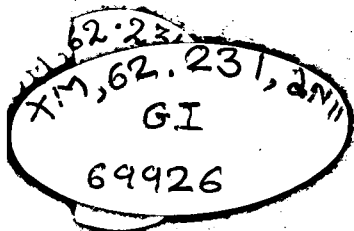


# Bombay Provincial Co-operative Bank MANUAL

EDITED

BY

Rao Bahadur S. S. TALMAKI, B. A., LL. B.  
Honorary Secretary, Provincial Co-operative Institute, Bombay.



PUBLISHED

BY THE

BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

APOLLO STREET, FGRT,

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## **Prefatory Note.**

It is now twenty years since the Bombay Provincial (originally Central) Co-operative Bank, Ltd., was founded, and it is nearly ten years since the Directors of the Bank embarked upon the policy of opening branches and establishing contact through these with the co-operative societies financed by it. During these last ten years, while the area of operations of the Bank has come to be delimited gradually with the formation of district central banks, in the areas served by it there has been intensive development of business. The result has been the increase of staff and the conduct of detailed business at remote centres, both involving the issue of careful instructions for the guidance of the staff and for the control of work.

So long ago as in 1924 the need was felt for a hand-book or manual containing these instructions and an attempt was made to get the work done by members of the staff. For one reason or another, the work could not be taken in hand at the time; and in the meanwhile some of the instructions underwent modifications, new circulars were issued, several changes were introduced in the system of working and new activities came to be undertaken by the Bank. The work of collation and editing became hence more difficult than it was in 1924; but, fortunately, Rao Bahadur S. S. Talmaki, the veteran and still energetic Honorary Secretary of the Provincial Co-operative Institute, kindly offered his assistance. In view of his previous experience of similar work elsewhere, Rao Bahadur Talmaki's help has been found invaluable in collating, rearranging and occasionally editing the Circulars issued by the Bank and in drawing up a comprehensive Index. In the Introduction, he gives a short history of the Bank and the progress of its work, examines the utility of the system of branches and describes briefly the general structure of the co-operative movement. By undertaking this work, Rao Bahadur Talmaki has added to his various services to the co-operative movement, for which the Board of Directors of the Bank and the whole of its staff owe him a deep debt of gratitude.

The Manual is intended mainly for the staff of the Bank, especially those working in branches, either at the branch offices or as inspectors. There are naturally, therefore, certain parts of the book which do not possess any interest for the general public. The bulk of the book, however, contains material which is sure to be of interest to co-operative workers not connected with the Bank. There are, indeed, features of the co-operative financial machinery described in it which are peculiar to the Bombay Presidency; still it would not be too much to hope that the Manual will find readers even outside this Presidency. For this reason, the authorities of the Bank gladly avail themselves of this opportunity of placing at the disposal of co-operative banks in India their experience of the details and intricacies of co-operative financial administration.

**VAIKUNTH L. MEHTA,**  
*Managing Director.*

*Bombay, 25th August 1931.*

## APPENDIX I

### List of Forms

#### PART I.—Forms and Books common to Branches and the Head Office.

Note—1. *Forms against which cross(†) is made are printed in this book.*

Note—2. *Forms against which asterisk(\*) is made are bound in books.*

1. Arrears of Overdue Statement Forms.
2. †Assets Forms.
3. Attendance Register.\*
4. Acknowledgment Cards.
5. Advisory Committee Rules.\*
6. †Assets Valuation Forms.
7. Bank Balance Book.\*
8. Balance Books for Current Accounts.\*
9. „ Certificates for Loans.\*
10. Letters for returning Bills for Collection.\*
11. Bills sent for Collection Book.\*
12. Balance Certificates for Securities.\*
13. Branch Balance Book.\*
14. Bills Collection post cards and Reminders.\*
15. Balance Certificates for Current and Savings Bank Accounts.\*
16. Branch Ledgers.\*
17. Cash Credit Books.\*
18. Comparative Statements.
19. Drafts issued book, cheques number register and postage book.
20. Current Account Cash Book.\*
21. †Cheque Returned Memos.
22. Cheque Books.\*
23. Current Account Ledger.\*
24. Cash Summary Books.\*
25. Commission Intimation Forms.
26. Current Account Balance Certificates.\*
27. Current Account Pass Books.\*
28. Current Account Paying in Slip Book.\*
29. Cheque Returned Book.\*
30. Directors Fees Book.\*
31. Demand Drafts Book.\*
32. Day Books.\*

33. Due dates Register for Fixed Deposits.\*
34. Dividend Statement Book.\*
35. Debentures.\*
36. Dividend Warrants.\*
37. Due dates Sheets for Loans.\*
38. Statement of Financial Position for Board Meeting.\*
39. Fixed Deposit Receipts.\*
40. Fixed Deposit Ledgers.\*
41. General Ledgers.\*
42. Hundi Intimation Cards.
43. †Hundi Registers.\*
44. Index Books for Share Ledgers.\*
45. Loans Intimation Forms.\*
46. Loan Advanced to Societies Forms.
47. Loan Circular Books.\*
48. †Loan Register Books.\*
49. Loan Ledger.\*
50. Loan Repayment Books.\*
51. Limits for Hundies.
52. Labels for Books.\*
53. Memo forms for Securities.\*
54. Overdraft Sanctioned Letters.
55. „ Registers.\*
56. Payslip Books.
57. Postages Books.\*
58. Provident Fund Slips and Rules.
59. Post Cards, Blank.\*
60. Pay sheet Register.\*
61. D. O. Note Papers for the Managing Director.\*
62. Peon Book.\*
63. Pass Book Intimation Cards.
64. R. T. R. Application forms.
65. Rough Cash Books.\*
66. Register of Stationery and Printing.\*
67. Service Register.\*
68. Saving Bank Withdrawal Forms in English ; new cheque forms are now used.\*
69. †Statement of Credits sanctioned by Board Meeting.\*
70. Savings Bank Ledgers.\*
71. Securities Ledgers for Outside purchase and Interest Collection.\*
72. Subsidiary Cash Books.\*
73. Share Application Receipts.\*
74. Transfer Receipt Books.\*
75. Tagavi Loan Statement.
76. Trial Balance Book.\*
77. Unpaid Dividend Warrants Statement.\*

78. Urgent Slips.
79. Wrappers.
80. Savings Bank Paying in Slip.
81. Statement of Transaction in current accounts Supplementary to Pass Book.
82. †Indemnity Bonds for lost Dividend Warrants.
83. Fixed Deposit Receipt Letters.
84. Cash Certificates.\*

**PART II—Forms and Papers Exclusively for the use of Branches**

1. Abstract of Interest.
2. Balance Sheet and Profit and Loss Statement.
3. †Details of cases referred to Arbitration.
4. †Extract of Inspection forms.
5. Indent forms for Stationery.
6. „ „ „ Printing.
7. †Inspection Memos for Inspectors.
8. Loan Balance Books.\*
9. †Loan Bonds ; Gujerati ; Marathi.
10. †Loan or Monthly Statement forms.
11. †Loan application forms ; Marathi.
12. †Maximum Credit report ; (Marathi and English report).
13. †Normal Credit form.
14. †Old Debt Redemption Forms.
15. Promissory Notes ; for individuals for Advance against produce.
16. Reconciliation Statement.
17. Promissory Notes.
18. Savings Bank withdrawal forms ; Marathi.
19. „ „ Paying in slip Books ; Marathi.
20. †Statement of Societies' Heavy Arrears.
21. Weekly Statements (Trial Balance).
22. Advisory Committee Rules, Marathi.\*
23. †Forms for Advances against produce.\*
24. Advisory Committee Rules ; Gujerati.\*
25. Balance Sheets and Reports.\*
26. Balance Certificates : Marathi re : Loans.
27. „ „ Current Accounts and S/B (Marathi.)
28. Bye-Laws : Marathi.\*
29. Cheque Books : Marathi.\*
30. Current Account paying-in-slips : Marathi.
31. Hundi Books : Marathi.\*



32. Loan Receipts Books : Gujerati ; Marathi ; Kanarese.\*
33. Labels for Godowns.\*
34. Rebate Letters : Gujerati ; Marathi.\*
35. Pamphlets ; re : Bank's Constitution : Marathi.
36. Share Application Forms ; (Perforated) Gujerati ; Marathi ; English.\*
37. Inspector's Diary and Travelling allowance bill.
38. Day book form.
39. Advice Slip Book.
40. Balance Certificates letter.

**PART III—Forms and Papers Common to Branches and Head Office.**

1. Balance Certificates Letters.\*
2. Balance Certificates.\*
3. Current Account opening forms, combined with S/B a/c opening forms.
4. Current Account Rules.
5. Fixed Deposit Rules.
6. Letter Papers : Small and Big.
7. Quarterly Finance Statements.
8. Statement forms for Fixed Deposits.
9. Savings Bank pass books and Rules. *i.e.*  
(English for Head Office and Marathi for Branches.)
10. Credit and Debit Slips.

**PART IV—Forms of Multigraph for the use of the Head Office.**

1. Payslip covering letter.
2. Cheque Returned letters.
3. Loan or credit Sanctioned letters.
4. R. T. R. Application to Imperial Bank.

**PART V—Clearing House Forms.**

1. Clearing Vouchers.
2. Receive and Pay Forms.
3. Returned Cheques Book.
4. Clearing House Book.
5. "Cheques Delivered Book," Payslip Register.
6. Clearing Cheques Register.

**PART VI—Forms for Advances against Produce.**

1. Agreement forms.
2. Delivery Order forms.
3. Promissory Notes.
4. Godown Register.
5. Advances Ledger.
6. Weekly Statement.

**PART VII—Land Mortgage Banks**

1. Instalment Register.
  2. Register of Property.
  3.     "     "     Loan Applications.
  4.     "     "     Property in Mortgage.
  5. Loan Register.
  6. Register of Field Inspection.
  7. Share Ledger.
  8. Security of Loan Applications.
  9. Statement of Details of Loan Applications.
  10.    "     "     Loans Sanctioned.
  11.    "     "     Distribution of Loans for Debt Redemption.
-

## APPENDIX II.

### Prints of four forms of Accounts.

A few of the important forms mentioned in Part III relating to account books and statements are printed below :—

1. Loan Register.
2. Hundi and Bill Register.
3. Statement of Loan Balances showing also arrears of loans.
4. Loan Ledger.
5. Security Bond for Staff.

#### Loan Register

Serial No.	Date	Name of Society	Taluka	District	Loan Circular No. or Union Letter No.	Loan ledger Folio
1	2	3	4	5	6	7
Amount of Loan		Rate of Interest	Amount of principal due		Due date	
Rs.	as.	p.	Rs.	as.	p.	11
8		9	10			
Acknowledgment		Date of receipt of Bond or Pro. Note		Remarks		
12	No.	Date	14			
	13					

#### Hundi and Bill Register

Serial No.	Hundi No.	From whom received	Payee or drawee	Amount
1	2	3	4	Rs. as. p. 5
Date of presentation	Date of payment	The name of the party from whom Branch Purchased Hundi		Remarks
6	7	8		9

**Loan Ledger**

Name of Society                      Union                      Taluka                      Rate of Interest                      Asset                      Credit Sanctioned  
 District                      Date                      Amount

Date	Particulars	Loan Register or Loan Receipt Book	Dr.	Cr.	Dr. or Cr.	Balance	Balance on Particular Loan	Days	Products	Interest			Instalments			Remarks
										Date	Receivable	Received	Principal	Due Date	Overdue	

**Statement of Loan Balances showing Arrears of Loans.**

**NOTE** :—Figures for the old credit limits should be underlined in red ink.

BRANCH

No.	Name of the Society	Name of Taluka	Advance		Recoveries		Outstanding Balance	Limits	Amount Overdue	Interest Overdue	Date of oldest default	Remarks (Particulars as to revision of credit, H. O. Authority No. and date for extension granted, etc.)
			From 1-4-193	From 1-10-193	From 1-4-193	From 1-10-193						
			Rs. as. p.	Rs. as. p.	Rs. as. p.	Rs. as. p.						

**Security Bond for Staff.**

**KNOW ALL MEN BY THESE PRESENTS** that I.....  
of.....do hereby bind myself my heirs, executors and administrators to  
the Bombay Provincial Co-operative Bank, Ltd., (hereinafter referred to as the  
Bank) for the payment to the Bank of the sum of Rs.....(Rupees.....  
.....) **SEALED** with my seal this.....day of.....193.

**WHEREAS** the Bank has taken into its service.....  
(hereinafter referred to as the Employee) as a.....**AND WHEREAS** it was  
a condition of the employment that the employee should obtain some person to  
become surety for his duly accounting to the Bank and for his faithful and honest  
conduct during his service as.....with the Bank **AND WHEREAS** I have  
at the request of the Employee agreed to become such surety and have for that  
purpose executed the above written obligation Now the above written bond  
is conditioned to be void in case the Employee shall from time to time and at all  
times hereafter well and satisfactorily account for and pay over and deliver to the  
Bank all and every sum of money and securities for money goods and effects,  
books, vouchers, documents and papers whatsoever which the employee shall  
receive for the use of the Bank or which shall at any time or times be entrusted  
to the care of the employee by the Bank or by the customers of or other persons  
dealing with the Bank to whom the Bank is or shall or may be liable or account-  
able and shall not at any time during the period of the employment of the  
employee embezzle, make away with or in any way convert to his own use,  
appropriate, deface or wilfully alter or obliterate or fail to pay, deliver or account  
for any of the money, securities, goods, effects, books, vouchers, documents and  
papers of any kind whatsoever of the Bank or the customers of the Bank or of  
persons having dealings with the Bank or any person whatsoever to whom the  
Bank is or shall or may become liable or accountable otherwise, the same shall  
remain in full force and effect.

**SIGNED SEALED AND DELIVERED** by the).....  
above named.....)  
in the presence of.....) (Signature)  
.....)

## APPENDIX III

### List of Books in the Library of the Bank.

#### Books on Co-operation.

<i>Name of Book.</i>	<i>Name of Author.</i>
1. Co-operative Studies and the C. P. System.	By H. R. Crosthwaite.
2. Co-operation at Home and Abroad.	„ C. R. Fay.
3. Co-operative Movement in Japan.	„ Kiyoshi Ogata.
4. Co-operation for Farmers.	„ Lionel Smith Gordon.
5. Co-operation in Denmark.	„ Do. Do. Do.
6. Co-operation in Many Lands.	„ Do. Do. Do.
7. Peoples' Banks.	„ H. W. Wolff.
8. Co-operative Credit Movement in India.	„ P. Mukherji.
9. Consumers' Co-operative Societies.	„ Charles Gide.
10. Co-operative Accounting.	„ Earnest E. Cheel.
11. Impressions of the Co-operative Movement in France and Italy.	„ Otto Rothfeld.
12. Co-operative Movement in Czecho-Slovakia.	„ L. F. Buorak.
13. Co-operative Credit.	„ V. L. Mehta.
14. Rural Reconstruction in Ireland.	„ Lionel Smith Gordon.
15. Leaflets.	„ Bombay Provincial Co-operative Institute.
16. Co-operative Societies in U. P.	„ S. H. Fremantle.
17. Bank Credit and Agriculture.	„ Ian Wright.
18. Federal Farm Loan System.	„ Herbert Maurice.
19. Studies in European Co-operation. Vol. I	„ C. F. Strickland.
20. Do. do. Vol. II	„ Do.
21. Indian Co-operative Studies.	„ R. B. Ewbank.
22. Co-operation in Germany and Italy.	„ M. L. Darling.
23. Agricultural Co-operation in India.	„ John Mathai
24. Co-operative Marketing of Agricultural Produce in England and Wales.	Published by His Majesty's Stationery Office, London.
25. Co-operative Movement in Italy.	„ E. A. Lloyd.
26. Mortgage of Agricultural Land.	„ Sardar Balvant Singh.
27. Laws and Principles of Co-operation.	„ H. Calvert.
28. Studies in Co-operation.	„ Madras Provincial Co-operative Union.
29. An Introduction to Co-operation in India.	„ C. F. Strickland,

- |  |   |
|--|---|
| 30. Agricultural Co-operation in the British Empire.               | By Horace Plunkett Foundation.          |
| 31. Land Mortgage Banks.   | „ Madras Provincial Co-operative Union. |
| 32. Rural Training Classes.  | „ „ „ „                                 |
| 33. Co-operative Survey of Economic Conditions.                    | „ „ „ „                                 |
| 34. Co-operation.  | „ „ „ „                                 |
| 35. Madras Provincial Co-operative Union.                          | „ „ „ „                                 |
| 36. Co-operative Movement in India.                                | „ P. Mukerji.                           |
| 37. Co-operative Organization in British India.                    | „ B. G. Bhatnagar.                      |
| 38. Co-operation in India.   | „ H. W. Wolff.                          |
| 39. Development of Indian Agriculture.                             | „ Albert Howard.                        |
| 40. Co-operative Finance in C. P. and other Essays.                | „ Rao Bahadur K. R. Brahma.             |
| 41. Report of Committee on Co-operation in Madras.                 | Government Publication.                 |
| 42. Primer of Co-operation.  | „ H. L. Kaji.                           |
| 43. Co-operation in Bhopal State.                                  |   |
| 44. Studies in Co-operative Finance.                               | „ V. L. Mehta.                          |
| 45. Report of Committee on Co-operation in Burma.                  | „ Government Publication.               |
| 46. Co-operative Movement in Soviet Russia.                        |   |
| 47. Land and Agricultural Banks.                                   |   |
| 48. Agricultural Co-operation in Denmark.                          | „ R. S. Chandrika Prasad.               |
| 49. Co-operative Movement in India.                                | „ J. L. Raina.                          |
| 50. Year Book of Agricultural Co-operation in the British Empire.  | „ H. Plunkett Foundation.               |
| 51. Bihar Co-operation.  | „ Sadashiv Prasad.                      |
| 52. शेतकी पतपेदी.  | „ L. K. Bhagwat.                        |
| 53. Co-operation in Bombay.  | „ H. L. Kaji.                           |
| 54. Producers and Consumers : "A Study in Co-operation Relations." | „ Margaret Digby.                       |
| 55. U. P. Co-operative Report.                                     | „ Government Publication.               |
| 56. Report of the Maclagan Committee on Co-operation, 1915.        | „ Do.                                   |
| 57. Hand-book on Co-operative Banking.                             |   |

#### Books on Accounting and Banking.

- |   |                         |
|---|-------------------------|
| 1. Civil Accounts Code.                             | Government Publication. |
| 2. Inwoods Tables for the Purchase of Estates, etc. | By W. Schooling.        |
| 3. Mathematical Tables,                             | „ James Pryde.          |

- |   |                                |
|---|--------------------------------|
| 4. Practical Treatise on Interest and Discount.                     | By M. J. Bhatane.              |
| 5. Annuities and Sinking Funds.                                     | „ Harold.                      |
| 6. American Banking Methods.  | „ Marchant Minty.              |
| 7. Practical Banking.   | „ J. F. G. Bagshaw.            |
| 8. English Banking Methods.   | „ Marchant Minty.              |
| 9. Present-day Banking in India.                                    | „ Ramchandra Rao.              |
| 10. Country Banker.   | „ George Rae.                  |
| 11. Banking Law and Practice in India.                              | „ M. L. Tannan.                |
| 12. Organisation of Indian Banking.                                 | „ B. T. Thakore.               |
| 13. Practice and Law of Banking.                                    | „ H. P. Sheldon.               |
| 14. How to Operate on a Banking Account.                            | „ S. B. Cardmaster.            |
| 15. Indigenous Banking in India.                                    | „ M. M. S. Gubbay.             |
| 16. Tate's Modern Gambist.  | „ H. T. Easton.                |
| 17. Branch Banking in the United States.                            | „ Shirkey Donald Southworth.   |
| 18. Report of the Royal Commission on Indian Exchange and Currency. | „ G. J. M. Hamilton.           |
| 19. Indigenous Banking in India.                                    | „ L. C. Jain.                  |
| 20. Central Banks.  | „ C. H. Kisch and W. A. Elkin. |
| 21. Bank Organization, Management and Accounts.                     | „ J. F. Davis.                 |
| 22. A Guide Book for Savings Schemes in Societies.                  | „ S. Majumdar.                 |
| 23. Talks on Banking to Bank Clerks.                                | „ H. E. Evans.                 |
| 24. Banking and Currency.   | „ E. Sykes.                    |

#### Miscellaneous Books.

- |   |   |
|---|---|
| 1. Imperial Gazeteer of India.                                  | By Government Publication.                            |
| 2. Concise Oxford Dictionary.                                   | „ H. W. Fowler.                                       |
| 3. Indian Export Trade.   | „ R. M. Joshi.  |
| 4. Agricultural Banks in India.                                 | „ D. E. Wacha.  |
| 5. India's Exchange Problem.                                    | „ B. F. Madon.  |
| 6. Indian Economic Enquiry Committee.                           | „ Government of India.                                |
| 7. Size and Distribution of Agricultural Holdings.              | „ H. Calvert.   |
| 8. Report of Committee on Stabilization of Agricultural Prices. | Published by His Majesty's Stationery Office, London. |
| 9. Punjab Peasant in Prosperity and in Debt.                    | „ M. L. Darling.                                      |



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|-----|--|------------------------------|
| 10. | A Scheme of Mass Education.  | By H. B. Mande.              |
| 11. | Report of Royal Commission on Currency.  | „ Government of India.       |
| 12. | Federal Intermediate Credit System.  | „ Claude L. Balmer.          |
| 13. | Tagavi Manual Slips.   | Government Publication.      |
| 14. | Royal Commission on Indian Currency and Finance Vol. I.                                  | „ „ „                        |
| 15. | Do do Vol. II.   | „ „ „                        |
| 16. | Do do Vol. III.  | „ „ „                        |
| 17. | Do do Vol. IV.   | „ „ „                        |
| 18. | Do do Vol. V.  | „ „ „                        |
| 19. | Federal Farm Loan System in operation.   | „ A. C. Wiprud.              |
| 20. | Indian Year Book, 1927.  | „ Times of India.            |
| 21. | Times of India Directory.  | „ Times Publication.         |
| 22. | अर्थशास्त्र.   | „ V. G. Kale.                |
| 23. | Principles of Economics Vol. II.   | „ Tausing.                   |
| 24. | Do do Vol.   | „ „                          |
| 25. | Village Uplift in India.   | „ F. L. Brayne.              |
| 26. | New Graham Dictionary.   | „ Annandale.                 |
| 27. | Economics of Khaddar.  | „ Richard Gregg.             |
| 28. | Indian Economics Vol. I.   | „ G. B. Jathar & S. G. Beri. |
| 29. | „ „ „ II.  | „ „ „ „                      |
| 30. | Kheti Wadi Pathya Pustaka.   | „ Manohar Brothers.          |
| 31. | Bombay Land Revenue System.  | „ D. R. Gadgil.              |
| 32. | Ahmedabad Agricultural Show Guide.   |                              |
| 33. | Facts and Fallacies about Bombay Land Revenue System.                                    | „ F. G. H. Anderson.         |
| 34. | Royal Commission on Agriculture in India (Abridged Report).                              | „ Government of India.       |
| 35. | Royal Commission on Agriculture in India (Detailed Report).                              | „ Do.                        |
| 36. | Royal Commission on Agriculture in India Vol. I part I.                                  | „ Do.                        |
| 37. | Royal Commission on Agriculture in India Vol. II part I.                                 | „ Do.                        |
| 38. | Royal Commission on Agriculture in India Vol. II part II.                                | „ Do.                        |
| 39. | Royal Commission on Agriculture in India Vol. VIII.                                      | „ Do.                        |
| 40. | Provincial Co-operative Institute Catalogue of Books.                                    | Institute Publication.       |
| 41. | Compilation of the Resolutions passed at the Bombay Provincial Co-operative Conferences. |                              |

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|--|-------------------------|
| 42. Socrates in an Indian Village.   | By F. L. Brayne.        |
| 43. The Remaking of Village India.   | „ F. L. Brayne.         |
| 44. Pachora Revision Settlement.   | Government Publication. |
| 45. Report of the Indian Industrial Commission.  | „ „                     |
| 46. Report on an Enquiry into the Wages and Hours of Labour in the Cotton Mill Industry. | „ „                     |
| 47. Manual of Tagavi Accounts.   | „ „                     |
| 48. Rural Economics in the Bombay Deccan.  | „ G. Keatinge.          |
| 49. Survey of Cottage Industries, Madras   | „ D. Narayan Rao.       |
| 50. Bombay Provincial Banking Enquiry Committee Report                                   | Government Publication. |
| 51. Life and Labour in a South Gujrat Village.   | „ G. C. Mukhtyar.       |
| 52. Rusticus Loquistur.  | „ M. L. Darling.        |
| 53. अर्थशास्त्र.   | „ G. C. Bhate.          |
| 54. Assam Banking Enquiry Committee Report.  | Government Publication. |
| 55. Central Provinces do.  | „ „                     |
| 56. Manual of Land Aquisition.   |                         |
| 57. How the Stock Makers Really Work.  | „ W. Collic Brooks.     |
| 58. The English Way.   | „ B. L. K. Henderson.   |
| 59. The Economics of Private Enterprises.  | „ J. H. Jones.          |
| 60. Hand-Book of Commercial Information.   | „ C. W. E. Cotton.      |
| 61. Report of Baroda Land-Mortgage Bank Committee.                                       | Government Publication. |
| 62. Bengal Banking Enquiry Committee Report.   | „ „                     |
| 63. Banking Enquiry Committee Report of the Centrally Administered Areas.                | „ „                     |
| 64. Social and Economic Survey of a Konkan Village.                                      | „ V. H. Ranade.         |
| 65. The Rayat and the Statutory Commission.  | „ D. M. H.              |
| 66. Wealth and Work.   | „ G. W. Gough.          |
| 67. Economics.   | „ J. Cumminidin.        |
| 68. Madras Provincial Banking Enquiry Committee Report.                                  | Government Publication. |
| 69. System of Financial Administration in British India.                                 | „ P. K. Wattal.         |
| 70. A Reserve Bank for India and the Money Market.                                       | „ B. E. Dadachanji.     |

**Law Books.**

1. The Bombay Stamp Manual.
2. The Indian Contract Act.
3. The „ Income-tax Act.
4. The Indian Stamp Act.
5. The „ Trusts Act.
6. The „ do.
7. The Co-operative Societies Act, 1912.
8. The Negotiable Instruments Act.
9. The Indian Stamp Act. 1st August 1921.
10. The Co-operative Societies Act, VII of 1925.
11. The Indian Paper Currency Act.
12. The Negotiable Instruments Act & Mercantile Acts.
13. The Bombay Local Boards Act.
14. „ „ Municipal Act.
15. The Income-tax Manual. Vol. I.
16. „ „ „ „ Vol. II.
17. The Burma Co-operative Societies Act. No. VI of 1927.
18. The Imperial Bank of India Act of 1920.
19. The Deccan Agriculturists' Relief Act.
20. The Epitome of the Law of Contracts.
21. The Land Acquisition Act.
22. The Law of Transfer.
23. The Bills of Exchange Act.
24. The Indian Companies' Act.

**Lists of Maps and Atlases.**

1. The Statistical Atlas of the Bombay Presidency.
2. The Map of Nasik District,
3. „ „ „ West Khandesh.
4. The Road Map of India.
5. The Crop Atlas of India.
6. The Bombay Presidency Motor Guide.

**Magazines, Periodicals and Reports.**

1. Bombay Co-operative Quarterly Vol. I to Vol. XV.
2. Madras Journal of Co-operation.
3. Bengal „ „ „
4. Sahakar Patrika.
5. Social Service Quarterly.
6. Indian Social Reformer.
7. The Servant of India.
8. Bombay Government Gazette. Part I.

9.	Annual Reports of Registrars of Co-operative Societies, Bombay.		
10.	Do.	Do.	Punjab.
11.	Do.	Do.	Bengal.
12.	Do.	Do.	Burmah.
13.	Do.	Do.	U. P.
14.	Do.	Do.	C. P.
15.	Do.	Do.	Madras.
16.	Do.	Do.	Mysore.
17.	Do.	Do.	Hyderabad (Deccan)
18.	Do.	Do.	Gwalior.
19.	Do.	Do.	Baroda.

## APPENDIX IV.

### Rules of the Advisory Committees affiliated to the Branches of the Bombay Provincial Co-operative Bank, Ltd.

(Translated from Marathi.)

#### Introductory.

1. The name of this Committee will be "Advisory Committee.....  
Branch of the Bombay Provincial Co-operative Bank, Ltd."
2. The Address of the Committee will be the office of the Branch of the  
Bank.

#### Objects.

3. The objects of the Committee are as follows :—
  - (1) To help the societies affiliated to the Branch in their working by inspections or by giving them advice.
  - (2) To recommend to the Head Office of the Bank maximum credits for societies and where necessary extensions of the overdue arrears of the societies.
  - (3) To secure local deposits by creating public opinion with a view to enable the Branch to conduct its business solely with local capital.
  - (4) To study the economic needs and difficulties of the societies and to try to remove as far as possible their grievances with regard to them and thus to help the smooth working of the Branch by bringing the societies and the Branch in close and constant touch.
  - (5) To give the societies friendly and expert advice and to make suggestions to the Head Office regarding the above points from time to time, and thus form a connecting link between the Bank and the societies by impressing upon the latter their close relations with the Branch.
  - (9) To conduct propaganda regarding the starting of an independent banking union for the tract.
  - (7) To exercise powers vested in the Committee by the Bank within the limits fixed by the Bank and in terms of its bye-laws and the agreement of the Bank with the Secretary of State for India dated 11th October 1911.
  - (8) To bring about opportunities for the members of the affiliated societies for obtaining education in banking transactions and of supervision and inspection of the societies and generally to develop the Taluka co-operatively.

*Membership.*

4. Such of the societies in the Taluka, as have purchased one or more shares of the Bank according to the Bank's rules laid down from time to time, and have got dealings with the Bank, will be considered as members of this Committee. Each of such societies will have the right to elect one representative for the general meetings of the societies affiliated to the Branch, and to give one vote thereat, provided that such a society is not in arrears to the Bank for more than a year with regard to its dues to the Bank.

*General Meeting.*

5. A general meeting of the societies affiliated to the Branch will be held before the month of.....every year.

6. A special general meeting will be called on the requisition from the majority of the members of the Committee, or from one-fifth of the affiliated member-societies or from the Head Office.

7. Ten days' notice in the case of annual general meeting and seven days in case of a special general meeting shall be given. The notice which shall be in writing, shall be published on the notice board of the Committee, and shall also be posted to the registered address of each of the affiliated societies. The notice shall contain the date, time, and place of the meeting, and shall state the business to be transacted thereat.

8. With the permission of the Chairman of the general meeting or with the approval of two-thirds of the members present, any new item of business not appearing in the notice may be placed before the meeting, provided that such a new item of business is not an amendment to the existing bye-laws.

9. If all the items on the agenda cannot be considered on the date fixed for the general meeting, the consideration of the remaining items may be adjourned to such a date as will be approved by the general meeting.

10. The Chairman of the general meeting will be elected at the time of the meeting by the members present.

11. Every Society affiliated to the Branch (subject to the proviso mentioned in rule 4) shall have a right to send a representative to the general meeting, and he shall have the right to give one vote. The Chairman of the meeting shall have a casting vote in case of a tie in addition to his one vote. Officers of the Bank present in the meeting shall have no right to vote, except in the case of those who have been nominated by the Bank on the Advisory Committee.

12. One-fourth of the total number of members or 15, whichever is less, shall form a quorum at the general meeting. In the absence of a quorum, the meeting may be adjourned to a future date with the approval of the Head Office. Eight days notice shall be given in the case of an adjourned general meeting and the business of the original meeting may be transacted thereat even if there is no quorum at the adjourned meeting.

*Business of General Meeting.*

The business of the general meeting shall be :—

- (1) To consider the report of the work carried out by the Committee during the previous year.
- (2) To explain the action taken on the resolutions passed at the last general meeting.
- (3) To approve of the accounts of the grant given by the Bank for the expenses of the Committee.
- (4) To sanction the budget of the next year.
- (5) To consider, and if thought fit, to sanction the standing orders passed by the Committee during the previous year and to pass new rules.
- (6) To read the annual report of the Branch, the balance sheet and the general remarks of the Government Auditor together with the explanations thereon, and the annual report of inspections.
- (7) To consider the recommendations and resolutions regarding the development of the Branch and of the societies in the area of its operation.
- (8) To consider any item placed before the meeting by the Head Office.
- (9) To consider any suggestions which may have been received from the affiliated societies before the time fixed.
- (10) To declare the result of elections made according to the election rules.

*The Advisory Committee.*

14. A Committee of.....members will form the Advisory Committee. Of these.....will be elected by the general meeting, and.....will be nominated by the Bank.

15. ....members present will form a quorum at the meeting of the Committee.

16. The following are the qualifications for being eligible to be a member of the Committee :—

- (a) He must be a member of the managing committee, supervising committee or of the board of control of the affiliated societies.
- (b) He must have been duly nominated by the society of which he is a member.
- (c) The society of which he is a member must not be a defaulter of the Bank's dues.
- (d) He must not have been convicted of a criminal offence involving moral turpitude within 5 years of his election,

- (e) He must not have been fined according to section 45 or 60 of the Co-operative Societies Act of 1925.
- (f) No arbitration decree must have been passed against him as a principal debtor.

17. The Committee elected in the General Meeting will hold office till the next election.

18. If a member elected is found to be disqualified according to any of the sub-clauses of Rule 16 above, or he is absent at three consecutive meetings of the Committee, without obtaining leave, his seat will be considered as vacated and the remaining members may co-opt any other fit person till the next general meeting.

19. No member shall have a right to vote when a question in which he is personally interested is being considered.

20. Meetings of the committee may be held as often as may be considered to be necessary and at least once a month. When it is not possible to convene a meeting, and an important question has to be considered, the Secretary shall obtain the opinions of the individual members by a circular letter, and such resolutions shall be placed before the next meeting for confirmation. In case there is no unanimity amongst the members on a question circularised, a meeting of the Committee shall be called to arrive at a final decision.

21. The members shall elect a Chairman for the year from amongst themselves. He will preside over the meetings of the Committee during the year. When however he is not present at any meeting, the members present shall elect a Chairman for that meeting. In addition to his vote as a member, the Chairman will have a casting vote.

22. If the nomination or election of any of the members of the committee is afterwards discovered to be faulty, the business transacted by the member or by the Committee shall be considered as legally transacted.

23. The following shall be the rights and functions of the Committee :—

- (1) To read and confirm, with corrections if any, the proceedings of the last meeting.
- (2) To consider the replies received from the Head Office with regard to the resolutions of the last meeting.
- (3) To look into the correspondence regarding the resolutions of the last meeting.
- (4) To verify the cash balance of the Branch, and to scrutinize the weekly and monthly statements and to examine the loans register and the loan bonds of the societies taken by the Branch.
- (5) To examine the quarterly, half yearly and yearly statements prepared by the Branch.



- (6)
  - (a) To examine the detailed lists of credits or loans recommended to member-societies by the local Inspector and to make recommendations, if necessary, to the Head Office in respect of the advances proposed.
  - (b) To make recommendations in regard to applications for loans for debt redemption or land improvement received from member-societies.
  - (c) To sanction loans and credits in accordance with the powers that may be delegated to the Committee by the Board of Directors.
- (7) To obtain necessary information from the Agent of the Branch regarding the applications received from the societies for credits, loans, Tagavi loans, etc., and to make necessary recommendations.
- (8) To make recommendations after obtaining from Agent information relating to overdues and applications for extensions.
- (9) To see whether the societies get amounts out of the credits sanctioned according to their demands, and at the proper times, and verify whether loans are being advanced according to the sanctioned credit statements.
- (10) To see the statements of loans sanctioned by the unions, and to verify whether forecasts and other statements are submitted regularly.
- (11) To see that the loans sanctioned are advanced for proper purposes, and that the instalments are fixed properly.
- (12) To acquaint the members of the societies with the proper procedure of arbitration, of preparing the normal credit statements and of the dealings of the Branch and to issue circulars from time to time in connection with these matters.
- (13) To sanction expenses out of the grant allotted by the Bank for the following purposes :—
  - (a) Postage expenses incurred for the business of the Committee and by the Branch on behalf of the Committee and by the members while corresponding with the Branch.
  - (b) Stationery and other contingent expenses.
  - (c) Printing of the circulars issued by the Committee of forms of loan applications to be submitted to the Branch, of applications for extensions and of the annual report of the Branch.

- (d) Travelling expenses and daily allowances incurred by the members for attending the meetings of the Committee and for inspections of the societies, according to the rules approved by the Bank.
- (14) To prepare the annual report of the working of the Committee during the previous year and to prepare a budget for ensuing year.
  - (15) To supervise the up-keep of the depots of agricultural implements and manure stocked by the Bank in terms of its bye-law No. (72)(B), and to verify such stock, as also to verify every year the office/dead stock of the Branch.
  - (16) To suggest the names of directors for election on the Board of the Bank according to the Bank's bye-laws.
  - (17) To encourage schemes of land improvements, in the area of the societies.
  - (18) To recommend and to advise the societies in financial matters.
  - (19) To try to develop the unions and to improve their standard of supervision.
  - (20) To stimulate repayments in such of the member societies, as are slack in their efforts for recoveries.
  - (21) To express opinions on questions referred to the Committee by the Bank.
  - (22) To scrutinize the register of limits to be sanctioned to the merchants for the purpose of purchasing by the Branch from them of hundies, cheques, drafts, etc., and to make recommendations to the Head Office.
  - (23) To make earnest efforts for timely repayments of the loans advanced by the Branch to the affiliated societies.
  - (24) The Committee shall work as a corporate body. Such of the functions of the Committee, as it thinks fit, may be delegated to a sub-committee by the permission of the Head Office. No individual member shall exercise the functions invested in a sub-committee.
25. Though all the dealings of the Bank in the area covered by the Branch are to be carried out with the advice and concurrence of the Committee, the Board of Directors shall have full control over the affairs of the Bank.

**Secretary.**

26. The Agent of the Branch shall act as the *ex-officio* Secretary of the Committee. His duties shall be as under:—
- (1) To call the meetings of the Committee and the annual general meeting, and to attend the same.
  - (2) To record the minutes of such meetings in minute books and to send copies thereof to the Head Office.

- (3) To supply to the Committee at the time of its discussion such information as he may possess. He will, however, not be entitled to vote.
  - (4) To maintain books, statements and accounts as required by rule No. 35 and to supply the Committee such information as it may require regarding its work from time to time.
  - (5) To carry on necessary correspondence regarding the resolutions passed by the Committee after they have been approved by the Head Office.
  - (6) To keep the accounts on behalf of the Committee of the grant sanctioned by the Head Office and to place them before the Committee every year for its approval.
  - (7) To place before the Committee before the date of the General Meeting a list of resolutions which have not been disposed of.
27. Though the Secretary will be responsible to the Committee with regard to its work he will be responsible to the Head Office as an Agent.

#### Inspections.

28. The Committee may offer general suggestions regarding inspections to be made by the Bank's Inspectors and may also depute its members for visits to the societies when necessary. (While doing so however the amount allocated for this purpose in the budget should be taken into consideration.)

29. The Committee shall have the right to ask for inspection the register of inspections maintained by the Branch and to offer suggestions to the Head Office with regard to such inspections.

30. The Committee shall encourage the work of inspections to be made by the Unions, and the inspections of the Committee will be of a supplementary nature.

31. While recommending cash credits, loans, or extensions of the dues of the Bank to the affiliated societies, the Committee shall obtain the following information :—

- (1) Whether there are paper transactions in the society.
- (2) Whether the society is vigilant in the matter of recoveries.
- (3) Whether loans have been advanced according to the normal credit statements finally approved.
- (4) Whether the loans are properly utilized.

32. Inspection memos shall be submitted to the Bank in the form prescribed by the Bank.

33. If it comes to the knowledge of the Committee that there are large overdues in a certain society, or that there are paper transactions or any other similar matters of mismanagement, the Committee shall have a right to recommend to the Bank the reduction or suspension of the credit of the Society.

34. The Committee shall have the right to recommend to the Registrar through the Bank an enquiry into the affairs of any of the societies affiliated to the Bank in accordance with sections 43 and 44 of the Co-operative Societies Act of 1925.

#### Books and Accounts.

35. The Committee shall maintain the following books and registers :—

- (1) Minute book of the Committee.
- (2) do do General Meeting.
- (3) File of the correspondence with the Head Office.
- (4) File of the correspondence regarding the Committee's resolutions.
- (5) File of circulars issued by the Committee.
- (6) Press Copy Book.
- (7) Outward register with postage account.
- (8) A copy of the Bank's Bye-laws.
- (9) Rules of the Advisory Committee.
- (10) The Annual Report and budget of the previous year.
- (11) Accounts of the grant.
- (12) A book containing extracts of audit notes.

All the representatives of the societies shall have a right to look into the above, except Nos. 3, 4, 6 & 7, with the written permission of the Secretary.

All the above shall be in the local language, and the Committee shall have the right to look into all of these.

36. The Committee shall prepare in the month of April every year a report of its work, the next year's budget and an account of the previous year's grant; copies of these shall be submitted to the Head Office and after their approval by the Head Office, they shall be placed before the general meeting.

#### Miscellaneous.

37. Every member society shall be supplied free of charge with a printed copy of these rules, annual report and balance sheet of the Branch, annual report of the work of the Committee, and a copy of the proceedings of the annual general meetings.

38. Whenever notice is provided under these rules to be served on the societies, the service shall be deemed to be sufficient when the notice is sent to the societies by post to their registered address.

## APPENDIX V.

### Provident Fund Rules.

1. The fund shall be called "The Provident Fund of the Bombay Provincial Co-operative Bank, Limited."

2. In these rules unless there is something repugnant in the subject or context :—

"The Bank" means the Bombay Provincial Co-operative Bank, Ltd. "The Board" or "Board of Directors" means the Board of Directors for the time being of the Bombay Provincial Co-operative Bank, Ltd.

"Salaries" means only the monthly (substantial) salaries received by every employee from the Bank and will not include any personal, house, acting or exigency allowance or the like or any sort of commission if allowed.

"Member" means any person in the service of the Bank or institutions managed by it who is also subscriber to the Fund.

3. The object of the Fund shall be to provide a member with an accumulated amount on his retirement or his heirs or nominee in case of death.

4. The management of the fund will be vested in a committee of three Directors of the Bank specially appointed for the purpose by the Board of Directors, from time to time (hereafter referred to as the Committee) the Manager of the Bank acting as Secretary to the Fund.

5. Every permanent employee of the Bank receiving a monthly salary of Rs. 40/- and over at the Head Office in Bombay or Rs. 25/- and over in the up-country Branches shall be a subscriber and shall contribute  $8\frac{1}{2}$  per cent. of his monthly salary towards the Fund. Any employee of the Bank whose monthly salary is below the above minimum limit may join at his option but once he joins he shall thereafter continue to be a member as long as he is in the service of the Bank. The Bank shall be entitled to deduct every month, out of the salary payable by the Bank to such a member, the amount of his contribution to the Fund. This contribution shall continue to be deducted even when the member is absent on leave with pay, but not when on leave without pay.

6. The Bank will on the 31st March in every year or as soon as possible thereafter, but not later than 30th June of the year contribute and pay to the Fund a sum which shall be equal to the aggregate contributions of the members

during the year preceding the 31st March, subject to and after making provision for the stipulated payment towards the Sinking Fund for Debentures in accordance with the Bank's bye-laws and its Agreement with the Secretary of State. The Bank's contribution if made after 31st March shall be made as of 31st March. The contribution by the Bank will be divided amongst the members in proportion to the payments made by them during the year and the proportionate shares of the members will be credited to the respective accounts of members.

7. A separate account, named "Staff Provident Fund Account" will be maintained in the Head Office of the Bank to be operated upon by the aforesaid Committee. A subsidiary ledger for the separate accounts of the members shall also be maintained and copies of the same supplied to members through Pass Books.

Interest will be allowed in such account on daily balances at the rate of 6 per cent. to be calculated and credited once a year on 31st March.

8. No member nor any person claiming under or through him shall be entitled to claim payment from the said Fund except as is by these presents expressly provided.

9. When a member leaves the service of the Bank he shall be entitled, subject to Rules (12) and (13), to the amounts standing to his credit subject to the following provisos :—

(a) A member who leaves the service of the Bank within a period of ten years after joining service of the Bank and a member who leaves the service of the Bank after a period of ten years after joining the service of the Bank, but within five years of becoming a member shall not be entitled to payment of the amount accruing to him by way of his share of the Bank's contribution or of interest thereon notwithstanding the same being credited to him and shall be entitled to the amount of his own contributions with interest thereon at the rate and in manner aforesaid.

(b) Any member who is dismissed for insubordination, misconduct, fraud or any other cause of a like nature or retires from the Bank in consequence thereof shall only be entitled to repayment of the amount of his own contributions with the interest accrued thereon at the rate and in manner aforesaid. The Board shall be the sole judges of the sufficiency of the cause of the dismissal or retirement of any member in any of the foregoing cases.

(c) Any member who resigns with the previous permission of the Board or whose services to the Bank become terminated or are dispensed with or who retires owing to continued illness or ill-health incapacitating him from the proper discharge of his duties to be certified by a medical practitioner nominated by the

Board shall be entitled to the full amount standing to the credit of his account in the Fund at the time of the termination of his services or his discharge or retirement plus interest calculated at the rate and in manner aforesaid upon his contributions during the current year.

10. Every member may nominate by notice in writing to the Bank or by his last will or codicil thereto any one person who shall have attained his or her majority to whom the amount standing at the credit of such member shall be payable in the event of his death, occurring while in the service of the Bank, or before his claim on the Fund shall have been discharged, and may from time to time change such nomination in the same mode.

11. If a member die while in the service of the Bank, the Bank shall pay the amount standing to his credit to the nominee of such member appointed as above provided and shall in the absence of such nomination pay such amount either to his executors or administrators or holder of Succession Certificate to him or to his widow or issue or to his heir or heirs or any one or more of them as the Committee shall think fit. Any such payment shall be a complete and valid discharge to the Fund and to the Bank in respect of such member's share and interest in the Fund.

12. The Bank shall have the power to recover any pecuniary claim it may have against any member, from the amount standing at his credit in the said subsidiary ledger.

13. The Bank shall have a first and paramount charge and claim upon the share and interest of the member in the said Fund and upon the amount to his credit, in respect of all reasonable damages, costs and expenses which it may sustain or incur by reason of any act of embezzlement, mismanagement, neglect or default of or by such member and the moneys at the credit of the contributor in respect of this fund shall be deemed and treated as a deposit made by him with the Bank as security for his fidelity and due discharge of his duties.

14. Any claim of the Bank against any member under Rules 12 and 13 shall be paid to the Bank out of the amount standing to his credit and out of his share in the Fund under the authority of a Resolution of the Board of Directors.

15. Advance from the amount standing to the credit of any member may upon application to and at the discretion of the Committee be granted to such member in deserving cases of sickness or other urgent cause, such advances to be subsequently repaid by instalments to be fixed by the Committee in each case. Members receiving such advances shall from the dates of such advances forego all interest and other benefits in respect of the amount of such advances or the balance for the time being of such advances remaining outstanding.

16. Payment of any claim in respect of this Fund whether arising on resignation, retirement, death, dismissal or otherwise shall be made within one month

after the Bank's contribution to the Fund under Rule 6 for the year of the account during which such claim arises has been made, provided, however, that the Bank shall be at liberty to pay the amount of the claim or any portion thereof at any time within the above period whenever the Committee in their absolute discretion think fit so to do. Interest shall continue to run to the date of payment, but on no account shall interest be allowed beyond one month after the Bank's contribution aforesaid has been credited.

17. No member shall be allowed to draw upon or shall assign, mortgage or in any other way alienate or effect a charge on his share or interest in a fund or any part thereof and any alienation or act as aforesaid and any prohibitory order or other process of any Court purporting to attach such a share or interest shall *ipso facto* terminate the member's interest in the Fund. The Board shall, however, be at full liberty to allow any time thereafter his share thus lapsed to the use of Fund, or any part thereof for the benefit of the wife, children or other relatives of such member.

18. Any sums which may lapse to the Fund owing to forfeitures of any share or interest in a Fund, on the part of any of the members or through any other cause shall be credited to a separate account and be disposed of for the benefit of the staff of the Bank such as medical aid, gratuities, etc., and in such manner as the Board may decide from time to time.

19. These rules will come into force from such date after 1st April 1924 as the Board may determine.

20. The Board shall have power to alter, add to or repeal these rules from time to time, provided however that no such alteration, addition or repeal shall have any retrospective effect against the interest of the members in said Fund. The Board also reserve the right to close the Fund at any time if they deem it so desirable.

21. I hereby declare that I have read the foregoing Rules of the Provident Fund of the Bank and that I agree to be bound by them,

Dated \_\_\_\_\_ day of 19

Name in full.....

Date of Birth.....

Date of joining service.....

Name and address }  
of Nominee, if any }  
under clause 10 }

Signature.....

Witness.....

\_\_\_\_\_



## APPENDIX VI

### New Circulars

The following circulars issued by the bank after the Manual was sent to the Press and which could not therefore be included under the appropriate sections are printed in this Appendix in the order in which they were issued :—

1. *Re* : Implements of Messrs. Kirloskar Brothers.
2. *Re* : Due dates of recovery.
3. *Re* : Acknowledgment of Loans.
4. *Re* : Demand Drafts.
5. *Re* : Stock-keeping.
6. *Re* : Extension of Loans.
7. *Re* : Increase of rate of interest.
8. *Re* : Audit irregularities at the Branches.
9. *Re* : Transfer of Documents.
10. *Re* : Transfer of Documents, Advances against Produce.
11. *Re* : Applications from Urban Banks.
12. *Re* : Grants to Unions.
13. *Re* : Rates of Interest on advances against Agricultural Produce.
- \*14. *Re* : Half-yearly closing of accounts.

- \* \* \* \* \*
1. *Circular No. Br. 20/76 of 17th December 1930, giving in Branches, re :  
Implements of Messrs. Kirloskar Bros.*

In continuation to this Office Circular No. Br. 20/26 of the 22nd July 1930 (embodied in the Manual) the following instructions are issued for the guidance of the Branch Staff :—

- (1) A list of unsold implements on hand received from Messrs. Kirloskar Brothers to be sold on consignment account should be sent to them at the end of June every year for their accounts purposes. Particulars should be given in this list as to whether the stock is saleable or requires to be returned.
- (2) It is not necessary to remit the price of the articles as soon as they are received or even to send the sale proceeds as and when articles are sold. Remittances may be made periodically, but at intervals of not more than three months, with full details.
- (3) At the time of ordering fresh goods, care should be taken to see that they are not ordered in excess of probable local demands. Those goods only which have a good regular demand should be ordered in large quantities.

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\*Further circulars are printed on page xlii.

2. *Circular No. Br. 20/73 of 15th December 1930, re : Due dates of recovery.*

It is often noticed that the due dates of recovery are not mentioned while submitting the credit statements. The season time in different tracts varies and naturally the due dates of recovery are to be fixed according to the season to enable members to repay their dues from the sale proceeds of their agricultural produce. It is, therefore, desired that inspecting officers recommending credits or loans should invariably mention in their reports the exact month in which the due dates of recovery should be fixed while sanctioning the maximum credits loans or cash credits. It is hoped that this suggestion would henceforth be given effect to in all the credit reports to be submitted by them.

3. *Circular No. Br. 20/86 of 23rd January 1931, re : Acknowledgment of Loans.*

In order that a loan may not be debarred by limitation it is necessary that the amount outstanding should be acknowledged in writing once at least every year. Under the present procedure, letters of confirmation are sent as early after the half-yearly closing as possible to all borrowers, but often no special care is being taken to see that the letters are returned confirming the balance shown as outstanding in our books. Care is also occasionally not taken to verify whether the letters received back from certain borrowers are signed by persons duly authorized to do so.

I. Agents are, therefore, requested to see that :—

- (1) Letters showing the balances due from each borrower—on overdraft, cash credit, loan account or any other account—are sent as early after the half-yearly closing as possible.
- (2) If the confirmations are not received within a month, then they should send reminders to such borrowers.
- (3) If in spite of this reminder, the borrower neglects to confirm the balance no further advance should be given till the balance is confirmed ; and the Agent should give a list of such borrowers to the Inspector concerned. The Inspector at the time of his next visit should get the letter signed by the borrower.
- (4) Special care should be taken to see that confirmation letters are signed by such persons as are authorized to sign documents in respect of loans etc. The signature of a chairman or secretary alone is not sufficient, unless authorized by a special resolution to that effect.
- (5) Where the confirmation letters are received, the fact should be noted in the ledger at the top of the account in red ink under the signature of the Agent with the date of receipt of the letter. The letter itself should be kept carefully in the usual file of the Society.
- (6) Similarly, when any payment is made to the credit of an advance account either for principal or interest the borrower should be

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requested to write a covering letter to that effect or if the money is paid in with a credit slip, the signature of the borrower or a person authorized by him should be obtained on the slip to show that the payment is made by him.

II. Inspectors should mention in their inspection memos whether the balance outstanding on the last preceding date of half-yearly closing has been confirmed or not.

III. The Branch Auditor and Senior Inspectors also should look into this point at the time of their visit.

\* \* \* \*

4. *Circular No. Br. 20/88 of 5th February 1931, re : Demand Drafts.*

Agents of all Branches are informed that in future they should not draw any demand drafts on any co-operative bank or even on any of our Branches direct but that these should be drawn on the Head Office only. If any of the customers desire the demand draft to be cashed on presentation at a certain place, the Agent of the drawing Branch should request by a separate letter the co-operative bank or the Agent of our Branch, as the case may be, to cash the demand draft and the full particulars of the demand draft should be given in that letter. Copies of such letters should be sent to the Head Office.

\* \* \* \*

5. *Circular No. Br. 20/89 of 7th February 1931 re : Stock-Keeping.*

In the interests of the members of village societies the credit side of the Bank's business has to be supplemented by non-credit business and as this business is now on the increase, it is necessary to issue detailed instructions with a view to render the account and stock-keeping on a uniform basis at all centres where this activity is carried on.

Goods are kept for sale either on Bank's own account or on consignment account, *i.e.*, on condition of sale or return.

*Goods purchased on Bank's Account.*

When goods are purchased by the Bank for sale, an account will be opened in the General Ledger for the particular commodity, *e.g.*, implements account, cotton seeds account, oil-cake account, etc., and that account be debited when the amount is paid. The invoice and the receipt should be kept with the debit voucher.

The selling price should be fixed so as to cover all expenses, interest on the amount invested and a reasonable profit for the trouble involved.

For every sale, a sale memo should be given to the purchaser and a duplicate carbon copy kept on record. The sale proceeds as per sale memo should be credited to the account of that particular commodity. On the credit voucher the sale memo number should be given.

At the time of half-yearly closing, the stock on hand should be valued at cost or market price, whichever is less and the difference taken to profit and loss account. No separate interest should be charged on the account.

On the last Saturday (weekly statement day) of every month, a statement showing the stock on hand and the value as per current market rates should be sent to the Head Office without fail.

*Goods received on Consignment Account.*

When goods are received for sale on consignment, the ownership of the goods remains with the consignors, but as we are responsible to render accounts of the goods entrusted to us it is desirable to record them in the accounts. Two General Ledger accounts should, therefore, be opened called "Consignors' Account" and "Goods on Consignment Account". When a consignment is received the amount of the relative bill should be credited to the first account and debited to the latter account. (This amount will be the total of all the goods at the consignors' rates as per invoice without making allowance for discount etc. as the discount will be allowed only when the sales are actually effected. This will be adjusted by the Head Office periodically direct with each consignor and credit given to respective Branches.) It should be noted that the consignors' account will always show a credit balance while the second will always be in debit. Sale price will be determined according to the arrangement with each consignor and will be either the invoice price or a little higher than that to cover the expenses and a reasonable profit. For each sale, a memo will be given to the purchaser after keeping a carbon duplicate on record. The proceeds of sales should be credited every day to a third account opened in the General Ledger called "Goods Sold Account," particulars in the credit voucher being "amount received as per sale memos Nos.....to....."

Any expenditure incurred in respect of Railway freight, insurance etc., paid by the Branch should be debited to "Goods Sold Account" (and not to sundry debtors account) if the same is to be borne by the Bank. If it is to be recovered from the consignor it should be debited to Sundry Debtors account and recovered from the sale proceeds of the consignor concerned as early as possible.

On the last working day of each month, statements for each consignor should be prepared in the prescribed forms sent separately and the total of sales as per column No. 5 for all consignors should be debited to "Goods Sold Account" and transferred to the Head Office and a Demand Draft issued for the amount. Two copies of these statements and the D/D should be sent to the Head Office. The balance then remaining to the debit or credit side of the "Goods Sold Account" will represent the loss or profit as on that day.

The total amount so transferred should be debited to "Consignors' Account" and credited to "Goods on Consignment Account" on the same day. Thus from the monthly statements of each Branch, the Head Office will know the bill value of the stock on hand held by the Branch, as also the progress of sales made during the month.

**Consignors' Ledger.**—A separate ledger account for each consignor should be maintained wherein the bill amount of each consignment should be credited and the sales made every month as per column No. 5 of the statement should be debited, the balance showing the bill-value of stock of each consignor held. The outstandings of the ledger accounts of all consignors will thus agree with the balance of the General Ledger account named "Consignors' Account," and should be tallied every week and should be submitted to the Head Office as on the second Saturday of every month.

A Register of daily sales will be maintained wherein details of all daily sales as they take place (sale memo No., name of the consignor, description of article, distinctive number, quantity, rate and value) will be entered. This Register will be written from the counterfoil of sale memos, only the total for sale of each day being shown in the Fair Day Book separately under "Goods Sold Account," as mentioned above.

In addition to the Sale Memo Book, Sale Register and the Consignors' Ledger, one more book should be kept as Stock Book. In the stock book a separate account should be opened for each kind of goods and the accounts debited *as per invoice both as regards quantity and price* and credited *from sale memo book as regards quantity and from consignor's invoice as regards price*, so that the total of all accounts will agree with the balance in "Goods on Consignment Account" as shown in the General Ledger and should be tallied every week and a copy should be sent to Head Office on the second Saturday of every month.

The Stock book will be maintained as follows :—

Stock of (kind of the goods).....

Consignor's name : .....

Date.	Dr.	Cr.	Balance.
	Quant. Amount	Quant. Amount	Quant. Amount.

To Invoice No.

By Sale Memo No.

Thus only four books will have to be maintained : (1) Sale Memo Book, (2) Daily Sale Register, (3) Consignors' Ledger Account and (4) Stock Book,

Statements to be submitted are :—

- (1) Statement of each consignor in duplicate in the prescribed form every month.
- (2) Summary of the above statements with one Demand Draft for the total amount due.
- (3) Balances of stock book on second Saturday of every month.
- (4) Balances of consignors' ledger           do.           do.

All sales shall be only on cash basis. Goods may, however, be supplied to members against a written order made by the authorized office-bearers of a society having necessary credit with the Bank. The cost of goods so supplied should be debited to the society's account,

*Custody of Goods.*

Insurance against fire, where necessary, should be effected through the Head Office.

Necessary arrangements for keeping the goods intact should be made in consultation with the Senior Inspector.

The goods should not be permitted to be roughly handled or to lose their freshness. A board giving description, number, dimensions, price, should be exhibited in the office for the information of members of societies.

At the time of *half yearly closing*, the balance standing to the account of goods sold account after transferring the proceeds to Head Office account as mentioned above, will be transferred to "Commission Account". Any commission on net sales as well as any special commission agreed to be paid by the consignor will be also taken to "Commission Account". If the same is not received actually at the time of half yearly closing, as adjustment for the estimated amount as per arrangement with each consignor should be made by crediting commission account and debiting Sundry Debtors account being commission to be recovered from..... This entry should be reversed on the opening day.

In the light of the above instructions, the names of accounts and the system, where necessary, as mentioned in our previous circular No. 20/31 of 1st August 1930 should be altered and necessary adjustment made from the 15th of February. All other kinds of goods that may be lying with Branches for sale on consignment should be brought into accounts as per instructions given above.

Sale Memo books and Statement Books together with a few ledger forms are being supplied by Head Office at an early date.

*Instructions to fill in monthly statement.*

- |        |    |   |
|--------|----|---|
| Column | 1. | As per heading of accounts in Stock Register. |
| "      | 2. | As per last monthly statement.                |
| "      | 3. | As per debit column of the Stock Ledger.      |
| "      | 4. | Total of 3 and 4.                             |
| "      | 5. | As per credit column of the Stock Ledger.     |
| "      | 6. | As per Balance column in Stock Ledger.        |

Total of column 6 in all consignors' statements must agree with the balance in General Ledger of "Consignors' Account" and "Goods on Consignment Account".

\* \* \* \*

6. *Circular No. G. 20/9, 17th February 1931, re: Extension of Period of Loans.*

In view of the present depression and the abnormal fall in the prices of the agricultural produce, the Directors of the Bank anticipate that it will be very difficult for central banks to make full or satisfactory recoveries in the current

season. Extensions may have to be granted to the societies and at the same time fresh finance may have to be provided. On the other hand, in view of trade depression deposits may not come in as large a measure as in previous years and there might be large withdrawals of deposits to be faced by some banks. If such a contingency arises, it may be necessary for central banks to fall back upon the apex bank for assistance in enabling them to tide over the difficult condition of the year.

The Board of Directors of the Provincial Bank are anxious to render such assistance to central banks as is required and as it is within the power of the Provincial Bank to give; but before the Provincial Bank grants such assistance it is necessary for it to have information about the present financial position and of the probable requirements of various banks so that the Provincial Bank itself might frame its own programme of finance accordingly and secure resources sufficient enough to enable it to meet the situation satisfactorily. For this purpose, it is necessary that the Provincial Bank might be placed in possession of information in respect of the following points :—

- (1) Current demand from societies.
- (2) Estimated recoveries.
- (3) Probable amount of authorized and unauthorized arrears at the end of season.
- (4) Estimated amount of fresh finance required by societies.
- (5) Amount of deposits, if any, likely to be withdrawn.
- (6) Amount of accommodation from Provincial Bank likely to be required and the approximate time when required.

Along with this information it would be better if central banks would kindly send in copies of their (a) last audit memo, (b) quarterly finance statement, (c) fluid resource statement, as well as the usual form of application for credits duly filled in.

\* \* \* \* \*

**7. Circular No. Br. 20/91, 19th February, 1931, re : Increase of rate of Interest.**

It is hereby intimated for the information of all Agents and Inspectors that the rate of interest on land improvement loans (under the Co-operative Societies Land Improvement Loans Rules) has been raised by Government by  $1\frac{1}{2}$  per cent. with effect from 1st January 1931. All advances to societies made after this date will, therefore, bear interest  $7\frac{1}{2}$  per cent. instead of 6 per cent. as heretofore.

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**8. Circular No. Br. 20/92 of 19th February 1931 re : Audit irregularities at the Branches.**

During the course of audit, certain irregularities common at some of the

Branches were noticed. The following instructions are, therefore, issued to the Branches for future guidance :—

- (1) Letters of authority should be obtained for transferring funds from one account to another, or for debiting such accounts with cash payments in absence of properly issued cheques.
- (2) Savings Bank accounts for the members of the staff should not be treated as current accounts for the purpose of interest calculations or withdrawals. Savings Bank rules should be strictly applied to these accounts in the same way as is being done for the public. (*Vide* Circular No. Br. 20/3 of 10th April 1930 embodied in the Manual.)
- (3) Indemnity letters should be obtained from the applicants to whom payment for hundies issued by the Branches but returned unpaid is made at the Branches. (*Vide* Circular No. Br. 19/32 embodied in the Manual.)
- (4) A full record should be maintained for all books, demand drafts, hundi books, cheque books, etc., received from the Head Office. Similar record should also be maintained when these are issued to the public or the staff.
- (5) Receipts or original vouchers for payments made on behalf of Head Office or any other branch should be sent to the office concerned. Until these are received, the entries will not be responded. Similarly, entries passed by Head Office for expenses incurred by it for branches should not be responded unless receipts or original vouchers are received. If such vouchers are not received within two days of the date of entry, the attention of the Accountant should be drawn by a separate letter.

At present a register for Bills sent out for collection (Outward Bills for Collection) is maintained. Similarly, a book for Bills received from Head Office on other banks for collection (Inward Bills for collection) should be maintained in future.

In the same way a Register for Drafts or Hundies issued should be maintained.

The commission and exchange shown as received in the respective columns of these books (Outward Bills, Inward Bills and Draft Issued Registers) should agree with the amounts credited in the General Ledger.

Special attention is invited to clauses Nos. 3, 6 and 7 of the Accounts Circular No. 1 of 21st September 1927 (embodied in the Manual). The Board of Directors are very particular about these instructions and if any negligence is found in this respect in future serious action will be taken.

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9: *Circular No. Br. 23/93 of 21st February 1931, re: Transfer of Documents.*

The attention of Agents and Inspectors (including Senior Inspectors) is drawn to the opinion, noted below, of a legal authority consulted by the Bank in regard to the legal value of transfer of documents by co-operative societies in favour of the Bank and the proper form in which such transfer should be effected:—

“Societies can endorse in favour of financing agencies all documents which are in the nature of negotiable instruments. If there be any documents which do not fall within the definition of negotiable instruments, they cannot be transferred by mere endorsement. In that case a document of conveyance should have to be made and duly registered if the documents are in the nature of documents creating, limiting, extinguishing etc., interest on immovable property of the value of Rs. 100 and more.

“If documents in the form of negotiable instruments are so endorsed then the endorsee can sue the borrowers direct on such instruments. Therefore, the transferee bank will be able to recover moneys direct from the borrower, and in the event of liquidation of such a society, the bank will stand in the position of a creditor of the individual borrower and a secured creditor so far as the society is concerned.”

It is the practice for the inspecting staff to recommend and for the Board to sanction loans or credits, particularly to urban banks or societies with limited liability on the collateral security of documents of the type referred to in the legal opinion above. But before the sanction is given, it is often the practice to have the collateral securities merely lodged at the Branch office concerned, and only occasionally to secure an endorsement in favour of the Bank. This is irregular and makes the additional security practically valueless.

The proper practice henceforward should be to divide the collateral securities to be taken from societies of the type referred to, into two categories:—

- (1) documents in regard to loans on personal securities ;
- (2) documents in regard to loans on mortgage security.

Securities falling under category (1) should be obtained by societies in the form of demand promissory notes (supported, for the purpose of the contract between the society itself and the members concerned, by supplementary bonds or agreements). These demand promissory notes should be taken in the usual form in English or the vernacular. Where the transfer of these to the Bank is a

condition of any loan or credit sanctioned, the society should endorse at the back as under :—

“Pay to the Bombay Provincial Co-operative Bank, Ltd., or order.

For the.....Society.

Authorised Office-bearers. {

.....  
.....

Where mortgage of immoveable property is taken, the usual documents should be obtained by the societies after making complete inquiries into valuation record and title as per instructions issued to the Bank's staff. When loans or credits are proposed for urban or other societies by the Inspecting staff on the collateral security of the transfer of such documents in the Bank's favour the staff should give directions about the proper manner in which the work of taking mortgage security should be conducted. It is only after satisfying themselves that the requisite directions have been followed that Agents or Senior Inspectors should arrange for the transfer of the documents to the Bank. Such transfer will have, in accordance with the legal opinion quoted above, to be completed by means of formal conveyance deeds, which along with the original documents will have to be duly registered. A regular conveyance should be obtained in the accompanying form and got duly registered. For both types of documents, an undertaking in the following form should be obtained from all societies :—

“We further undertake to withdraw any promissory notes or mortgage deeds which fall due during the currency of the advance now sanctioned by you and to replace them by other documents of at least equivalent value.”

For both types of securities or other securities received by branches as collateral securities for loans, a register should be maintained at each branch containing the necessary details as under :—

Serial No.	Name of member.	Name of Society.	Amount of advance.
1	2	3	4

Document.		Dates of		Receipt.	Return.	Remarks.
Nature.	Amount.	Execution.	Registration.			
5		6		7	8	9

The documents themselves should invariably be kept in the safe. It may be added that action in the direction noted in the circular should be taken immediately in respect of any documents now in possession of branches as collateral securities.

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10. *Circular No. 20/94 of 21st February 1931, re: Advances against Agricultural Produce.*

The attention of Agents and Senior Inspectors is drawn to Circular No. Br. 20/80 of 27th December 1930, instructing them, in view of the present market conditions, to close the business of making advances against agricultural produce to individual members of the Bank. As mentioned, however, in that Circular, the business of advances against produce to members of societies affiliated to the Bank may be continued. Advances to members of societies on the security of agricultural produce pledged to the Bank will, however, be permitted in future only if the following two conditions are fulfilled:—

- (1) The goods represent the produce of the member himself.
- (2) The individual wishing to borrow becomes a member of the Bank itself, by purchasing at least one share.
- (3) The detailed terms and conditions for advances against produce are strictly followed in all respects.

If condition No. 2 is not complied with, advances can be made only on the guarantee of the society of which the borrower is a member, such guarantee to be given by means of a formal resolution of the managing committee. Where the produce cannot be kept in possession of the Bank but is deposited at some other place, no advances can be given under this scheme. Proposals can, however, be considered for granting advances on the hypothecation of the goods or on the guarantee of the society, each case being treated separately on its own merits. No general lines for the conduct of such business can be laid down at this stage.

While the Bank is not prepared to deal in this matter with individuals who are traders or merchants, it may assist co-operative shops or purchase and sale to unions or urban banks dealing with such persons. The business would then be subject to conditions and restrictions laid down in the rules or bye-laws of these institutions. The grant of credits to them for this purpose will, of course, depend on the financial position and management of the shops or unions or banks, but when financial assistance is extended it will, as a rule, be governed by the following essential conditions:—

- (i) Transfer of possession of goods to the Bank.
- (ii) Acceptance of general lines of business as laid down by the Bank's Circular No. Br. 19/9 of 3rd September 1929 embodied in the Manual.
- (iii) Submission of periodical returns of stock and advances.

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11. *Circular No. 20/95 of 21st February 1931, re: Applications from Urban Banks.*

With reference to Circular No. Br. 20/34 of 12th August 1930, regarding applications from urban societies, all Agents and Senior Inspectors are hereby informed that a new form of application has been devised for non-agricultural and non-credit societies or other societies with limited liability. Five copies of the form are sent along with this for use by each branch or Senior Inspector's office and the inspecting staff are desired to insist on applications from all societies with limited liability being submitted in the prescribed form hereafter. Necessary directions about filling in the form should be given by the staff concerned and if any points do not seem clear, a reference should be made to the Senior Inspector in charge or to the Head Office.

Urban banks or other non-agricultural societies will have to fill in the whole of the form, but only the paragraphs marked by asterisk are likely to be useful for other societies such as purchase and sale unions. Wherever alternative replies are given, those not required should be struck off. In addition to the detailed information called for in the application form, Senior Inspectors may ask for further particulars, if necessary, before sending in their recommendations.

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12. *Circular No. Br. 20/97 of 20th February 1930, re : grants to Unions.*

Applications are now being received from various Unions for grants and these are sometimes received direct, sometimes through Senior Inspectors, and sometimes through the Assistant Registrars. Unions may be advised in future to forward applications for grants through the Senior Inspector, after their budgets have been sanctioned by their general meetings. The Senior Inspectors might make their own recommendations although final sanction for the grants will be given actually on receipt of recommendations of the Union Boards. When forwarding applications of Unions for grants, the following information should invariably be given :—

- (1) Amount of grant sanctioned in previous year, with date of sanction.
- (2) Estimated income of union, exclusive of expected grants.
- (3) Estimated expenditure of union.
- (4) Opening balance available at disposal of union.
- (5) Amount of grant recommended by Union Board with number and date of resolution.
- (6) Senior Inspector's remarks on work of supervisor.
- (7) Senior Inspector's remarks on work of Union Committee.

The application, if possible, may be accompanied by the annual report of the Union with the budget of income and expenditure for the current year.

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13. *Circular No. Br. 20/98 of 10th March 1931 re: rates of interest on advances against agricultural produce.*

From 1st of April 1931 the rate of interest to be charged on advances against agricultural produce and requisites will be as under:—

For individual members of societies (or individual members of the Bank financed under previous arrangements):—

Goods stored in pre-measured compartments or in bags ... ..	8%
Goods stored loose in godowns ... ..	8½%

For co-operative banks and unions the rate will be uniform at 7½% in both cases.

Intimation may be given to the parties about these changes in rates immediately.

\* \* \* \*

14. *Circular No. Br. 20/99, re: Half yearly closing of accounts.*

The attention of the Agents is invited to the Circular dated 23rd March 1928 regarding half-yearly closing of accounts. The following further instructions are issued which should be followed in future:—

*Interest on loan:* Where the practice is to debit interest on 31st March every year in case of loans made to societies, interest on the amount of interest debited should not be charged if the amount of interest is paid off on or before 15th of May. If no interest is so received then interest should be charged on the amount debited from the date of debit. Where the practice, however, is to debit interest on 31st December or any other date a corresponding concession of a month and a half should be allowed.

*Interest on Fixed Deposit:* Interest is to be calculated as from the date when the deposit begins to run and not from the date when the deposit was actually renewed. Similarly, even if the deposit has become overdue on the closing date, interest should be calculated up to the closing date and not till the due date. Thus, for instance, a deposit falling due on 1st February 1930 was, say, renewed on 6th June 1930 for one year making it due for repayment on 1st February 1931, but was neither withdrawn nor renewed till the closing day, 31st March 1931. Interest in this case will have to be calculated from 1st February 1931 (and not from 6th June 1930) to 31st March 1931 (and not upto 1st February 1931).

*Overdue Interest:* In calculating overdue interest the following procedure should be adopted ;

**For 31st March closing :** Any portion of interest debited to any account on or before 30th September preceding if not recovered upto 31st March should be treated as overdue (column 2 of the undermentioned statement) and the interest debited or due on *such accounts* on 31st March also should be treated as overdue (column 3). Where the practice is to debit interest on 31st December or any other date, that interest on *such accounts* also will be treated as overdue.

**For 30th September closing :** Any portion of interest debited on or before 31st March preceding, to any account if not recovered upto 30th September should be treated as overdue (column 2 of the undermentioned statement) and the interest accrued on such account upto 30th September should also be treated as overdue (column 3).

Thus the statement required for overdue interest will be as follows.

Name of Society. (1)	Amount of interest debited but not recovered for more than six months. (2)	Interest due from such society upon 31st March (or 30th September.) (3)	Total. (4)
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Where the practice is to debit interest on 31st December (or any other date), at the time of 31st March closing, there will be one more column between (2) and (3) in the above statement as 'Interest debited to such society on 31st December'.

**Five Year Cash Certificates :** This should be shown by a separate heading in the printed Balance Sheet form. Interest should be calculated at 5½% in the same way as on Fixed Deposits. A statement in the following form should be prepared and sent :—

Name of the Holder. (1)	Face Value. (2)	Amount received. (3)	Date of issue. (4)	Days. (5)	Products. (6)	Interest. (7)
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The totals of columns 2, 3 and 7 should be taken. Total in column 3 should agree with the General Ledger balance. The total of column 7 will be the amount of interest payable. Hence, Interest account should be debited and Interest Payable should be credited on the closing day. These entries should be reversed as on the opening day.

No letters of confirmation need be sent to the holders of Cash Certificates as well as Fixed Deposit Receipts.

**Sundries** : The items "Sundries" in the printed form of Balance Sheet on both sides are intended to show the totals of all accounts from the Trial Balance not separately shown in the Balance Sheet. It is simply grouping of accounts and no entries need be passed in the Day Book. Only a statement should be attached, showing which accounts are grouped together on either side.

**Consignment Account** : The procedure to be followed is mentioned in the Circular on this subject.

**Statement of the staff** : The following information should be given in addition to that mentioned under item 22 of the Circular dated 23rd March 1928 :—

- (1) Date of joining the Branch.
- (2) Date and amount of last increment.
- (3) Whether temporary or permanent.
- (4) Date of birth.

A statement of library books should be sent as per Library Circular of 1st October 1929.

**In the annual Report** :

- (a) Separate mention should be made of the deposits, if any, received from institutions other than co-operative societies, etc., District or Taluka Local Board, Municipalities, etc.
- (b) Percentages of advances made for different purposes should be shown along with the amounts.

Agents should note to put up on the Notice Board a copy of the Balance Sheet and Profit and Loss Account of the Branches on 15th April and 15th October every year.

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*The following are the additional New Circulars issued after the Manual was sent to the Press.*

15. Re. Bidding for lands in auction sales.
16. Re. Local Board Deposits.
17. Re. Corrections in normal credit statements.
18. Re. Changes in the Rules of Advisory Committees for disposing of loan applications in the absence of Senior Inspectors.
19. Re. Modifications in the system of maximum credits.

20. Re. Loans for bids at auctions.
21. Re. Preparation and scrutiny of statements.
22. Re. Maintenance of account books by Sub-branches.
23. Re. Collection at par of cheques in special circumstances.
24. Re. Discounting of Bills.
25. Re. Fulfilment of Credit Conditions.
26. Re. Collection work on behalf of Insurance Companies.
27. Re. Amendments to Advisory Committee Rules.

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15. *Circular dated 30th March 1931, re. Bidding of lands in auction sales.*

The following hint is given for information and guidance in connection with the bidding of lands in auction sales :—

Whenever the land has got an outside encumbrance, be it prior or subsequent to that of the society, it should not be bid for, for the time being. In the former case, the money will go to the sawkar or is likely to be attached by him and there is no profit to the society whatsoever in respect of interest even. In the latter case, the right, title and interest of defaulter is passed on to the purchaser according to the Land Revenue Code and the society—the purchaser, will have to meet the claim of the subsequent mortgage also. In such cases, the execution must be made through the Civil Court which sets aside all such subsequent encumbrances. It is hence desirable that no bids should be offered in cases where there are outside encumbrances on the land except of the Government.

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16. *Circular No. Br. 21/9, re. Local Board Deposits.*

Most of the branches of the Bank already hold deposits from local boards. The object of this circular is to throw light on some of the important points in this connection. The Circular should be carefully read and the doubtful points, if any, may be got solved by referring to the Head Office. It is hoped that the hints given in this circular will be followed by all concerned so that the business can be well systematised in course of time.

With regard to the deposit of surplus monies by local boards, the Government Resolution (General Department) No. 6491 of 24-1-1927 lays down that local boards should make arrangements for a review of their cash requirements month by month and all surplus monies not required for immediate disbursement should be placed in short term deposits with banks approved by Government. If the position cannot be reviewed every month for any reasons, it should be possible to review the same at least every quarter. It is suggested that one-tenth of the



budgetted amount may be kept in current deposit and the rest in short term deposits of various periods so that small sums may be available every month to meet current requirements.

It is hence desirable to have information about the expected monthly income and expenditure of taluka and district local boards so that the scope for deposits for different periods can be pointed out. This information can be obtained through some prominent co-operators who are also members of such local boards.

Even the minimum balance of Rs. 200 which every taluka board is expected to maintain can be very well kept as a current deposit in the bank instead of keeping the same in the Government Treasury without any interest thereon.

The following is the definition of "Treasury" as given in the Local Board Account Code of 1929 in Chapter II, Rule 3:—

"'Treasury' means a Government treasury or a bank to which the Government treasury business has been made over or such other bank or co-operative society registered or deemed to be registered under the Bombay Co-operative Societies Act of 1925 as may be approved by the Government under Section 74(2) of the Act and 'Treasury Officer' includes a sub-treasury officer or Agent or Manager of a bank referred to above."

It may be seen that even the minimum balances of taluka or district boards can well be kept in current account in this bank. It is needless to add that this bank and its branches are approved by Government for this purpose.

It is necessary for the Branches to give the facilities of receiving the monies credited to the accounts of such institutions, by toll contractors and others. Advice slips for the receipt of such monies to the credit of such institutions should be sent by the branches concerned to the institutions in the evening. In Section 10 of the new Local Board Account Code it may be found that any individual can make payment to the local board by crediting the accounts of such boards at the treasury or the bank. Similarly, the cash orders sent by district local boards to taluka local boards on treasuries should also be accepted by the branches and the amount credited to the current account of the institution concerned, free of commission. As the taluka boards are now keeping their accounts separate so far as may be necessary in respect of their own income and expenditure, they can conveniently take advantage of the banking facilities. (*Vide Circular No. Br. 20/27 re. Tasgaon Taluka Local Board*).

Experience has shown that the larger portion of the resources of Boards is not spent in the first half of the year beginning from 1st April, but that the bulk of their expenditure is incurred in the latter half of the year. Proper guidance for the deposit of such funds for convenient periods may be given to the Board's officers, whenever possible or necessary, by the Bank's local staff.

A separate Circular with regard to deposits from municipalities and school boards and the deposit of provident funds will shortly be issued. It may, however, be pointed out that information given in para 3 of this Circular can be useful for school boards also.

This Circular should be read and translated before Advisory Committee and the attention of the members who are interested in local boards may be drawn to the objects of the Advisory Committees which include the taking of necessary action to raise local deposits and make branches self-supporting.

\* \* \* \*

**17. Circular No. Br. 21/12, re: Corrections in normal credit statements.**

With a view to preventing any attempts at tampering with corrections made by inspecting officers in normal credit statements, inspecting officers are in future requested to make all such corrections in ink instead of in pencil. These corrections should be made in ink on all copies of statements prepared by societies and the inspecting officers are expected to place their initials against corrections or their remarks if any.

\* \* \* \*

**18. Circular No. Br. 21/15, re: Changes in the Rules of Advisory Committees.**

At some Branches the Advisory Committee of which are authorised under Circular No. Br. 19/8 to sanction loans and credits to societies, inconvenience is occasionally felt in disposing of applications when the Senior Inspector is absent owing to illness or owing to his being on leave. To meet this difficulty and to minimise and avoid delays in referring applications to the Head Office, the Board of Directors have decided to introduce the following additional clause in modification of condition No. 8 :—

- (a) If the Senior Inspector is unable to be present owing to illness, the loan sub-committee may dispose of papers, but the Secretary will forward these to the Head Office through the Senior Inspector who will communicate his special remarks, if any, both to the Head Office and to the Advisory Committee.
- (b) When the Senior Inspector proceeds on leave he should nominate, with the approval of the Head Office, a local officer of the Bank who will be present at the Sub-Committee in place of the Senior Inspector for disposal of applications for loans and credits.

These changes in the Rules may be formally accepted at general meetings in case the rules for sanction of loans and credits constitute part of the Advisory Committee Rules.

\* \* \* \*

19. *Circular No. Br. 21/16, re: Modifications in the system of maximum credits.*

In consultation with the Registrar, Co-operative Societies, the following modifications are adopted in the system of maximum credits:—

- (1) For A class societies with no arrears to the Bank and under 10 per cent. arrears from members' the provision for contingent requirements will be increased from 5 per cent. to 10 per cent. of the total demands provided the total credit is not over one-fourth of the assets. For B class societies, the provision may remain at 5% as at present.
- (2) Such societies when not in arrears will be permitted to utilize the contingency provision at the commencement of the season following the one for which it was originally sanctioned in case drawings on the old credit are not otherwise permissible.
- (3) Finance allowed under (2) will be restricted to those members who have cleared up their dues with the Society. No individual will be entitled to receive an amount in excess of one-tenth of his previous year's credit, and the drawing from the Bank will be supported by a detailed list of demands.
- (4) During the currency of the credits for a particular season, such societies will have, subject to their bye-laws and the Bank's Circular dated 17th December 1927, issued in consultation with the Registrar, full control over the contingency provision and need not submit, detailed statements of demands, in respect of drawings not exceeding, for the whole of a season, the amount of this provision.

The intention in making these changes is to make the system of credits more elastic for societies which are working satisfactorily. It is, however, hoped that the added facilities will not be misused by societies; otherwise, the facilities will have to be immediately withdrawn. The Agents and Inspectors are requested to be careful in adhering strictly to the conditions noted above. Any instances of misuse of the system should be brought to the notice of the Senior Inspectors or the Head Office for immediate action.

20. *Circular No. Br. 21/22, re: Loans for bids at auctions.*

All Branches through which loans are sanctioned to societies for bids at auctions for the sale of defaulters' properties, are instructed to maintain a register of such loans in the following form:—

No.	Name of Sty.	Sanction.	Advance.	Due date.	Repayment.	Remarks.
		Amt. Date.	Amt. Date.		Amt. Date.	

An abstract from this Register should be sent every month with the loan balances statement, and the names of all societies whose loans have not been fully repaid should be included. Reasons for delay in payment or for non-payment of amounts in full on due dates should be noted. Similarly when sanctioned amounts have not been drawn reasons for non-utilization should be stated.

\* \* \* \*

21. *Circular No. Br. 21/23, re : Preparation and scrutiny of statements.*

The following instructions are issued with regard to the preparation and scrutiny of normal credits statements :—

- (1) The revision or verification of the assets valuation statements should be attended to very actively during the next quarter. Special attention should be devoted to the scrutiny of assets statements of societies whose assets have not been revised recently and those whose borrowings are already large in proportion to their assets.
- (2) The scale of valuation of assets should be revised all round. The new standard when fixed should be got approved by the Head Office. The multiple of assessment should be much lower than 100 as is the case now in several areas.
- (3) When fresh finance is allowed care should be taken to see that advances for seed, weeding or manure are invariably included, so that the societies can have a lien on the crops under Section 24 of the Act. It is only by getting some hold over the crops that future recovery can be assured.
- (4) In their reports on credits, inspectors should note the currency of the arrears. Merely mentioning the amount of arrears is not enough, unless it is known to what year the arrears date back. Such information is given in inspection reports and can be reproduced, with necessary comments, in the body of the credit reports.

\* \* \* \*

22. *Accounts Circular, re : Sub-Branches.*

The following books should be maintained at Sub-Branches :—

1. Cash Book.
2. General Ledger.
3. Societies Current Account Ledger.
4. Cash Summary Book.
5. Counter-foil Receipt Book.

Two accounts should be opened in the General Ledger, *viz.*, Branch Account and Societies Current Account.

All loan accounts should be kept at the Branch. After receiving the necessary documents and after seeing that the necessary conditions of credit are satisfied, the Branch will debit the loan account of the society and credit the amount to the Sub-branch. These entries will be responded by the Sub-Branch on receiving the daily advice slip or intimation by a separate letter. The society then should be advised by the Sub-Branch and should be allowed to operate the current account by means of a cheque.

In case of repayments, the Sub-Branch may receive the amounts and pass immediately a temporary receipt from the counterfoil receipt book to the person paying. The amount will be credited to the Branch account. The Branch on receiving advice of credit will pass the necessary responding entry, credit the society as on the date the amount was received at the Sub-Branch and send the usual loan receipt to the society direct.

All expenses incurred or income earned should be debited or credited direct to the Branch account. No such accounts should be maintained at the Sub-branch.

The statements to be sent by Sub-Branch to the Branch are:

Daily—a copy of the Day Book must be sent on each working day whether there are any transactions or not;

Weekly (1) a copy of the General Ledger balances together with the cash on hand, *i.e.*, trial balance as at the close of every Saturday and (2) Societies Current account balances showing the names of the societies and the balances outstanding as at the close of every Saturday.

Two copies of the statement of General Ledger Balances should be submitted, one being intended for the Head Office.

The Sub-Branch should not keep unnecessarily large cash balances on hand. All amounts must be remitted or asked for by means of R. T. R's or personally to the Branch. No hundies are to be purchased or received for collection at a Sub-Branch. Similarly, no other business is to be transacted at a Sub-Branch without the express written permission of the Head Office; and where such permission is granted, conditions laid down must be strictly adhered to. Any departure will be severely dealt with.

The Branch Agent should visit the Sub-Branch by surprise once in every month and should check cash and other books and send a report of his inspection to the Head Office. After the Cash Book is checked, the Branch Agent should sign it in token of its correctness. He should also sign the cash summary book when the cash balance is verified,

The Sub-Branch need not draw a separate profit & loss account or a balance sheet. On or before 25th March and 25th September, the Sub-Branch should calculate interest on current accounts and credit the amount to different societies accounts and debit the total to Branch accounts. On 31st March and 30th September the Sub-Branch should send the following statements to the Branch:—

- (1) Branch balance as appearing in Sub-Branch books.
- (2) A statement of current account balances showing (i) the amount outstanding and (ii) the interest credited.
- (3) A certificate of the cash balance on hand. On receiving these statements the Branch should incorporate the current account balance and the cash balance in its accounts.

The Sub-Branch should intimate to societies the outstanding balances as at the close of each quarter, *i.e.*, on 31st March, 30th June, 30th September and 31st December in the prescribed forms requesting them to certify the correctness of the balances. The Branch Agent at the time of his visit should see whether these letters are regularly sent and whether the societies complain of any discrepancies, in which case the Agent should closely inquire into them.

\* \* \* \*

23. *Circular No G. 21/6, re: Collection at par of cheques in special circumstances.*

Attention is invited to the following resolution passed at the informal Conference of the full-time staff of the co-operative banks in the Bombay Presidency:

“The Conference recommends to the Bombay Provincial Co-operative Bank, Ltd., to collect free of charge at par cheques drawn on co-operative banks, by their constituents maintaining good accounts, provided the banks can make out a case that without such facility they can ill-afford to face unfair competition with other local joint stock banks for securing current deposit accounts.”

In response to this resolution, the Board of Directors of the Bombay Provincial Co-operative Bank are prepared to consider requests made by co-operative banks to collect free of charge cheques drawn on them by their constituents provided the conditions mentioned in the above resolution are satisfied.

As similar facilities are granted by branches of joint stock banks in Surat and Poona, the Board have already agreed to collect at par cheques drawn on the Surat People's Co-operative Bank and the Poona Central Co-operative Bank

by their constituents, provided the amount of the cheque does not exceed Rs. 2,000. If the amount is more than Rs. 2,000 the usual commission payable on mofussil cheques is charged.

It may, however, be pointed out that the grant of such facility to the constituents is likely to result in the diminution of demand for drafts on Bombay and consequently in the income derived from such business and secondly in the increase of the work at both ends for the adjustment of such cheques.

\* \* \* \* \*

24. *Circular No. Br. 21/25, re : Discounting of Bills.*

In spite of definite instructions given in Accounts Circular No. I of 21st September 1927 and the warning given in the last para of Circular No. Br. 20/92 of 19th February 1931, it is regretted some Agents are accepting Hundies from unauthorized parties or exceeding the limits sanctioned to authorized ones. As was pointed out in the latter Circular, the Board of Directors are very particular about the instructions given from time to time and desire Agents to be informed that serious action will be taken in future if any departure is noticed. This may take the form of a cut in the salary or even dismissal from the Bank's service.

In this connection, attention is invited to the Supplementary Circular to Accounts Circular No. I of 13th March 1928. It is to be noticed that the discretion given to the Agents to discount cheques upto a limit of Rs. 500 is intended to apply to cheques, etc., received from parties such as Government servants, pleaders, doctors and such other respectable parties who have occasion to cash cheques on mofussil banks for small amounts but who do not carry on business. The facility should not, therefore, be given to merchants who have not been sanctioned any limits. The concession is again restricted to cheques or dividend warrants and is not to be extended to Hundies.

It is also noticed that Bills (Demand Drafts, Hundies or cheques) are issued at par rather freely, and similarly I. B. P's, or Bills are discounted or collected, at par more frequently. As the work of remitting money to and from Bombay involves some trouble, expense and loss of interest, a commission of at least 1/16 per cent. should be charged on such transactions unless there are definite arrangements with certain customers (in which case it should be made clear in the copy of the Day Book to avoid correspondence). If the charge on a percentage basis does not amount to 4 annas, a minimum charge of 4 annas should always be recovered.

*Circular No. G. 19/6 of 17-1-29.*—The arrangement under this Circular appears to have been misunderstood by some branches. It is not intended that cheques drawn by co-operative bank or co-operative banks should be *cashed* at par. Such cheques, therefore, in the absence of any other special arrangement are to be treated as B. C's, and not I. B. P's.

To this, however, there is one exception, *vis.*, the Demand Drafts issued by Branches on the Head Office and *advised to be cashed* at another branch under Circular No. Br. 20/88 of 5th February 1931. These are to be paid on presentation at par and treated as I. B. P's.

\* \* \* \* \*

25. *Circular No. Br. 21/26, re : Fulfilment of Credit Conditions.*

In continuation of the previous circulars on the fixation of credits of societies, it is found desirable to issue this circular as it has been brought to the notice of this office, that societies sometimes do not adhere to the conditions of credit and some of the conditions remain unfulfilled year after year. When once certain conditions are imposed by the Board it is very essential for the Agents and Inspectors to see that they are given effect to by the societies. As per previous instructions, two copies of the conditions are to be sent to societies which should be asked to return one duly accepted and signed for record in the Branch file. The Inspectors are requested to write invariably in detail in the general remarks in column 26 of the inspection memo for each time, how far the conditions of credit have been fulfilled by the society, stating the reasons for delay in case of non-fulfilment of any of the conditions. The Agents will deem it their duty to see that the credit conditions are timely fulfilled while allowing drawings to the society. They can easily know by a reference to the copy of the inspection memo whether the society is in any way justified in not fulfilling any of the conditions. Where the non-compliance of the conditions is observed, he should stop the grant of loans and refer the matter to the Senior Inspector, who should immediately decide whether further drawings should be allowed to the society or the matter should be referred to the Head Office. A copy of the letter addressed to the Agent in this connection should be sent to the Head Office. The cases of such societies as purposely avoid compliance should be brought to the notice of the Head Office by the Senior Inspectors while forwarding inspection memos. The fulfilment of credit conditions should usually be treated as a condition precedent to the grant of revised credit to any society and a reference to this point should be made in the credit report while recommending the revised credit to any society, full explanation being given in case of non-compliance. In view of the present situation of societies and members it is absolutely necessary to have the conditions of credits fulfilled especially by bad societies and it is hoped that there will not be any negligence in this connection on the part of the Agents, Inspectors or Senior Inspectors.

\* \* \* \* \*

26. *Circular No. Br. 21/27, re : Collection work on behalf of Insurance Companies.*

In order to have one uniform system for the collection of premium moneys on behalf of several insurance companies who desire to entrust their collection



work to this Bank, the following terms and conditions are fixed up for adoption at all branches. Agents must, however, obtain previous permission of the Head Office before they undertake such work on behalf of any company:—

- (1) To charge commission at a rate of annas 2 per cent. on the monthly collections subject to a minimum charge of annas 4 every month.
- (2) That a remittance should only be made to them during a month when the amount of collection comes to Rs. 100 or more, for Rs. 100 or multiples thereof and the whole balance on hand whether it is less than Rs. 100 or not should be sent to them on the 25th of the month. For instance, when the collection during the course of the month comes to Rs. 125 a draft should be sent to them for Rs. 100; when the collection amounts to Rs. 250 a draft for Rs. 200 should be sent and on the 25th of the month the whole balance on the date should be sent to them.

The amount, as mentioned above, is to be remitted to them by a Demand Draft on Bombay *at par* but for the trouble and cost of stationery involved, a charge of 4 annas is to be made per Draft. This is, it should be noted, four annas per draft whatever the amount and not 4 annas per hundred. While sending the drafts on the 25th of the month the amount incurred for postage as per clause (5) during the month, of course will be deducted.

- (3) To intimate each day's payments to them on the printed cards supplied by them.
- (4) To pass receipts to the parties making payments to the Branch from a book of Temporary Receipts which also will be supplied by the company.
- (5) To debit their account with the postal charges for intimating payments to them by the Branches and forward statements.
- (6) To submit them a monthly statement of payments received and of the remittances made at the end of each month.
- (7) No interest is to be allowed on such accounts. It is also not necessary to issue any cheque books.

If such business is being done for any company on lines other than those noted above, the companies should be informed that the Branch will be unable to continue the business except on the above lines as from 1st October 1931.

\* \* \* \*

**27. Circular No. 21/28, re : Advisory Committee Rules.**

In view of the amendment at the last meeting of the Bank's bye-law relating to the election of Directors representing primary societies, it is necessary to

have the Rules of Advisory Committees amended slightly. The following amendment is suggested to Rule No. 23 (14):—

(१) ओळ चार मध्ये २ चे जागो ३ असे दाखवें.

(२) After सुचविणें add :—

“ याप्रमाणें सुचविले गेलेल्या नावांतून जीं नावें कायम केलीं जातात त्यांतून प्रत्येक भागाकरितां एक एक डायरेक्टर निवडणें ”

The undersigned regrets to note that at some branches the replies of the Head Office to the Resolutions of the Committee are not placed before the Committee in the vernacular of the tract. This should invariably be done and either on the body of the letter from the Head Office or in the minute book a vernacular translation of the replies should be given.

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