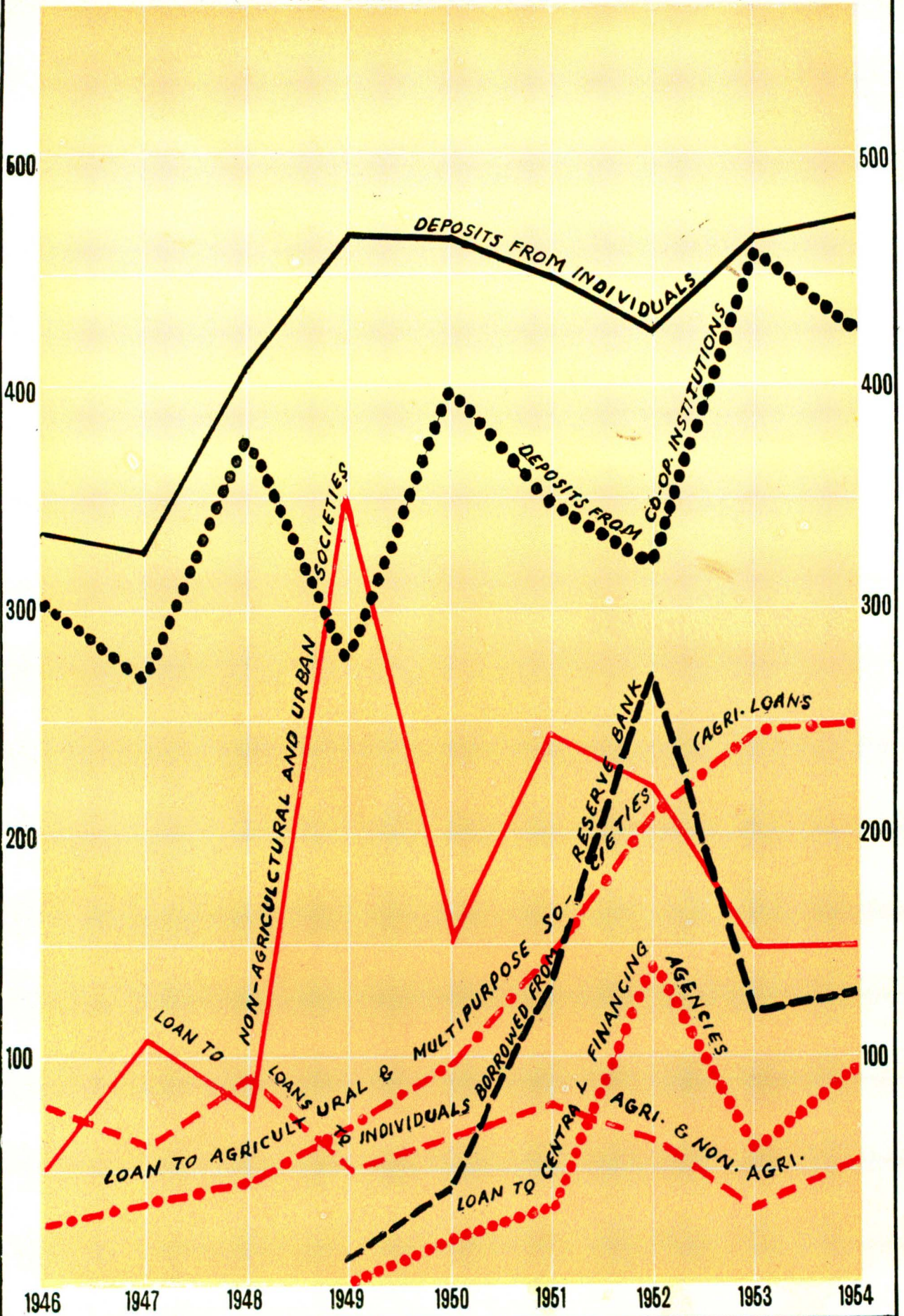
X. LOAN OPERATIONS OF THE BANK

175. The total advances of all types to societies and individuals including Bills Discounted stood at Rs. 572.76 lakhs at the close of the year as against Rs. 533.05 lakhs for the corresponding period last year. The following table indicates the outstandings under different types of loan operations, at the close of the year under review as compared to previous four years:

Loans outstanding as on 30th June		<i>(Amount in lakhs of rupees)</i>				
Particulars	1949-50	1950-51	1951-52	1952-53	1953-54	
TO SOCIETIES:						
1. Long Term Loans ...	0.41	0.40	0.22	0.22	0.21	
2. Short Term & Crop Loans ...	102.92	151.46	211.14	247.27	249.36	
3. Intermediate Term Loans ...	—	0.13	0.38	0.93	2.41	
4. Cash Credits ...	50.84	68.67	61.50	28.54	29.46	
5. Overdrafts (against Govt. and Trustee Securities) ...	42.34	87.72	80.65	72.18	61.57	
6. Fixed Loans (against Govt. and Trustee Securities) ...	47.84	79.88	67.80	40.25	43.81	
7. Cloth and Yarn Advances ...	13.19	9.62	11.05	6.81	5.96	
8. Dues from Societies in Liquidation ...	4.41	4.25	3.72	6.73	12.27	
9. Loans to C. F. As. (Obtained from Reserve Bank)	21.00	36.00	148.34	67.43	99.40	
TOTAL:	282.95	438.13	584.80	470.36	504.45	
TO INDIVIDUALS:						
10. Advances against Produce and Valuables, Govt. & Trustee Securities & Fixed Deposits ...	62.39	74.09	51.08	28.47	40.62	
11. Agricultural Loans ...	3.13	4.10	6.80	4.87	4.04	
12. Other Advances ...	4.13	6.13	6.56	5.37	11.89	
13. Bills discounted ...	12.88	27.24	17.10	22.95	9.54	
14. Loans against Provident Fund	0.83	0.92	0.93	1.03	.91	
15. Shop Transactions ...	—	—	—	—	1.31	
TOTAL:	83.36	112.48	82.47	62.69	68.31	
Grand Total:	366.31	550.61	667.27	533.05	572.76	

THE BOMBAY - STATE CO-OPERATIVE BANK LTD.

CHART SHOWING LOAN OPERATIONS AND BORROWED FUNDS OF THE BANK FROM 1946 TO 1954 Rupees In Lakhs



176. With a view to expeditious consideration of loan applications, the Executive Committee has authorised the Sub-Committee and the Branch Committees as also the Officers of the Bank to sanction loans and credits to affiliated societies, within certain limits and the societies complying with certain conditions as regards their audit classification and financial soundness. During the year under review 2,838 applications from agricultural credit and multipurpose societies and 323 applications from non-credit and non-agricultural societies were received, of which 49 applications from the former and 76 from the latter were rejected and the rest were sanctioned by the different authorities, as under :

(Amount in lakhs of Rupees)

	Agricultural Credit		Non-Agricultural and non-credit	
	No	Amount	No.	Amount
By Sub Committee ...	209	48.78	118	121.98
„ Managing Director ...	635	102.22	60	10.25
„ Manager ...	1,370	118.06	69	3.04
„ Branch Committees ...	575	47.65	—	—
Total: ...	2,789	317.71	247	135.27

177. There was no marked variation in the loan operations, during the year under review, though as explained in the foregoing paragraphs, the agricultural advances and advances obtained from the Reserve Bank of India for the central financing agencies were slightly higher by Rs. 2.9 lakhs and Rs. 32 lakhs respectively, while advances to individuals were up by Rs. 5.6 lakhs.

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	1949-50	1950-51	1951-52	1952-53	1953-53
1. Working Capital ...	1043.94	1130.26	1217.61	1229.03	1217.02
2. Deposit & Loan Liabilities ...	912.48	949.49	1038.87	1062.86	1042.71
3. Total Advances ...	366.31	550.61	667.27	533.05	562.31
4. P. C. of advances to working capital ...	35.08%	48.72%	54.80%	43.37%	46.21%
5. P. C. of advances to deposit & loan Liabilities ...	40.14%	57.80%	64.23%	50.15%	53.92%

Unauthorised arrears as on 30th June, 1954

178. Out of the total outstandings under all types of advances of Rs. 572.76 lakhs including bills discounted, unauthorised overdues amounted to Rs. 67.47 lakhs. The following table indicates the unauthorised arrears

under the different types of advances at the end of the year under review, as compared to the last year's unauthorised arrears:

Particulars	1952-53			1953-54		
	No.	Amount Overdue (in lacs)	P. C. to total dues	No.	Amount Overdue (in lacs)	P. C. to total dues
SOCIETIES :						
1. Agril. Credit & Multipurpose Societies ...	1036	60.63	24.0	812	35.62	13.8
2. Non-Agril. Credit Societies ...	13	2.83	1.7	10	1.51	6.5
3. Industrial Societies	54	14.18	58.1	43	12.83	50.2
4. Marketing Societies	14	8.01	53.3	14	2.78	17.3
5. Joint Farming Stys.	4	0.27	10.5	1	0.05	46.6
6. Other Societies (including Land Mortgage Banks) ...	15	0.72	9.5	10	2.74	59.3
Total :	1136	86.64		890	55.53	
INDIVIDUALS :						
1. Advances against Agril. Produce ...	18	8.06	35.4	18	7.54	24.6
2. Advances against Valuables ...	365	2.92	51.1	257	1.26	32.2
3. Agricultural Loans	57	3.53	72.5	47	2.69	66.6
4. Other Advances ...	18	0.44	8.2	13	0.45	3.8
Total :	458	14.95		335	11.94	

179. The unauthorised overdues were reduced from Rs. 101.59 lakhs to Rs. 67.47 lakhs, since the repayments from societies were generally satisfactory. As already indicated, action was taken against individual defaulters, wherever necessary, and the Departmental Officers concerned were requested to institute Enquiries under Section 43 (1) of the Bombay Co-operative Societies' Act, where the unauthorised arrears with the societies were of long standing and where the prospects of repayments were doubtful.

The following table indicates the authorised and unauthorised arrears as also the overdue interest and bad and doubtful debts, as compared to previous four years:

(Amount in lakhs of rupees)

Particulars	1949-50	1950-51	1951-52	1952-53	1953-54
1. Unauthorised Arrears ...	24.48	32.09	72.89	101.59	67.47
2. Authorised Arrears ...	0.68	0.43	13.38	20.31	.42
3. Estimated doubtful debts ...	4.55	4.57	6.31	11.09	12.26
4. Overdue Interest ...	0.95	0.87	1.72	2.88	3.19

Overdue Interest

180. The amount of interest which is not recovered within six months is treated as "Overdue" interest but is provided for before arriving at the net profits of the Bank. Overdue interest went up from Rs. 2.88 lakhs to Rs. 3.19 lakhs at the close of the year under review. This was mainly due to the arrears with Forest Labour Societies, and some of the Marketing Societies which have been subsequently taken into liquidation, and a few Agricultural societies in parts of Ahmednagar and Panchmahals Districts, where scarcity conditions prevailed during the year under review, successively for two years.

Bad and Doubtful Debts

181. Bad and doubtful debts are carefully assessed every year. As some of the Forest Labour societies, Purchase and Sale societies and Industrial societies indebted to the Bank suffered large losses due to mismanagement or fall in the prices of timber and yarn which they held in stock, the advances made by the Bank have no adequate security and consequently the amount of doubtful debts has increased by Rs. 1.17 lakhs to Rs. 12.26 lakhs. There is adequate provision to cover the bad and doubtful debts.

Income and Expenditure

182. The total gross income for the year under review amounted to Rs. 24.39 lakhs as compared to Rs. 25.24 lakhs for the previous year. The reduction in income was mainly due to lower interest yield on investments and loans. The total management expenses were higher by nearly Rs. 1.05 lakhs as compared to those of the previous year, on account of the revision of pay scales and allowances which came into effect during the year under review. The following table indicates the management expenses and net profits of the Bank for the year ending 30-6-1954, as compared to previous four years:

(Amount in lakhs of Rupees)

Particulars	1953-54	1952-53	1951-52	1950-51	1949-50
1. Establishment Charges ...	11.25	10.24	9.94	9.50	8.52
2. Inspection Charges ...	3.49	3.49	3.15	2.21	1.84
3. Contribution to Staff Provident Fund ...	.71	.62	.57	.52	.47
4. Contingent Expenses ...	4.62	4.30	4.43	4.39	3.89
5. Directors' & Auditor's Fees	.33	.32	.30	.27	.32
Total: ...	20.40	18.93	18.39	16.89	15.04
6. Net Profit ...	3.99	6.31	7.69	5.48	4.55
Total Gross Income: ...	24.39	25.24	26.08	22.37	19.59
7. Ratio of Expenses to Gross Income ...	83.6	75	70	75.5	76

183. From the net profits of Rs. 3.99 lakhs allocations of Rs. 50,000 to the statutory Reserve Fund and Rs. 25,000 to the Agricultural Finance Reserve were made and a sum of Rs. 33,500 approximately equal to half month's salary was proposed to be added to the Gratuity Fund, as gratuity benefits to retiring or deceased employees were introduced by the Board. The General meeting held on 25th September, 1954, while adopting the audited accounts and Balance Sheet for the year ended 30th June, 1954, declared a dividend of 4% and also reduced the bonus salary paid to the employees to one month's salary.

184. The Bank had been paying a bonus of 1% over the basic dividend of 4% and bonus equal to two month's salary to the employees, continuously since 1944. The dividend and the bonus paid to the employees had to be reduced owing to reduced profits during the year.

185. It would be observed that during the last three years the ratio of expenses to gross income has tended to increase from 70% in 1951-52 to 83.6% during the year under review, which accounts for the sharp fall in the net profits of the Bank. Owing to the rise in the amounts locked with societies in liquidation and larger provision for overdue interest with some of the industrial societies, as also owing to the higher cost of borrowed funds, as indicated in paragraph 34, the net profits of the Bank dropped from Rs. 6.31 lakhs last year to Rs. 3.99 lakhs for the year under review. The average borrowing rate for deposits and loans was higher by 0.13% while the net cost of borrowed funds including management expenses was higher by 0.31%, whereas the lending rates remained the same as in the previous year. The lending rate to agricultural societies is limited to 4½% i.e., 1% higher than the Bank Rate under the integrated scheme of agricultural credit, irrespective of the cost of raising funds. With the higher cost of administration, the net income of the Bank is not likely to show any appreciable improvement since the rate of interest on lendings is not flexible. The Chairman while presenting the statements of accounts to the Share-holders observed:

“In the case of co-operative banks the number of loan or deposit transactions is very large though the sums involved in each transaction are small. Consequently the cost of handling the transactions as well as their supervision and inspection is very much higher than that of commercial banks. In the case of this Bank this is more so because its operations are widely extended through scattered and un-uniform units through which the agricultural credit is administered. On the other hand the interest rate on agricultural lending has been given a ceiling. In the case of 18 larger Indian Scheduled Banks the ratios of establishment expenses and interest paid on deposits to gross earnings worked out at 42% and 27% respectively in 1953 (vide “Trend & Progress of Banking in India”) whereas in case of this Bank, these stand at 39% and 35.3% respectively for 1953-54. It cannot be said that salaries and allowances paid to our employees are higher than those paid to their counterparts in commercial banks of our size and standing. In the circumstances the scope for cutting down the establishment expenses is indeed small, unless it is suggested that some of the uneconomic branches should be closed down thereby denying banking facilities to the rural areas and retarding the process of providing institutional

finance to creditworthy borrowers in this State. This question as well as questions relating to the borrowing and lending rates are being examined by the Board."

Un-economic Branches

186. Out of the 69 branches of the Bank in fourteen districts 35 branches were working at a loss, their total deficit amounting to Rs. 1.67 lakhs. The Government of Bombay had agreed in 1948 to grant subsidies to newly opened branches during the first three years of their initial period. Out of the 35 branches working at a loss only 14 branches were eligible for Government subsidy to the extent of Rs. 42,700. Some of those branches will not be eligible for subsidies in future, as they will be completing the initial period of three years. With the increase in the establishment expenses and without any sources of corresponding increase in the income, it may be necessary to close down some of the branches with the resultant curtailment of facilities they provide to the co-operative societies and set back to rural development. The Chairman while addressing the General Meeting of Share-holders remarked:

"In this connection, the whole question of subsidies to our branches will have to be reviewed with Government. Here, the following recommendation of the Shroff Committee is very relevant:

"The Committee recommends that the Reserve Bank of India should, in consultation with the Government of India, work out a detailed scheme of financial assistance to licensed scheduled banks opening branches in accordance with an expansion programme submitted by banks and approved by the Reserve Bank. The assistance, for instance, may take the form of a lump-sum grant to cover a part of the initial expenses of the branch and a commission in respect of deposits collected over a prescribed minimum.

May I, in this connection, observe that co-operative banks, which already opened branches and spread into rural areas at considerable risk and expense, are much more eligible for such assistance from the Reserve Bank than commercial banks, both in respect of existing branches which may otherwise have to be closed down and in respect of new branches which have to be opened to spread the system of integrated credit throughout the State? It may be incidentally observed that a responsible committee of Bankers headed by Shri A.D. Shroff found it necessary to recommend that in respect of commercial banks, such subsidies were necessary. The case of the Co-operative Banks is all the stronger!"

XI. ADMINISTRATION

187. The Board of Directors appointed a Special Staff Sub-Committee consisting of five Directors for revising the rules and regulations governing the service conditions and the general policy of administration. During the year under review, the Committee revised the pay scales and grades and the scale of allowances paid to employees of the Bank and introduced service regulations for retirement and payment of gratuity to retiring employees or the heirs of deceased employees. The Committee advises the Board and the Managing Director on all matters concerning the administration of the Bank's staff.

188. The strength of the staff of the Bank at its Head Office and Branches was 528, exclusive of subordinate staff, as against 513 at the close of the previous year. There were 88 University Graduates and 17 had Diploma in Co-operation or Certificate of the Institute of Banker's Examination. During the year under review three employees were deputed to the Co-operative Training College at Poona, of whom one passed in I Class and the other two in II Class. During the year under review 29 employees including three peons retired due to their age, including Shri V. M. Thakore, the General Manager, Shri B. V. Halbe, Chief Accountant and Shri A. N. Oza, the Head Shroff, after a long period of meritorious service to the Bank. The Bank has lent one of its senior officers as Manager of the Saurashtra State Co-operative Bank while three other senior officers are lent to Co-operative Sugar Factories. Eight other officers are lent to marketing societies and urban banks while eight persons are lent to the North Satara District Co-operative Bank in its initial stage.

Inspection of affiliated societies

189. There were 2,769 credit and multipurpose societies and other type of co-operative institutions, borrowing from the Bank. The Bank employed 50 full time Inspectors (as against 52 last year) and 26 Agent-cum-Inspectors as against 27 of last year. The detailed inspection of societies classed A and B is made by the Inspector every alternate year while societies classed C or D in their last audit are inspected every year. The Inspectors also enquire into the loan applications as also verify the members' assets statements. The average touring by the Inspectorial staff was 16.4 days a month as against 16.6 days last year. In addition to the Inspectors attached to the Branches, there were eight Senior Inspectors stationed generally one for each District. The Senior Inspectors supervise the working of the Branches, control the inspectorial staff and inspect the major societies in their charge and usually represent the Bank on the Managing Committees of District Federations such as Rural Development Boards, Industrial Associations, or of major societies, wherever their Bye-laws provide for Bank's representation. The Senior Inspectors and the Inspectors also associate themselves with promotional or organisational activities and deliver lectures at Training Classes organised by the Co-operative Institute or Divisional Co-operative Boards.

Internal Audit

190. The accounts of the Branches are audited quarterly by senior officers of the Bank specially appointed for the purpose. The Divisional Senior Inspectors undertake the internal audit of the branches in Satara and Gujerat Divisions. This audit is conducted as an internal check to rectify account irregularities. Stocks which are pledged to the Bank for the loans advanced to individual share-holders are checked at regular intervals by the Senior Inspectors and Branch Auditors.

Visits by Officers of the Bank

191. The Managing Director and the Manager visit the Branches with a view to keeping in touch with the working of the Branches and watching their progress. They attend the Field Workers meetings and visit some of the major societies during such visits which enable them to build up contacts with the local leaders and officers of the Co-operative Department, and to understand the local problems generally or of individual societies. The Manager usually attends the Branch Committee meetings and Branch General Meetings whenever any problems affecting the Bank's financial or administrative policies are discussed or when any local question required personal discussion with the leaders.

Study visits of Trainees

192. The Probationary Officers recruited by the Co-operative Department or the Agricultural Credit Department of the Reserve Bank of India are deputed to the Bank to study its working. Visits to the branches and central financing agencies were arranged to give them an opportunity to study their working. Students from the Co-operative College and the Regional Schools are afforded facilities at the Head Office and the branches for practical training.

Distinguished Visitors

193. During the year under review, Mr. Chester C. Davies, Consultant to the Ford Foundation, who was invited by the Planning Commission to report on the Rural Credit in India, visited the Bank, to study the working of the Bank in connection with his mission. Mr. L. A. Pavit, Co-operative Education Officer, I. L. O., and Dr. Raspio, Administrator of Central Co-operative Bank of East Java, Mr. Ahamed Vedja, Inspector of Co-operatives in the Ministry of Economic Affairs, Members of the Indonesian Delegation visited the Bank and had talks with the Managing Director and Officers of the Bank which enabled them to exchange their knowledge on the working of Co-operatives in Bombay and Indonesia. Shri Lahari Sing, Minister for Co-operation, East Punjab, and Mr. V. P. Maung, from Burma visited the Bank, and were shown the working of the different Departments.

Retrospect and Prospect

194. The year under review witnessed complete withdrawal of the State Control on the distribution of consumers' goods and rationing of food grains. This development affected the working of some of the co-operative institutions, more especially the industrial and consumers' societies and purchase and sale organisations which mainly handled this type of business. The handloom industry was hard-hit after the removal of yarn control. In the agricultural sector, though the crops fared better than in the previous year owing to satisfactory rain-fall, the receding tendency of prices of agri-

cultural produce, retarded the progress of economic activity in the agricultural sector which was noticeable during the post-war period. Nevertheless, the co-operative societies maintained their progress in general and the tendency towards a rise in unauthorised arrears was checked.

195. In the implementation of the agricultural credit system, the Bank and the Central Financing Agencies have recorded further progress. Credit provided by the Bank to Co-operatives is being increasingly utilised for productive uses, as indicated in this review. On the marketing side, however, the movement shows signs of a further deterioration, with a few exceptions. With the increasing volume of credit made available for agricultural production, the need for an efficient and integrated marketing organisation is being keenly felt. The supervision over the primary societies leaves considerable room for improvement and a new approach to this question in an integrated system of credit structure is rendered imperative. The question is still agitating the Central Financing Agencies which are not satisfied with the present system of supervision. To secure utmost co-ordination and to ensure timely checks on defaulting institutions, an early solution of this vexed question is called for. That can be realised only by having a single agency for supervision and direction of rural credit institutions.

196. The price is an important factor which influences agricultural production. The stability and progress of agricultural industry mainly depends on the steadiness of prices of agricultural produce at a reasonable level. Recently the agricultural prices have sagged very considerably and the repaying capacity of the agriculturist borrowers has been impaired. This is likely to have adverse effect not only on the working of credit institutions but, what is more important, on the agricultural production itself and on the national economy. Stabilisation of agricultural prices at levels which should be fair to the primary producer in relation to the cost of production is, therefore, as important as other aids to production. It is urged that the State and Union Governments should be committed to price support at some definite level both from the point of view of future agricultural credit organisation, which is indissolubly bound up with the solvency of the farmer and the achievement of production targets. Government's attention should be focussed as a part of their policy for establishing a rational relationship between costs, prices and income of the farming community .

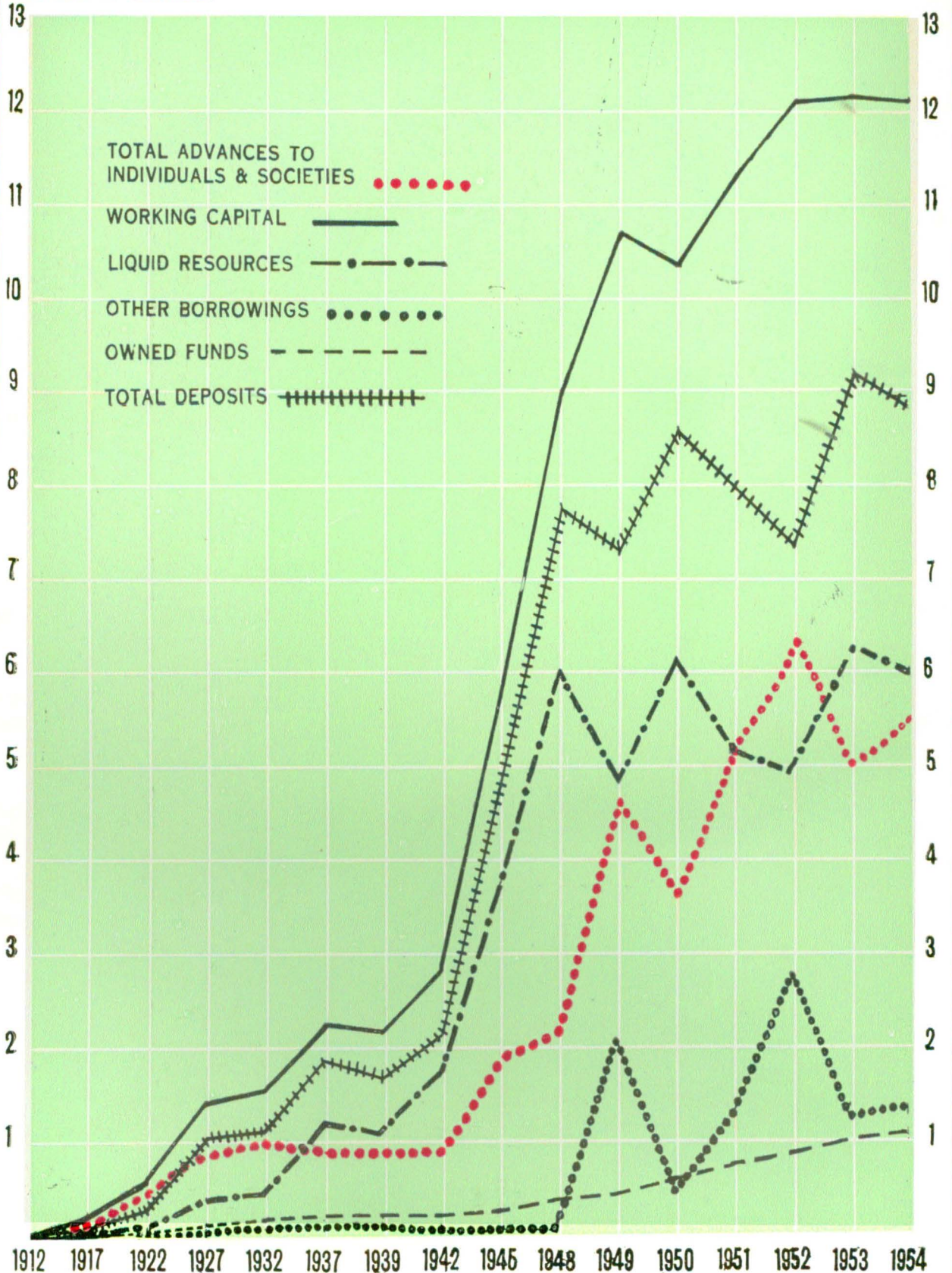
197. In spite of the weaknesses of some of the institutions, to which reference has been made in the review, the co-operative movement holds out a great future. The co-operative institutions and the co-operative ideology have by and large caught the imagination of the people who are being increasingly drawn in the movement. Being a democratic movement, there is greater urge and enthusiasm towards improvement of the standard of production and, through it, standard of living. The defects in the working of some of the institutions or deficiencies in the movement are only indicative of the necessity for greater caution and concerted efforts to remove such

THE BOMBAY STATE CO-OPERATIVE BANK LTD.

CHART SHOWING PROGRESS OF THE BANK DURING

1912-1954

(RUPEES IN CRORES)



THE BOMBAY STATE CO-OPERATIVE BANK, LTD., BOMBAY.
Comparative statement showing the progress of the Bank during 1912 to 1954.

(Amount in lakhs of rupees)

Year	Paid up Share Capital	Reserve Fund	Other Funds	Deposits	Reserve Bank Loans		Other Borrowings	Advances to Stys. and C. F. A.s		Advances to Individuals		Total Advances	Investment in Govt. & Trustee Securities	Cash on hand and with Banks	Working Capital
					Self	C.F.As.		Agri. Loans	other Advances includg. Liq.Stys.	Agri. Loans	Against Tangible Securities				
1912	2.10	...	...	3.37	...	...	...	5.22	...	...	...	5.22	...	0.88	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 Individuals)		99.12	31.84	29.78	172.51
1937	12.98	1.12	15.32	189.57	...	...	13.44	64.59	24.00	...	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	21.00*	151.99	250.15	4.10	80.22	452.25	83.75	1130.27
1952	59.18	14.01	25.26	745.81	120.00	148.34	12.50	36.00*	211.74	224.72	6.79	57.65	424.70	79.31	1217.61
1953	59.99	15.69	38.65	925.26	50.00	67.43	6.50	148.34*	248.42	154.51	4.87	33.84	509.07	535.65	1229.03
1954	60.47	16.71	40.51	898.12	25.00	99.40	6.50	67.43*	251.98	154.37	4.05	52.51	489.32	92.31	1217.02
								99.40*							

* Loans from Reserve Bank to C. F. A. s.

defects and to improve the standard of administration so as to make the movement more efficient and effective.

198. The co-operative movement and co-operative institutions have a great responsibility in shaping the future rural economy in a democratic and welfare State and they will be called upon to shoulder greater responsibilities and will be associated with the execution of the National Plan in the rural sector. The Bank is conscious of its responsibility and will be too willing to extend its co-operation in taking up its due share in the evolution of an institutional system of rural credit and its planned development.

199. The foregoing review on the working of the Bank refers to several aspects of rural credit organisation and perhaps deals with some of them in more detail which is outside the scope of an annual report. The review while taking stock of the achievements and failings of the Bank's activities in its various spheres like banking and credit, both urban, rural and industrial, is expected to impart a certain amount of a proper appraisal of the problems of the integrated system of agricultural credit structure which the Bank and the financing agencies have undertaken to build up with the support of the State Government and the Reserve Bank of India and at the same time provide education and guidance to the central financing agencies and the workers in the agricultural credit sector, so that they can have a clearer understanding of the different problems and handle them with more vigour and sympathetic understanding, and not recede from the responsibility which the co-operative movement has voluntarily assumed in the sphere of institutional rural credit.

Statistical Data

200. Since the Bank and the central financing agencies have to discharge their responsibility for the evolution of an institutional credit system in the State, they have to deal with varied problems intermingled with credit confronting the co-operative sector. For a proper appraisal of the part the co-operatives play in the sphere of rural credit and to assess the results and undertake periodical reviews and studies, it is desirable or even necessary to have a strong statistical organisation which can provide the basic information and evaluate the results of individual measures. At present there is no uniformity nor co-ordination in the statistical data collected by the various agencies, like the Co-operative Department, the Reserve Bank and the central financing agencies or the Bank. It is, therefore, urged that uniformity in the collection and presentation of factual data concerning the banking and credit operations of co-operative institutions and operations of other types of co-operative organisations be brought about. We intend, in consultation with the Central Financing Agencies and the Registrar, Co-operative Societies, to promote uniformity in the presentation of statistical tables and in the method of compilation and to establish a statistical and research section for this purpose.

Acknowledgements

201. I must acknowledge my sincere thanks to Shri R. G. Saraiya, Chairman of the Bank for his very valuable guidance in the day to day administration of the Bank. Shri Saraiya's experience of banking and commercial concerns and his active association with co-operative institutions has lent strength and prestige to the Bank. In spite of his preoccupations he has been kind enough to devote considerable time not only to the Bank's activities but to the development of the co-operative movement. As the President of the All India Co-operative Union, he has undertaken on himself the responsibility for strengthening the Co-operative movement in all the States in India. The unique position which this Bank enjoys in the banking and co-operative field is largely due to his guidance and his abiding interest in the Bank.

202. I take this opportunity to convey our grateful thanks to the Chief Minister Shri Morarjibhai Desai for the keen interest he has been taking in Co-operative institutions and more especially in our Bank's activities and to Shri M. P. Patil, Minister for Co-operation and Shri Jivrajbhai Mehta, Minister for Finance, for their encouragement to co-operative institutions as indicated in their active support in the formation of Co-operative Sugar Factories. The Bank received very valuable advice and support from them whenever the Bank had occasions to approach Government.

I also acknowledge my thanks to Prof. D. R. Gadgil, Director of Gokhale Institute of Politics and Economics, who is nominated by Government of Bombay as a Financial Expert on the Board of Directors of the Bank. The progress which the Bank has made in evolving an institutional credit system in the Bombay State is largely due to his initiative and directive. His advice and guidance on administrative matters and in the evolution of the policies in the administration of the integrated system of agricultural credit has been very valuable. I shall be failing in my duty if I do not express a word of gratitude and thankfulness to Shri V. L. Mehta whose abiding interest in the Co-operative movement and the working of the Bank has given us the needed inspiration and valuable assistance in solving some of the difficult problems in our day to day administration of the Bank.

203. Our thanks are due to Shri V. T. Dahejia, I.C.S., Secretary, Finance Department and Shri J. D. Kapadia, I.C.S., Secretary, Development Department. Shri P. J. Chinmulgund, I.C.S., who recently relinquished his charge as Registrar of Co-operative Societies had been associated with the Bank as a Director and his relations with the Bank had been always very cordial. I take this opportunity to convey my personal thanks to him and thanks of the Directors for his very valuable contribution to the expansion of the Bank's activities and to Shri Subramanian, I.A.S., Joint Registrar, Industrial Co-operatives and Village Industries, for his sympathetic understanding of the Bank's point of view.

Our best thanks are due to Shri B. Venkatappiah, Director-in-Charge, Banking Development, Reserve Bank of India and to Shri V. Shivaraman, Officer-in-Charge, Agricultural Credit Department, for their advice and guidance. Shri Shivaraman was kind enough to visit some of our Branches and to look into the Bank's working at close quarters.

204. The members of Branch Committees attached to the Branches of the Bank have rendered very valuable service not only in promoting local co-operative activity but also to give valuable advice to the Board on local problems and in the working of the Branches. Board of Directors appreciate their spirit of service and convey their thanks to the members of the Branch Committees.

205. I am conscious of the difficult and onerous duties which the members of the Staff have been discharging with loyalty and devotion. They have contributed in a large measure to the progress of the Bank. I express my personal thanks to them all for their discipline and devotion to duty. Due to introduction of service regulations some of my old colleagues have retired from the service after a record of devoted and loyal service. Shri V. M. Thakore, General Manager, Shri A. N. Oza, Head Shroff and Shri B. V. Halbe, Chief Accountant, our senior most officers who relinquished their office due to retirement deserve special appreciation and I extend my personal thanks to them for their help I uniformly received from them in the administration of the Bank.

Bombay.

31st January 1955

V. P. Varde

Managing Director.

THE BOMBAY STATE CO-OPERATIVE

Resources of Central Financing

Sr. No.	Names of Central Financing Agencies	No. of offices includ- ing Head Office	No. of affilia- ted Socie- ties	Paid up Share Capital	RESERVES	
					Statu- tary Reserve	Other Reserves
The Bombay State Co-operative Bank, Ltd.		70	5,748	60.47	16.71	40.51
GUJRAT DIVISION:						
1.	Ahmedabad Central Co-op. Bank, Ltd. ...	6	500	6.07	1.61	1.42
2.	Amreli District Central Co-op. Bank, Ltd. ...	1	111	1.12	0.58	0.70
3.	Baroda Central Co-op. Bank, Ltd. ...	7	505	4.65	1.47	0.68
4.	Broach Co-op. Bank, Ltd. ...	8	382	11.04	2.96	2.69
5.	Chikhli Tal. Co-op. Banking Union, Ltd. ...	1	39	0.59	0.20	0.31
6.	Kaira District Central Co-op. Bank, Ltd. ...	11	423	7.42	0.25	0.35
7.	Paschim Panchmahals Co-op. Banking Union, Ltd. ...	1	97	0.82	0.22	0.32
8.	Kodinar Tal. Co-op. Banking Union, Ltd. ...	1	64	1.10	0.46	0.51
9.	Mehsana Dist. Co-op. Bank, Ltd. ...	6	357	1.50	4.09	2.86
10.	Poorva Panchmahals Co-op. Banking Union, Ltd. ...	4	212	1.47	0.33	0.19
11.	Surat Dist. Co-op. Bank, Ltd. ...	16	635	8.36	4.75	10.91
TOTAL:		62	3,325	44.14	16.92	20.92
MAHARASHTRA DIVISION:						
1.	Barsi Central Co-op. Bank, Ltd. ...	2	97	1.18	0.92	0.43
2.	East Khandesh Central Co-op. Bank, Ltd. ...	26	1,140	15.74	12.58	7.93
3.	Kolhapur Dist. Central Co-op. Bank, Ltd. ...	5	369	3.07	0.35	0.29
4.	Poona Central Co-op. Bank, Ltd. ...	18	742	7.35	3.87	2.99
5.	North Satara Dist. Central Co-op. Bank, Ltd. ...	4	438	3.37	0.29	0.02
6.	South Satara Dist. Central Co-op. Bank, Ltd. ...	4	278	3.05	0.93	0.78
7.	Shri Laxmi Central Co-op. Bank, Ltd. ...	1	87	1.18	1.03	1.72
8.	Sholapur Dist. Central Co-op. Bank, Ltd. ...	12	594	6.48	3.10	2.38
9.	Wada Co-op. Banking Union, Ltd. ...	2	84	0.74	0.13	0.08
TOTAL:		74	3,829	42.16	23.20	16.62
KARNATAK DIVISION:						
1.	Belgaum Dist. Central Co-op. Bank, Ltd. ...	20	790	11.20	4.66	2.57
2.	Bijapur Dist. Central Co-op. Bank, Ltd. ...	14	593	7.50	1.98	2.03
3.	Kanara Dist. Central Co-op. Bank, Ltd. ...	3	187	0.76	0.54	0.26
4.	Karnatak Central Co-op. Bank, Ltd. ...	29	971	15.91	6.02	4.56
TOTAL:		66	2,541	35.37	13.20	9.42
Total for Central Financing Agencies:		202	2,541	121.67	53.38	46.96
Grand Total of All C. F. As.		272	15,443	182.14	70.03	87.47
30-6-1953:		254	14,763	169.35	65.60	82.87
30-6-1951:		245	14,069	160.65	60.62	64.25
30-6-1952:		231	12,954	130.25	54.34	56.92

BANK, LTD., BOMBAY.

Agencies as on 30-6-1954.

(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.		
898.12	31.50	1047.31	251.98	154.37	4.05	52.51	462.91	1217.03
68.91	...	78.01	28.42	7.04	...	0.03	35.49	83.06
2.67	0.40	5.47	3.33	0.08	0.29	...	3.70	5.57
60.26	...	67.06	15.21	5.52	1.41	2.24	24.38	68.89
92.87	6.00	115.56	34.08	4.37	...	0.86	39.31	117.89
1.10	0.12	2.32	0.49	...	0.75	...	1.24	2.51
59.09	...	67.09	4.11	17.61	0.25	1.28	23.25	71.09
3.52	0.50	5.38	1.23	1.03	...	0.32	2.63	5.58
5.84	1.00	8.91	5.52	0.06	...	0.25	5.83	9.31
20.16	...	28.61	8.39	6.54	0.02	0.48	15.43	30.49
9.52	1.29	12.80	2.24	4.64	...	2.42	9.30	13.12
236.93	...	260.95	12.78	29.98	5.97	14.47	63.20	269.86
560.87	9.31	652.16	115.85	76.87	8.69	22.35	223.76	677.37
15.19	...	17.72	4.43	0.19	1.61	3.97	10.25	18.22
183.73	40.00	259.98	111.97	10.14	0.65	16.05	138.81	271.04
24.98	5.22	33.91	14.91	1.04	2.17	1.85	19.97	36.90
132.68	25.00	171.89	61.08	15.38	0.15	23.83	100.44	179.58
25.97	4.00	33.65	12.99	3.85	0.02	4.83	21.69	34.41
20.39	2.00	27.15	11.70	0.69	...	3.40	15.79	27.75
13.83	...	17.76	6.29	0.95	0.07	5.22	12.53	18.45
53.75	...	65.71	24.62	8.83	0.05	6.13	39.63	38.16
0.99	1.68	3.62	1.80	0.01	0.06	0.42	2.29	3.72
471.51	77.90	631.39	249.84	41.08	4.78	65.70	361.40	658.23
105.51	24.15	148.09	57.51	15.87	0.20	23.76	97.34	153.12
66.10	...	77.61	19.68	10.37	...	9.45	39.50	80.59
7.70	2.23	11.49	2.73	0.25	0.55	2.01	5.54	11.88
153.59	4.10	184.18	59.83	27.14	...	33.43	120.40	190.97
332.90	30.48	421.37	139.75	53.63	0.75	68.65	262.78	436.56
1365.28	117.69	1704.92	505.44	171.58	14.22	156.70	848.94	1772.16
2263.40	149.19	2752.23	757.42	325.95	18.27	209.21	1310.85	2989.19
2124.18	138.83	2580.83	716.64	302.72	19.13	160.15	1198.64	2766.37
1809.57	308.23	2403.32	609.14	465.27	20.71	177.81	1272.93	2703.71
1919.98	237.04	2398.55	478.91	479.78	19.40	224.72	1202.81	2552.83

Statement showing agricultural loans by Co-operative Credit and Multi-purpose

Sr. No.	District.	Loans advanced during the year		Loans repaid during the year		Loans outstanding at the end of the year	
		1953	1954	1953	1954	1953	1954
GUJARAT:							
1.	Ahmedabad	45.33	62.41	42.60	64.25	55.26	53.41
2.	Mehsana	8.36	13.77	6.16	9.13	9.15	13.78
3.	Baroda	26.37	30.99	22.67	28.79	22.73	24.87
4.	Kaira	6.67	11.26	5.76	11.45	9.66	9.47
5.	Broach	54.32	63.65	50.51	61.50	53.45	55.60
6.	Surat	27.52	30.86	23.95	32.32	47.95	46.44
7.	Amreli	6.20	13.33	5.14	11.06	14.48	16.74
8.	Panchmahals	5.54	8.91	4.60	9.64	14.82	14.09
9.	Banaskantha	1.72	4.36	1.07	2.62	1.22	2.95
10.	Sabarkantha	7.15	12.15	5.86	11.71	4.60	5.04
11.	Dangs	...	...	...	...	...	...
	Total	189.18	251.69	168.32	242.47	233.32	242.39
KARNATAK							
1.	Belgaum	54.62	78.07	38.70	57.42	62.14	82.75
2.	Dharwar	43.88	43.10	32.04	41.90	93.90	95.02
3.	Bijapur	11.29	13.81	6.46	14.21	32.08	31.67
	Total	109.79	134.98	77.20	113.53	188.12	209.44
MAHARASHTRA							
1.	East Khandesh	155.08	125.91	116.94	133.67	168.05	160.37
2.	Poona	20.02	31.62	14.16	19.54	65.78	77.86
3.	North Satara	23.08	22.23	16.96	19.75	30.95	32.00
4.	South Satara	31.33	37.25	24.65	30.72	36.28	42.80
5.	Sholapur	17.42	22.19	16.60	22.74	60.16	59.62
6.	Kolhapur	59.15	74.25	49.26	53.57	53.49	74.12
7.	Ahmednagar	86.56	111.45	71.75	90.89	97.56	118.09
8.	West Khandesh	56.69	89.38	41.15	89.33	97.39	97.44
9.	Nasik	53.79	59.68	38.25	53.24	60.72	67.15
	Total	503.12	573.96	389.72	513.45	670.38	729.35
KONKAN							
1.	North Kanara	5.56	7.32	5.25	5.55	10.61	12.37
2.	Ratnagiri	3.80	4.36	3.14	3.49	5.42	6.30
3.	Thana	11.25	12.65	9.51	10.78	15.03	16.90
4.	Kolaba	3.06	5.28	1.61	3.75	3.36	4.89
	Total	23.67	29.61	19.51	23.57	34.42	40.46
	Gujarat	189.18	251.69	168.32	242.47	233.32	242.39
	Karnatak	109.79	134.98	77.20	113.53	188.12	209.44
	Maharashtra	503.12	573.96	289.72	513.45	670.38	729.35
	Konkan	23.67	29.61	19.51	23.57	34.42	40.46
	Grand Total:	825.76	990.24	654.75	893.02	1126.84	1221.64

Societies in Bombay State.

(Amount in lakhs of Rupees)

Inter- mediate Term Loans	Other Loans	Overdue Loans		Value of Agrl. domestic and other requisites		Price realised in sale of Agrl. produce	Commis- sion earned
		1953	1954	Purchased	Supplied		
1.09	.67	6.18	13.35	...	20.16	...	.67
.01	13.60	3.12	3.22	...	15.44	...	...
...	28.55	3.92	2.73	19.23	21.18	...	...
...	...	3.92	3.51	10.61	17.48	...	...
.36	19.08	2.19	1.82	33.53	27.25	46.81	.07
9.06	5.70	16.28	14.33	82.77	86.36	...	...
1.14	.09	1.74	4.54	...	...	...	...
...	3.31	4.06	4.34	...	10.62	...	.08
...	.01	.24	.23	...	5.14	5.47	..
...	...	.36	.32	...	12.33	.32	...
...	...	...	...	...	1.42	...	...
11.66	71.01	42.01	48.39	146.14	217.38	52.60	.82
12.18	43.15	15.75	22.05	...	6.81	3.83	.05
3.52	3.24	46.42	48.62	...	3.33	1.44	...
.84	.96	10.68	15.06	3.89	4.23	...	...
16.54	47.35	72.85	85.73	3.89	14.37	5.27	.05
1.01	...	26.48	40.37	3.99	2.12	3.91	.10
.31	.46	38.13	43.80	...	1.35	1.36	...
.01	13.03	12.73	1.43	23.10	25.07	...	.67
...	...	10.66	8.90	11.34	12.57	...	...
...	1.97	38.45	36.29	8.51	9.20	...	...
.17	...	13.67	20.14	...	.74	.53	...
.29	16.80	16.94	30.24	...	22.52	12.69	.48
...	...	16.96	17.61	7.84	8.27	...	...
.09	4.65	15.02	18.03	7.82	12.04	.62	.05
1.88	36.91	189.04	216.81	62.60	93.88	19.11	1.30
.65	2.56	3.25	3.21	...	15.84	5.89	.05
1.38	1.62	1.61	1.86	...	12.04	12.09	.03
...	4.74	4.52	5.29	...	36.33	...	...
3.38	...	.53	.49	8.96	10.43	...	.04
5.41	8.92	9.91	10.85	8.96	74.64	17.98	.12
11.66	71.01	42.01	48.39	146.14	217.38	52.60	.82
16.54	47.35	72.85	85.73	3.89	14.37	5.27	.05
1.88	36.91	189.04	216.81	62.60	93.88	19.11	1.30
5.41	8.92	9.91	10.85	8.96	74.64	17.98	.12
35.49	164.19	313.81	361.78	221.59	400.27	94.96	2.29

Resources of AGRICULTURAL CREDIT and MULTIPURPOSE SOCIETIES in Bombay State.
(Amount in lakhs of Rupees)

Sr. No.	District	No. of Villages	No. of Stys.		Total Number of Members		Members' Shares		Members' Deposits		Reserve Fund		Other Funds		Bank Loan		Other Loans (Govt.)		Total Working Capital		Profit		Loss		
			1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	
GUJARAT :																									
1.	Ahmedabad.	...	762	257	273	23602	26762	19.06	23.59	1.91	3.02	4.73	5.36	3.03	3.61	36.44	29.25	0.94	0.68	67.61	66.62	1.17	1.74	0.44	0.39
2.	Mehsana	...	1265	226	239	18728	19913	4.95	5.71	2.79	2.42	3.58	3.71	2.54	4.29	5.62	9.22	...	0.05	22.60	27.90	0.43	0.41	0.79	0.30
3.	Baroda	...	1710	375	392	21556	23412	8.08	9.83	3.82	4.20	6.37	6.67	2.59	3.20	12.34	13.07	0.12	...	37.28	41.20	0.93	0.85	0.76	0.40
4.	Kaira	...	984	266	274	23356	24334	7.02	7.69	2.21	2.17	5.06	5.68	3.59	3.80	6.14	5.70	...	0.04	27.50	28.44	0.73	0.53	0.58	0.46
5.	Broach	...	1187	260	280	20172	21954	17.02	19.87	7.21	9.33	7.99	8.61	3.34	3.90	35.81	34.49	...	...	76.18	80.18	1.78	1.47	0.38	0.70
6.	Surat	...	1953	438	436	58014	58939	17.63	19.61	12.16	11.65	12.00	13.51	8.15	8.79	23.08	18.46	4.60	0.69	85.97	81.10	2.19	2.10	0.58	0.68
7.	Amreli	...	355	148	159	6542	7308	1.90	2.60	0.48	0.52	2.65	2.69	0.98	0.77	9.92	11.27	0.08	0.05	17.02	19.12	0.29	0.39	0.27	0.07
8.	Panchmahals	...	1944	443	463	25480	25998	5.15	5.24	1.44	1.76	3.54	3.77	1.45	1.20	9.87	7.38	0.32	0.32	23.56	21.00	0.36	0.76	0.46	0.49
9.	Banaskantha	...	1222	37	64	4108	5377	1.23	2.37	0.03	0.11	0.15	0.20	0.26	0.34	0.42	1.14	0.69	0.10	3.03	4.49	0.08	0.18	0.08	0.03
10.	Sabarkantha	...	1650	89	107	9676	11026	3.80	4.30	1.34	1.87	1.25	1.44	1.11	1.48	1.65	1.60	...	...	9.67	12.13	0.40	0.32	0.25	0.21
11.	Dangs	...	310	1	1	1183	1182	0.02	0.02	...	0.01	0.01	0.01	0.01	...	...	0.40	0.78	0.55	1.25	1.07	...	...	0.29	0.09
TOTAL :		...	13342	2540	2688	212417	226205	85.86	100.83	33.39	37.06	47.33	51.65	27.05	31.38	141.29	131.98	7.53	2.48	371.67	383.25	8.36	8.75	4.88	3.82
KARNATAK :																									
1.	Belgaum	...	1354	568	606	62951	76545	18.93	24.47	4.22	4.94	10.90	11.62	1.11	1.48	35.84	52.23	0.07	0.15	76.17	100.18	1.21	1.49	0.30	0.52
2.	Dharwar	...	1362	737	752	64922	69003	21.49	22.96	5.45	5.41	20.41	22.20	2.47	2.14	59.92	58.42	0.25	0.21	116.44	117.13	3.15	1.67	0.69	...
3.	Bijapur	...	1254	442	484	33042	37838	9.19	10.34	0.83	0.73	7.68	8.00	0.84	1.02	20.68	19.79	...	...	40.14	40.64	0.76	1.11	0.43	0.36
TOTAL :		...	3970	1747	1842	160915	183386	49.61	57.77	10.50	11.08	38.99	41.82	4.42	4.64	116.44	130.44	0.32	0.36	232.75	257.95	5.12	4.27	1.42	0.88
MAHARSHTRA :																									
1.	East Khandesh	...	1453	821	844	61323	65208	25.16	29.15	4.69	4.68	22.61	23.72	9.55	9.39	119.23	102.88	6.71	6.64	189.71	178.42	2.60	3.95	0.51	0.83
2.	Poona	...	1511	463	466	37665	39317	15.51	17.85	1.28	1.18	7.74	8.16	1.92	1.57	51.99	62.19	0.40	1.40	81.00	93.36	0.59	1.12	1.36	1.06
3.	North Satara	...	1167	477	492	36018	37899	10.80	12.41	1.15	1.07	5.37	5.76	3.55	4.34	18.81	19.29	0.25	0.22	40.29	43.54	0.89	0.70	0.44	0.58
4.	South Satara	...	529	389	391	31461	33547	10.59	12.56	3.56	3.60	8.30	8.63	1.06	1.16	18.55	22.69	...	...	45.48	51.40	0.79	1.02	0.23	0.22
5.	Sholapur	...	948	508	519	36914	38967	15.29	16.19	2.33	2.17	10.45	10.71	1.28	1.39	39.00	35.63	0.14	0.10	70.75	67.79	1.15	1.47	1.05	0.48
6.	Kolhapur	...	967	493	522	62080	64146	20.57	25.83	10.24	7.30	5.31	5.79	2.14	2.06	25.96	43.32	0.61	0.04	67.63	88.59	1.34	1.20	0.16	0.23
7.	Ahmednagar	...	1332	567	608	34238	38518	35.10	42.11	1.33	1.90	7.26	8.50	3.76	3.87	60.42	75.08	0.30	0.25	109.01	132.67	2.28	2.87	0.73	0.47
8.	West Khandesh	...	1513	580	601	34607	37418	18.41	23.54	0.52	0.63	14.12	14.60	4.87	4.84	66.46	62.60	0.30	0.19	104.90	106.82	1.21	2.69	0.78	0.31
9.	Nasik	...	1677	517	550	29593	31977	17.30	20.86	0.49	0.52	5.89	6.30	4.73	5.49	41.47	43.22	0.76	0.45	70.94	77.58	1.50	1.76	0.58	0.52
TOTAL :		...	11097	4815	4993	363899	386997	168.73	200.50	25.59	23.05	87.05	92.17	32.86	34.11	441.89	466.90	8.77	9.29	779.71	840.17	12.35	16.78	5.84	4.70
KONKAN :																									
1.	North Kanara	...	1235	151	157	13469	14341	4.18	4.72	3.04	2.91	3.47	3.64	0.68	0.74	0.86	1.22	...	0.09	16.14	18.44	0.43	0.43	0.20	0.23
2.	Ratnagiri	...	1528	289	305	35058	37495	5.81	6.11	2.44	1.89	2.22	2.36	1.13	1.25	0.60	0.85	0.07	0.08	13.03	13.04	0.48	0.38	0.10	0.06
3.	Thana	...	1699	388	424	21540	23276	7.51	8.40	1.49	1.32	3.10	3.20	2.28	2.85	8.15	8.84	1.54	1.43	24.64	26.75	0.59	0.57	0.50	0.36
4.	Kolaba	...	1788	150	182	13292	15183	2.03	2.53	0.30	0.30	0.52	0.56	0.10	0.12	2.19	3.13	0.02	0.31	5.26	7.03	0.15	0.17	0.34	0.19
TOTAL :		...	6250	978	1068	83359	90295	19.53	21.76	7.27	6.42	9.31	9.76	4.19	4.96	11.80	14.04	1.63	1.91	59.07	65.26	1.65	1.55	1.14	0.84
DIVISIONS :																									
1.	Gujarat	...	13342	2540	2688	212417	226205	85.86	100.83	33.39	37.06	47.33	51.65	27.05	31.38	141.29	131.98	7.53	2.48	371.67	383.25	8.36	8.75	4.88	3.82
2.	Karnatak	...	3970	1747	1842	160915	183386	49.61	57.77	10.50	11.08	38.99	41.82	4.42	4.64	116.44	130.44	0.32	0.36	232.75	257.95	5.12	4.27	1.42	0.88
3.	Maharashtra	...	11097	4815	4993	363899	386997	168.73	200.50	25.59	23.05	87.05	92.17	32.86	34.11	441.89	466.90	8.77	9.29	779.71	840.17	12.35	16.78	5.84	4.70
4.	Konkan	...	6250	978	1068	83359	90295	19.53	21.76	7.27	6.42	9.31	9.76	4.19	4.96	11.80	14.04	1.63	1.91	59.07	65.26	1.65	1.55	1.55	0.84
Grand Total:		...	34659	10080	10591	820590	886883	323.73	380.86	76.75	77.61	182.68	195.40	68.52	75.09	711.42	743.36	18.25	14.04	1443.20	1546.63	27.48	31.35	13.28	10.24

SHREE LAXMI NARAYAN PRESS, 364, THAKURDWAR BOMBAY 2.