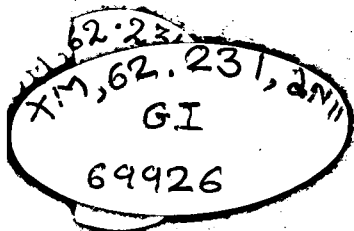


Bombay Provincial Co-operative Bank MANUAL

EDITED

BY

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



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BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

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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.

Bombay Provincial Co-operative Bank Manual

PART I

Introductory

The co-operative movement has taken different directions in different countries in accordance with the local conditions and the needs of the people concerned. In England, the rapid increase of the working class population in towns and cities brought about by the Industrial Revolution, and their exploitation by the shopkeeper in respect of their daily household needs, led to the establishment of the co-operative store or the consumers' movement. In Germany, the usury practised by the moneylenders on the masses, especially the agriculturists, led to the establishment of the co-operative credit movement. The movement in India naturally followed the German model in view of the usury rampant among the masses, including the agricultural classes, who predominate in the country.

The movement was introduced in this country by the enactment of the Co-operative Societies Act of 1904. The Act allowed the establishment of credit societies only. A few years thereafter it was found desirable to start societies for purposes other than credit, and also to build up the higher stages of credit, such as unions of societies and central banks. Accordingly, the Act of 1904 was replaced by the Act of 1912 and since that year the movement began to develop on other lines also. Co-operative societies in the Bombay Presidency are governed by a separate Act, the Bombay Co-operative Societies Act VII of 1925.

Of the various types of societies started up to now in India, the number of agricultural credit societies is predominantly large. They are formed on the Raiffeisen model of Germany, and their chief characteristics are: small area; unlimited liability of members; capital raised by deposits and loans on the security of unlimited liability; all profits carried to the reserve; gratuitous service of committee members; loans made to members only for definite periods determined by the objects for which they are advanced. Recently, it has also been provided that members should subscribe to small shares—a system which is prevalent in most other provinces, and also in Sind in our own province.

As societies began to increase in number, it was found that their development was hampered by want of sufficient capital. This was, no doubt, anticipated from the commencement, and Government, therefore, offered to advance to each society a sum equal to the amount raised among the members by deposits not repayable before ten years. But the maximum limit of such a loan to a society was fixed at Rs. 2,000. As the volume of the business of the societies began to increase, this limit was found to be quite inadequate. Moreover, as the number of societies began to increase, Government found it not

possible to go on lending to every society that came into existence. In Germany, such a contingency was met by the formation of central banks. Such a course was made possible in India by the Act of 1912. But the need of agencies to make loans to societies arose earlier than 1912, and to meet it urban credit societies began to be started with the sole object of advancing loans to societies. Thus, the Madras Urban Bank which has now become a Provincial Bank was registered originally under the name of 'The Madras Central Urban Bank' as early as in 1905, and a similar Bank was started in Bombay in 1906 under the name of 'The Bombay Urban Co-operative Bank' of which the late Sir Vithaldas D. Thackersy and Sir Lalubhai Samaldas were directors.

Meanwhile, another circumstance hastened the formation of the Provincial Bank. The members of the credit societies formed on the lands served by the Nira Canal required large amounts of loans to finance their sugarcane plantations. Government had advanced to them amounts out of Tagavi grants, and the business was entrusted to a special Tagavi officer appointed for the purpose. These loans by 1910 amounted to about 3 or 4 lakhs. Government thought that the future lending work in the area had better be done by a central co-operative bank. The Directors of the Bombay Urban Bank took up the idea, and as the large loans required by societies on the Canal area could not be made up even by a central bank without the help of large initial capital, a scheme of long term debentures carrying a guarantee of interest by Government was formulated. The scheme prepared by them was approved by the Government of Bombay and on obtaining the sanction of the Secretary of State for India, the Bank was registered in 1911 under a special resolution of the Local Government under the name of the Bombay Central Co-operative Bank, Ltd.

History and Growth of the Bank.

Early History and Constitution.—The Bombay Provincial Co-operative Bank, Ltd., which is the apex bank for the Bombay Presidency was started on 11th October 1911, its name at the time of registration being the "Bombay Central Co-operative Bank." When this Bank was started in 1911, there were not in existence in the Bombay Presidency any central banks started for the specific purpose of making advances to co-operative societies and acting as their balancing centre. The area of operations of the Bombay Central Co-operative Bank, therefore, extended all over the Presidency. It was only after the year 1916 that systematic attempts were made in the Bombay Presidency to start central banks in the districts; but until 1920, this process of development was not well organised. It was after 1920, that the formation of central banks for the various districts was decided upon as an integral feature of financial policy. When this policy was enunciated, it was also arranged that the Bombay Central Co-operative Bank should change its name to the Bombay Provincial Co-operative Bank, so that in areas where district banks came to be started it should cease to function as a central bank and assume the rôle of an apex bank for those district banks. Accordingly, the name of the Bank was changed in 1923, but the Bombay Provincial Co-operative Bank still continues to have dealings direct

with primary societies, although its areas of operations are already defined and delimited, and there is neither any over-lapping nor competition between two financing agencies in the same area.

Some further information on the subject and a detailed description of the system may be found useful and interesting. As noted above, when the Bombay Central Co-operative Bank was started in the year 1911, there were no district central banks then in existence intended for the financing of co-operative societies, though there were some urban banks which, along with the business of financing individuals, lent their surplus funds to agricultural primary societies. For this reason, the constitution and system of working of the Bank and, hence its subsequent development, have been on lines entirely different from the evolution of the central financing system in other Indian provinces, where the provincial banks were brought into existence as apical federations of central banks already in existence. This special position was recognized by Sir Edward Maclagan's Committee on Co-operation whose report was published in 1915.

Relations with District Central Banks.—Two or three years after the starting of the Bank and with the publication of the Report of the Maclagan Committee, the Co-operative Department decided to start central banks for various districts, and some of the urban banks agreed to convert themselves into district central banks. But, as mentioned above, until the year 1920-21, the arrangements for the financing of societies even in the districts served by such banks were not well-defined. This was especially the case in districts where guaranteeing unions were started. These guaranteeing unions were intended to provide a direct link between primary societies and the Provincial Bank, as they undertook the work of supervision and assessment of credit, and, in virtue of the guarantee they provided, societies affiliated to those unions expected more adequate finance than isolated societies. For these reasons, it was thought that, in a sense, they provided a substitute for local central banks, and on this ground as well as with the idea of avoiding the interposition of two agencies between the bank at the apex and the village society, almost all the unions were affiliated to the Bombay Provincial Bank, and not to district central banks. In the early days of their existence, it was also difficult for the district central banks to command sufficient resources to be in a position to provide adequate and prompt finance to societies under unions and grant them credits instead of fixed loans. Gradually, as the organization and resources of the central banks began to develop, they arranged to take over from the Provincial Bank groups of societies and unions previously financed by the Provincial Bank.

The present position is that out of 26 districts in the Presidency, one in Sind has neither a branch of the Provincial Bank nor a district bank, 18 districts have each a local central bank (one of these has two banks) and seven districts are still within the area of operations of the Provincial Bank. Out of these seven districts, four are districts which are economically and educationally very backward. In three of these, Kolaba, Ratnagiri and Thana agrarian conditions do not appear to favour the rapid spread of co-operative credit, while the fourth is mainly peopled by the Bhils, an aboriginal tribe. One district,

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Ahmadnagar, contains the worst famine zone in the Presidency, and only two of the districts served by the Provincial Bank can be said to be normal. The total number of branches in these districts is 21. In addition, the Provincial Bank has nine branches in districts served by central banks for areas definitely excluded from the jurisdiction of existing local central banks, which they are unwilling to take over owing to heavy arrears and other financial complications, or are unable to finance owing to paucity of resources even when supplemented by finance from the apex bank. It may be further explained that new branches of the Provincial Bank are now being started only in areas already under the jurisdiction of the Bank, some of which were hitherto being served direct by the office in Bombay and others by branches which sub-divide their jurisdiction for greater convenience of the societies concerned. No Branch is started in an area already covered by a district bank. The main idea in starting the branches and incurring further expenditure on such development is to provide banking facilities in rural areas as near to the doors of agriculturists as possible. At the Provincial Co-operative Conference of 1919, a resolution was adopted calling upon all financing agencies in the Presidency to establish intimate contact with borrowing societies so as to be in a position to organize systematic arrangements for the provision of prompt and adequate finance to agriculturists. With its larger resources, it has naturally been much easier for the apex bank, than for isolated central banks, to progress quicker towards the attainment of this ideal.

Branches.—The total number of branches is 30 distributed over nine districts. These branches are placed in charge of agents, and at all the branches, except those for Baramati, Nira and Tasgaon, Advisory Committees consisting of 7 to 9 members are associated with the working and they meet periodically for transaction of business. One or two members of the Advisory Committees are nominated by the Bank, the rest are elected by the societies connected with the different branches. General meetings of member societies under the different branches are convened regularly every year, some distinguished co-operator is invited to preside, and advantage is taken of these gatherings to discuss questions of general interest. The Advisory Committee at Islampur has adopted, with the approval of the Board, a revised constitution for its working, which defines its relations with the Bank and with the constituent societies. This constitution was recommended to the other branch committees and has, with suitable modifications, been adopted by them. Powers to sanction loans, similar to those enjoyed by the Manager and Managing Director, have recently been delegated by the Board of Directors to some of the Committees.

Membership.—The membership of the Provincial Bank is open both to individuals and co-operative societies including central banks. The membership at the end of 1929-30 consisted of 808 individuals and 1632 co-operative societies. (Each member has one vote irrespective of the number of shares held). The respective figures of share-holding are Rs. 7,57,750 and Rs. 5,30,000; included in the latter figure were Rs. 1,53,150 held by central banks and Rs. 2,10,950 by urban banks. When the Bank was started, there was only one society among its original members; but from the second year of its starting, arrangements were

made to procure for societies dealing with the Bank, shares from individual shareholders. This was necessary as the share capital of the Bank was fully subscribed when it commenced its operations. When the share capital was increased in 1924 and 1926, the bulk of it was reserved for primary societies and central banks. All primary societies dealing with the Bank, when allowed loans or credits, are being called upon, as a condition of such finance, to become members of the Bank by purchasing at least one share. Out of the new issue of shares, a portion of which was reserved for affiliating societies, shares are still available for being taken up by societies which may borrow from the Bank in future.

Management.—The management of the Bank is vested in a Board of Directors consisting of not less than 5 and not more than 15 members. The Board of Directors, subject to the proviso referred to below, is elected annually at the general meeting of the Bank, but retiring directors are eligible for re-election. Originally, there was no provision made for the election of Directors representing member societies and central banks. But since 1920, the convention was introduced of having four directors representing central banks from the four linguistic divisions of the Presidency. In 1925, it was decided to incorporate this arrangement in the bye-laws, and a special electorate was created giving representation to central banks on the basis mentioned above, provided they subscribed to the share capital of the Bank in the proportion of one-tenth of their own paid up share capital. A similar electorate was also created for urban banks with a working capital of Rs. 50,000 and over, which were entitled to elect one director to the Board. Two seats were reserved for directors to represent primary societies dealing with the Bank. But no separate electorate was constituted, and the elections of these two directors are at present conducted at the Bank's annual general meeting on the basis of the recommendations received from the Advisory Committees of the various branches. The present strength of the Board of Directors is fourteen, seven Directors representing societies and banks as noted above and seven representing individual share-holders, including by convention the head of the Bombay Provincial Co-operative Institute. The Chairman is elected by the Board itself. The Board of Directors usually meets once a month; and for the disposal of ordinary business, a sub-committee is appointed which meets very frequently.

Debentures.—Under its original agreement with the Secretary of State for India in Council, the Bank is authorized to issue debentures upto a maximum amount of Rs. 20 lakhs, provided that the amount of issued debentures at no time exceeds thrice the paid up share capital. The debentures are all of the denomination of Rs. 1,000 and are issued in the form of bearer bonds with interest coupons attached. The rate of interest is 4 per cent. payable half-yearly and this is guaranteed by the Secretary of State until the debentures are redeemed. The maximum period of redemption is 42 years, although the Bank is entitled to redeem the debentures after 28 years from the date of issue.

A sinking fund is created before the profits are arrived at, the contribution varying from 1 to 2 per cent. of the amount of debentures outstanding, on the

basis of the average rate of interest charged by the Bank on its lendings. The debentures are secured by a floating charge on the general assets of the Bank and a board of trustees is appointed, consisting of one representative of the Bank, the Accountant General and the Solicitor to Government. The Bank has issued four series of debentures which all rank *pari passu* and the total amount of debentures subscribed is Rs. 9,80,000. The sinking fund for the redemption of the debentures is invested separately in securities, standing in the names of two of the trustees. The fourth series of 500 debentures specifically earmarked for the purpose of making advances to co-operative land mortgage institutions has been issued very recently, and Government have taken up Rs. 2,00,000 worth of debentures of this series at 12 per cent. discount and have further agreed to take up the remaining 3 lakhs at rates to be settled when money is actually paid.

Deposits.—Deposits can be taken by the Bank in fixed, current and savings bank accounts. There is usually a difference of $\frac{1}{2}$ per cent. in the rate allowed to individuals and co-operative societies. A scheme of five years' cash certificates has recently been introduced.

The Bank has power to receive deposits at or without interest and at call or payable after notice, provided always that the Bank must keep in hand either invested in Promissory Notes of the Government of India or in any other securities approved by the Local Government and in cash an amount which shall be equal to 40 per cent. of the amount deposited with the Bank for the time being payable on demand.

Arrangements with the Imperial Bank of India.—The Bank had, at one time, a cash credit of 8 lakhs with the Imperial Bank of India, one of 4 lakhs at Bank Rate and another for a like amount at a fixed rate of 6 per cent. The credits were allowed on the security of the demand promissory notes of primary societies financed by the Bank, interest being charged only on the actual drawings. As these credits were not being utilized, the former arrangement was discontinued in 1927; and the latter too was stopped in 1929 as the Imperial Bank of India felt that owing to the floating charge of the debenture holders over the general assets of the Bank, they were insufficiently secured.

The Business of the Bank.

Loans to Primary Societies.—As mentioned above, the Bank deals with primary societies and banks. The number of primary societies financed is 1295 and all except 144 of these societies transact their business with the Bank through its various branches. The credits of the affiliated societies are fixed at the beginning of the agricultural season on the basis of the statements of normal credits of members prepared by them; and within the limit of the maximum credits thus allowed, societies are entitled to draw according to their demand through the branches. The rate of interest is $7\frac{1}{2}$ per cent. for non-defaulting A or B class societies and 8 per cent. for other societies. Interest is received once a year during the agricultural season. The periods of loans are fixed according to the purposes for which they are drawn, but the bulk of the advances, being for agricultural purposes, are repaid within short periods.

Advances to Central and Urban Banks.—Out of the 20 central banks in the Presidency, 6 started in Sind deal with the Central Bank in Karachi as their apex bank, and of the remaining banks, only 3 have permanent arrangements for credit with the Provincial Bank. Small cash credits varying from Rs. 10,000 to Rs. 50,000 are sanctioned to the banks to be drawn upon at call, and larger limits are sanctioned according to demands to be drawn upon at short notice. In addition to their own promissory notes, the central banks pass on the promissory notes or bonds of their affiliated societies. Few central banks now borrow regularly from the Provincial Bank every year. The remaining central banks are plus banks practically throughout the year. All of them, however, have arrangements for cash credit or overdrafts on the security of their deposits in the Provincial Bank or of Government securities held by them. Cash credits against Government securities are allowed at 1 per cent. more than the Bank Rate and fixed loans at Bank Rate, while overdrafts against deposits are granted at 1 per cent. over the deposit rate. Advances on the security of the societies' promissory notes are made at a fixed rate of 7 per cent. payable annually. For short-dated fixed drawings, special credits are allowed at rates varying from 6 to 7 per cent. Cash credits and overdrafts have also been granted to urban banks and trading societies on the pledge of goods or against their investments in securities or deposits. Urban banks also obtain cash credits against their general assets to serve as fluid resource or to facilitate exchange business.

Land Improvement Loans.—The Provincial Bank acts as the intermediary for the grant of loans under the Land Improvement Loans Act to members of co-operative societies, according to Rules issued by Government in 1922. Such members can get these advances through their societies and the allotment sanctioned by the Legislative Council is placed every year at the disposal of the Provincial Bank to which applications are referred. For drawings made out of this allotment, the Provincial Bank pays interest at 5½ per cent. to Government and charges 5½ per cent. on advances made to central banks for their affiliated societies and 6 per cent. for advances made to primary societies dealing with it direct. The rate of interest for individuals borrowing through their societies is 6½ per cent., the same as for ordinary borrowings through the Revenue authorities.

Long-term Loans.—Loans for debt redemption are usually allowed on preparation of schemes of debt redemption for all the members of applicant societies. The system of considering schemes for societies as a whole has, however, after discussion with the Registrar, been slightly modified and applications can be considered from individual members, if supported by their societies.

Surplus Funds.—The Bank is empowered to deposit all moneys which shall not be immediately required for the purpose of its business in such Banks as the Local Government or the Accountant-General of Bombay or the Registrar of Co-operative Societies may from time to time approve, or with the like approval invest the same in securities approved by the Local Government.

Division of Profits.—Since the commencement of its working, the Bank has distributed dividends to shareholders at a rate not less than 6 per cent. Accord-

ing to a clause in its agreement with the Government, after dividends have been paid to the shareholders at the rate of 6 per cent. the remaining profits are to be shared equally between the shareholders and the borrowing societies, the allocation to the shareholders including any addition made to the reserve fund. Under this arrangement, a rebate fund is built up, to be distributed triennially to the borrowing societies in proportion to the amount of interest paid by them to the Bank, and the effect of this distribution during the triennial period has been to reduce the lending rate of the Bank by $\frac{1}{2}$ per cent. In view of the provision made for a sinking fund, the Bank has been exempted from the section of the law making it obligatory for 25 per cent. of the annual profits to be allotted to the reserve fund every year. But small contributions are made to the reserve fund from time to time and also to a special reserve for doubtful debts.

Inspection and Development.—In the earlier days of the working of the Bank, the Co-operative Department engaged two or three officers designated as Special Mamlatdars to inquire into applications for loans from the Bank, to value the assets of societies, and when required to conduct special inquiries into the working of societies financed by the Bank. General inspection was expected to be conducted by the staff of the Department and by honorary organizers. Later on, with the starting of guaranteeing unions the work of supervision and inspection came to be transferred to these bodies, and the Co-operative Department held that there was no need for a financing agency to possess its own inspecting staff. In 1920–21, however, this policy underwent a change. The Co-operative Department agreed to the Bank having its own field staff, and the first appointments to this regular staff were thus made by the Bank in 1921.

The total number of societies now financed by this Bank, both through the Head Office and Branches, is 1295 and the staff of inspectors engaged by the Bank is 38, of whom 19 work both as branch agents and inspectors. This figure is inclusive of the Special Mamlatdar at Dohad and his two assistants. For the purposes of the work of inspection and development, the area served by the Bank is divided into six zones as under :—Satara, Poona-Sholapur, Nagar-Nasik (exclusive of Igatpuri), Khandesh (including Parola in East Khandesh), Gujarat (exclusive of the Bhil societies under the control of the Special Mamlatdar) and the Konkan (including Igatpuri Taluka in Nasik.) All the zones are placed in charge of Senior Inspectors, all of whom are full-time touring officers. Each Senior Inspector has under him a staff of inspectors and assistant inspectors, who arrange their programmes more or less in consultation with their Senior Inspectors and submit their bills and diaries through these officers. At all centres, along with the work of recovery, steps are taken to improve the management of societies visited. The services of inspectors are made freely available for the work of delivering lectures to training classes for secretaries or members of managing committees. The revival of stagnant societies also engages the attention of the inspectors.

Purchase and Sale.—The Bank's activities in this field may be classified as under :—

- (1) Purchase and sale through Branches.

- (2) Purchase and sale through separate shops attached to branches.
- (3) Assistance, financial and administrative, to purchase and sale unions brought into existence through the efforts of the Bank.
- (4) Financial and other assistance, including propaganda, for independent bodies.

It may be observed that the bye-laws of the Bank provide for the Bank's undertaking the business of purchase and sale of agricultural implements, manures and other agricultural requirements, of the sale of agricultural produce, on commission, on behalf of agriculturists, and of the grant of advances on the security of agricultural requisites or produce to be handled by the Bank.

(1) *Purchase and sale through Branches.*—This was being done at various centres where there were no separate shops or independent non-credit societies or unions. It was the success of this pioneering work that led to the starting of purchase and sale unions at various centres.

(2) *Joint shops for purchase and sale.*—These were first started in the Nira Canal area on a profit-sharing basis, but the business has now been transferred to a separately registered Purchase and Sale Union. A similar shop at Kolhapur for the Varna Valley tract was also transferred to the control of a separate Purchase and Sale Union. Three shops on the old basis are, however, still being run at Kopergaon, Belapur and Akluj, dealing mainly in jaggery, oil-cake manures and fertilizers. The constituent societies are responsible for the profit or loss on the business.

(3) *Purchase and Sale Unions.*—Through the Bank's efforts, purchase and sale unions have now been started at Baramati, Kolhapur (for the Varna Valley tract), Kurduwadi, Dhulia and Malegaon. To all of these including Kurduwadi—which has now been transferred to the Sholapur District Bank—the Bank lent the services of members of its staff and it is associated fairly intimately with their working.

(4) *Help to other non-credit organizations.*—Assistance for propaganda and even in respect of business transactions—for instance, sale of ginned cotton in Bombay—has been given by the Bank to the independent sale organizations in the Karnatak and Gujarat and to some sale societies in Sind.

Branches of the Bank.

Any bank having a large area to operate upon must necessarily work through branches. Otherwise, much delay would be caused in the transaction of its business. The branches afford an additional advantage of attracting local deposits. Business through the branches can be transacted far more cheaply than through so many independent banks, as the overhead charges are minimised. This fact is now well recognised in western countries, where amalgamations of banks have become very common, treating one of them as the chief bank and the rest as so many branches. For co-operative financing agencies, branches are even more essential. The grant of loans to village societies formed by agriculturists unversed in business involves a careful investigation of the latter's assets

and liabilities, a watchful inspection of the application of the loans, and vigilant action to induce repayments when the borrowers have reaped the harvest. The village moneylender has his hold on most of the peasants in respect of their old debts, and he being on the spot is likely to exercise his personal influence on them to get the best advantage of the situation, leaving the local co-operative credit society and hence the financing bank in the lurch, unless the latter are vigilant enough to protect their interest. All this work cannot be done by issuing orders from the office of the bank unless it has branches to watch its interests. Recognizing all these facts, the Provincial Bank has been opening branches in all the centres of its work, and the example is being followed with advantage by several district banks in this Presidency.

At the commencement, the Provincial Bank was rather conservative in adopting the policy of opening branches. The first branch at Baramati on the Nira Canal in the Poona District was, no doubt, opened in the very year the Bank was started, but the action was necessitated by the fact that the loans already advanced by Government in the area amounting to Rs. 3 to 4 lakhs had to be taken over by the Bank wholesale. It took six years thereafter for the second branch to be opened.

This was the Kopergaon branch in Ahmednagar District, for a group of societies in another irrigated tract, the Godavari canal area, requiring large amounts of loans. The third branch was opened at Islampur, in Satara District, in 1920, the fourth at Dhulia in West Khandesh District, in 1922. Thereafter, Branches began to be established freely every year, their total number up to the end of 1930 being 30.

The Islampur Branch was opened on the condition that the societies should contribute to the expenses in view of the saving in interest which would accrue to them as a result of the opening of the Branch. This levy was abolished in the beginning of the year 1925 and no such levy for Branch expenses was imposed on any other Branch.

PART II

Business of the Bank

Loans and deposits.—The business of the Bank has now developed in various directions. At first, it consisted only of advancing loans to societies, and receiving deposits, the latter being received from co-operative societies or from any person, whether a member of the Bank or otherwise.

Other kinds of banking business.—Other kinds of banking business came gradually to be developed, such as inland exchange business, or dealing in cheques, drafts and hundis, advances against securities, and, in fact, to several of the banking services available in joint stock banks, subject to various restrictions and safeguards, and conferring the facilities practically to members of the Bank or of the constituent societies. Advances have, for instance, been commenced to be made at some branches to members of societies on the security of gold and silver.

Arrangements have also been brought into force lately for advancing loans on fixed deposits or Government securities to the Bank's customers, provided they are its members.

Facilities to Central and Urban Banks.—All the above facilities are also given to central and urban banks, including the facility of obtaining loans, cash credits and maximum credits from the Bank.

Long Term Loans.—The work of advancing loans for redemption of old debts has also been taken in hand by the Bank. The Bank grants takavi advances to societies and central banks out of funds kept with it by Government.

Land Mortgage Bank Business.—Recently, the Bank has commenced doing the work of a central mortgage bank on behalf of three local land mortgage banks, started as an experimental measure in the Presidency. The accounts are kept separate, and this business is not transacted through the branches of the Bank.

Sale and Purchase Shops.—In the four branches started in the canal areas, shops were opened for purchase and sale. The shops undertook the supply of manures and implements for the members of the societies, and arranged for the sale of their produce which chiefly consisted of jaggery, the sales being effected by auction. The societies concerned did not collect the produce from their members, but the latter individually brought it by carts, to the branch shop, where it would be weighed, and a receipt passed to the member concerned. They would carry back in their carts manure or other articles purchased from the shop, or other purchases made in the local bazaar. After the sale of the produce is effected, the account of each member would be made up, the amounts realized being credited to his society's loan or current account. The shop charged a small commission to meet its expenses. Each society would also be furnished with a

statement of the account of its members for adjustment being made of the society's transactions with the branch. This process considerably helped the realization of large loans advanced in the canal areas. It may, however, be mentioned that the Nira and Baramati Branches have each established a joint sale and purchase union independently of the branch and have got it registered under the Co-operative Societies Act in 1925. This union is now worked by the representatives of the societies concerned. The shops at Belapur and Kopergaon still continue to work under the respective branches.

A fifth shop was opened at Akluj along with a branch of the Bank in 1926, with a branch shop at Indapur for facilitating sales. Two shops were opened for the convenience of the members of the societies served by the Islampur Branch, not along with the branch, but later on, one of the shops being at Kolhapur and the other at Sangli, both of which are the important centres of trade in jaggery. They have, however, been taken over by the Varna Valley Sale and Purchase Union started in 1926. It may be noted that the unions draw their finance from the branches concerned, and in the earlier stages received administrative assistance from the Bank.

Advances against Agricultural Produce.—From 1926, the Bank commenced to make advances to members of societies on the security of the produce kept in godowns, pending sale through the Bank or its shops. Later on, this business was extended to individuals who were members of the Bank, the idea being to develop a system of marketing credit through branches of the Bank at centres where no other co-operative agency could undertake the work. At selected centres where there were no branches, special depots have been opened for conducting this business. The produce must be kept in the custody of the Bank in the depots maintained for the purpose. Advances are made to dealers to the extent of 60 to 75 per cent. of the market value of the produce.

Advances to Dealers.—Advances are made to dealers keeping agricultural requisites on consignment account for sale, through the branches or shops under their control, of agricultural requisites and the like. Advances are made with the usual margin as noted above.

Deposits.

Deposits form the main source of the Bank's capital. Three kinds of deposits are received by the Bank, fixed including call deposits, current, and savings.

Fixed Deposits are accepted for sums of Rs. 100 and upwards, and either at call or for periods of one month and above, or repayable at the end of the stipulated period, and the rates of interest are regulated from time to time on the conditions of the money-market. Advice of change is sent from the Head Office by post cards. Rates of interest paid to individual depositors are slightly lower than those allowed to societies, by about $\frac{1}{4}$ per cent. The following are the Rules regulating this class of deposits :

Rules for Fixed Deposit Accounts.

1. Receipts will be issued for sums of Rs. 100 and upwards and interest thereon will be paid on production of the receipts yearly or at maturity.

2. Call or short deposits are taken of sums of not less than Rs. 1,000 on terms which can be ascertained on application.

3. Deposit receipts are not transferable by endorsement. Notice of due date will be recorded upon the receipt to enable the depositors either to receive payment of the amount due or to arrange for renewal of the deposits. No further intimation will be given to depositors.

4. Receipts in favour of co-operative societies must be discharged, in the absence of any special instructions, by the chairman and secretary, or either of them and one of the two authorised members of the society.

5. Receipts favouring other than co-operative societies will, when so required, be issued in the names of two or more persons and be made payable to any one or more of them or to the survivors.

6. Interest on deposits ceases at maturity of the receipts.

7. Deposit receipts must be returned duly signed by the depositor on one anna stamp by those other than co-operative societies or members of the Bank at the time of receiving payment on due date, or renewal of deposit.

8. The amount of a deposit receipt cannot be drawn in separate sums by cheque or draft.

Current Accounts are accepted subject to the conditions mentioned in the Rules given below. The usual rate of interest is $2\frac{1}{2}$ per cent. on the minimum daily balances of not less than Rs. 100 ; but for individuals the rate is reduced to 2 per cent. on amounts above Rs. 25,000. The current account is operated upon by means of cheques. At branches, the rate is uniformly 2 per cent. for individuals and societies. The Rules governing current accounts business are as under :

Rules for Current Deposit Accounts.

1. Current accounts will be opened for co-operative societies for deposits of Rs. 50 and upwards. A credit balance of Rs. 10 should always be maintained. Accounts are also opened for parties other than co-operative societies with an initial deposit of Rs. 300 or above, the amount of minimum balance to be maintained being in their case Rs. 100.

2. All payments to the credit of an account with the Bank should be accompanied by a paying-in-slip or by a letter through the post.

3. No entry must be made in the pass book except by an official of the Bank. The pass book must be sent in at least once a fortnight for the purpose of being written up.

4. Interest is allowed on daily balances from Rs. 100 to Rs. 1,00,000 at the rate of $2\frac{1}{2}$ per cent. per annum, and on sums over Rs. 1,00,000 at 2 per cent. No interest will be allowed which does not amount to Re. 1 half yearly on account of co-operative societies and Rs. 3 in other cases. In the case of individual current account holders interest at 2 per cent, only will be allowed between July and December,

5. Cheques must be drawn on the printed forms provided by the Bank, and the Bank reserves to itself the right to refuse payment of cheques drawn otherwise. Cheques must not be post-dated, and all alterations made in a cheque must be signed in full by the drawers in a satisfactory manner.

6. The Bank allows its constituents to operate on their current accounts by means of Hundis supplied by the Bank. Such Hundis, however, will be paid at the Bank and not at the payee's pedhi.

7. (a) The Bank's cheque forms are drawn payable to 'Bearer' and should not be altered to 'Order' except at the risk and responsibility of the drawer. (b) The Bank reserves to itself the right to refuse payments of cheques drawn for amounts smaller than Rs. 10.

8. Cheques on other Banks sent in after 2 P. M. on week days and 11-15 A. M. on Saturdays will not be presented for realization until the following business day. Cheques etc. sent in for collection must not be drawn against until they have been realized.

Overdrafts are granted in current accounts against authorised securities only to co-operative societies. Constituents should not overdraw their accounts even for small amounts without having made previous arrangements.

9. Cheques drawn by co-operative societies must be signed, in the absence of any special arrangement, by the chairman and the secretary or either of them and one of the two authorized members of the society.

10. Cheques should be drawn in such a way as to prevent alteration after issue. The amount must be stated both in words and figures, and after the former the word 'only' should be added. The signatures should be uniform with those on record at the Bank.

11. The Bank will take note of any instructions by the drawer regarding cheques lost, stolen, etc., but the Bank will not be responsible should the cheque be paid by oversight of such notice.

Savings Bank Deposits are received upto a maximum of Rs. 5,000 in a single account and withdrawals can be made only once a week. The usual rate of interest is $3\frac{1}{2}$ per cent. on the minimum monthly balances of not less than Rs. 5. The following are the Rules regulating these deposits :

Rules for Savings Bank Accounts.

1. Interest will be allowed at the rate of $3\frac{1}{2}$ per cent. per annum on the lowest balance, upto but not exceeding Rs. 5,000 at credit of an account between the close of the sixth and the last business day of each calendar month. Interest will be credited at the end of March in each year, but no interest will be allowed unless it amounts to 4 annas in the year.

2. Any person may open an account in his or her own name, but may not open more than one such account.

3. Money may be deposited in the names of two or more persons, and may be made payable to any one or more of them or to the survivor or survivors of them. Guardians may also open accounts in the names of minors.

4. The Bank does not recognise Trusts.
5. The smallest sum that may be deposited at any time is one Rupee. Fractions of a rupee will not be accepted to the credit of an account.
6. Cheques, Hundis, Dividend Warrants etc., may be accepted for collection on behalf of savings bank depositors, in special cases.
7. Applications to open savings deposit accounts need not be made in person; but the applicant must state his or her name, occupation and address. Each applicant will be required to sign a declaration to the effect that he or she has read and accepted the rules for the conduct of savings deposit accounts. Any applicant unable to write must attend in person, and in the presence of a witness affix his mark to the declaration; the said mark to be attested by a witness.
8. No charge will be made for the pass book at first supplied to a depositor or for any pass book issued to him in continuation of the original pass book, which will be retained by the Bank. But if a pass book be lost or spoiled (except under circumstances over which the depositor has no control), the depositor will have to pay one Rupee for a fresh pass book.
9. Pass books should be sent to the Bank with each sum deposited and also as soon after a withdrawal as may be convenient.
10. A depositor must on no account write or make any marks on his pass book. In the event of a depositor so doing, a new pass book will be issued and the cost (Rs. 1) debited to the depositor's account.
11. A depositor may withdraw money from his account once a week. A depositor cannot withdraw a smaller sum than one Rupee, unless it be to close his account, in which case he can withdraw the balance standing at his credit. After the account is closed the pass book will be retained by the Bank.
12. Withdrawals may be made by cheque on cheque forms supplied by the Bank and it is not necessary for a depositor to attend personally at the Bank to withdraw money. If a party is illiterate he must attend personally at the time of withdrawal and affix his mark or seal to the order to be attested by the signature of a witness.
13. The Bank will be open for the transaction of business between the hours 11 a.m. and 3-30 p.m. every day except on Bank Holidays.
On Saturdays the Bank closes at 1-30 p.m.
14. The Bank reserves the right to alter or add to these Rules at any time without notice.
14. When savings bank accounts are opened in the names of minors, their ages must be noted and they must be governed by Rules laid down for Postal Savings Banks given in the Post and Telegraph Guide.

Instructions to Branches.—In the copy of the day book to be submitted to the Head Office, Branches should give only the totals of receipts and disbursements for current accounts, without giving details of the individual accounts.

This practice should be followed as separate current account cash books are maintained at branches; details must, however, be given regarding other accounts. Branch Agents should not permit the members of the staff to withdraw amounts from their savings bank accounts more than once a week as laid down in the Rules.

Advances to Societies.

Loans are advanced by the Bank directly to rural societies in areas where there are no central banks, or where such banks are not in a position to finance them.

Loans to societies in lump sums have ceased to be advanced except for redemption of old debts or improvement of land. Those for current agricultural purposes or household needs are advanced in the form of maximum credits, the amounts being ascertained on the basis of the normal credit statement and assets statement of the members of each society. When the credit is sanctioned, the society concerned is allowed to draw from it as and when required.

Even where a loan is drawn in a lump sum, the amount is usually transferred to a current account in the name of the society which may thereupon draw such amounts as may be required from time to time.

Conditions Governing Grant of Loans and Credits.

The following are the conditions which govern the grant of loans to societies.

(a) *Membership of the Bank.*—Every society applying for a loan or credit from the Bank should hold at least one share of the Bank, as required by Section 34(1) of the Bombay Co-operative Societies Act VII of 1925. Applications for shares must be made in the prescribed form.

(b) *The application and its accompaniments.*—The application for loan or credit should be made in the prescribed form and should be accompanied by (1) a resolution of the managing committee stating the amount, (2) a statement of normal credit allowed to each member of the society in the prescribed form, (3) a statement of assets of each member of the society in the prescribed form.

The method of preparing the two statements mentioned in (2) and (3) is given hereafter.

Procedure.—The applications with the accompaniments should be forwarded to the Inspector of the Division concerned, who, after the necessary scrutiny, will forward the papers with his recommendation to the Assistant Registrar concerned and the latter will forward it to the Head Office direct if the amount of the loan or credit is upto Rs. 10,000 or 20,000 respectively, or through the Registrar if it exceeds that amount. The sanction of the Head Office is communicated to the society through the branch concerned.

Recommendation for Loans.—In making recommendations for loans or credits, the attention of the Inspectors is drawn to the following points:—

- (i) Record of society with Bank; whether any arrears; if so whether those should be extended unconditionally or otherwise.

- (ii) Assets of the society ; whether any previous valuation verified by an Inspector, Honorary Organizer, or other responsible officer ; whether any decrease in membership necessitating immediate revaluation. In absence of previous certified valuation, rough verification of figures shown in normal credits statement or application. (Usually, total outstanding borrowings should not exceed a third of the value of unencumbered lands.)
- (iii) Use of the last credit or loan ; whether advanced according to normal credits and for approved purposes or otherwise.
- (iv) Check of normal credits statement to test if demands are reasonable on basis of expenditure for acreage cultivated and from standpoint of burden of debt and repaying capacity.

No report will be deemed complete unless information is given on all the four points.

Communication of Sanction.—While communicating sanction of credits to the societies, all conditions (in special limits and in the lump credit of the societies) and cuts in the demands of the individual members (proposed by the Inspectors, the Assistant Registrar and the Registrar and approved of by the Bank) are also to be intimated. A copy of the Assistant Registrar's recommendation should be obtained from him or the Senior Inspector to whom the Assistant Registrar is forwarding a copy. The Agents should draft in detail their letters to the societies informing them about the cuts and conditions.

Loan Bonds.—The loan or credit will be advanced by the branch concerned after taking a bond and a promissory note signed by the Chairman, Secretary and one of the Committee members authorised in that behalf by the Committee.

Form of the Bond for Loans.

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

Loan No..... Name of the Society.....

Date of advance of loan.....Taluka.....

District.....

Amount.....Rate of interest.....Date of repayment.....

Loan Bond executed by the society in favour of the Bombay Provincial Co-operative Bank.

We the undersigned members of the..... Co-operative Credit Society, which is a member of the Bombay Provincial Co-operative Bank, in virtue of the due authority given to us by the said society in accordance with its bye-laws, hereby undertake as follows :—

(1) We acknowledge that our society has received from the said Bank Rs. () in words.....as loan and agree on behalf of our society to repay the amount with interest at Rs.....as.....per cent.

by.....instalments stated below ; every instalment will be paid on the date mentioned against it. The said loan has been taken for the purpose mentioned below :

Principal.	Date of repayment.	Purpose of the loan.	Amount.

(2) We agree to repay in cash every year the interest on the loan on the 31st March. If we fail to pay it, the Bank shall write the amount of interest upto that date to the debit of the society in the Ledger of Loans.

(3) If the amount of the loan be repaid at any time within the period mentioned above, the Bank should receive it and charge interest from day to day.

(4) In case of failure to repay any of the settled instalments within the due date, the Bank shall have the right to demand the whole amount with interest, irrespective of the dates of future instalments.

(5) The bank shall have the right to demand the whole amount of loan with interest, in case any officer of the Bank thinks that the said loan is in danger due to its misapplication arising from mismanagement by members, or due to the resignation of any of the members.

(6) If any member of the society resigns his membership, we bind ourselves to intimate the fact to the Bank.

(7) After the said amount of loan is loaned out to the members of our society, any amount repaid by them will be paid into the Bank and will not be lent out again to the members.

(8) We will allow any officer of the Bank to examine our society's affairs and show them any book or account required by them and will supply any information called for from time to time from our society regarding its affairs.

(9) And we further state that on this date the amount of loan due by our society to Government stands at Rs..... the amount of deposits from non-members at Rs..... and the amount of loan due to societies other than to the Bombay Provincial Co-operative Bank at Rs..... We bind ourselves to intimate to the Bank any changes that may occur from time to time in these figures.

This loan agreement executed at.....dated.....193

Witness.

1.
2.

Form of Promissory Note.

No.....

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

PROMISSORY NOTE.

Rs.....

Dated.....193 .

On demand, we the.....Co-operative Credit Society, Unlimited.....Taluka.....District..... promise to pay to the Bombay Provincial Co-operative Bank, Ltd., or order, the sum of Rupees..... with interest thereon at the rate of.....per cent. per annum, with yearly rests for value received.

Authorized Members

{
.....
.....
.....

Procedure regarding Loan Bonds.—The following procedure should generally be adopted in obtaining the necessary documents from societies in return for loans advanced.

- (1) The sanction of a loan or credit, when received from the Head Office, should be immediately communicated to the society concerned by means of a letter which should mention conditions on which the loan or credit is sanctioned.
(2) Along with this letter, the Branch should forward a pro-note in triplicate for the whole amount of the credit sanctioned and should get the society to return two copies duly executed, one for the use of the Branch and the other for the Head Office.
(3) It should be clearly explained that while the pro-note is taken for the full amount, interest will be charged on the actual balances outstanding as per pass-book, which should be supplied to each society having a credit.
(4) A resolution of authority, if not included in the papers from the Head Office, should be obtained from the society, and the society should be asked to communicate changes from time to time.
(5) Along with these papers, the societies might be supplied with a set of blank loan bond forms and should be advised to fill in, execute and submit a loan bond form in duplicate every time any drawing is to be made on maximum credit or loan accounts. If corrections are necessary, these may be made later and the loan bonds replaced by fresh ones.

- (6) Previous execution of the loan bond will be insisted on when payment is made through insured post or in the person to the office-bearers of a society.
- (7) For amounts remitted through the Treasury, acknowledgment slips will suffice, provided the society undertakes to execute and furnish a loan bond within about two weeks of the receipt of the advance.
- (8) Remittance by insured post should be made, if so desired, by a society at its own cost, the packet being insured for the full amount remitted. For any amount paid in person, signatures of the recipients should be taken on the loan register or payment slip.
- (9) The attention of Agents is drawn to the fact that all receipts passed on behalf of agricultural credit societies have to be signed by the secretary and one member of the managing committee, while loan bonds have to be executed by at least three office-bearers duly authorized in that behalf by a resolution of the managing committee of the society.

All Agents and Inspectors are requested to see that the loan bonds from societies to the Bank are carefully filled in, attested by two witnesses. The following hints given for filling up loan bond forms should not be neglected :—

- (1) It should be seen if the borrowing society has purchased at least one share of this Bank, and if it has not done so, advance payment for the purchase of share should be taken from the society, before getting the loan bond executed.
- (2) While getting the loan bond signed by the representatives of societies, it should be ascertained if they are duly authorized by the society to sign the loan bond on its behalf.
- (3) Clause No. 9 of the loan bond should be properly filled in. When audit memos are received at the Branch, the amounts shown in clause No. 9 of the loan bond should be verified with the figures shown in the audit memo. The correctness of the figure given in clause No. 9 of the loan bond should also be looked into by the Inspectors when they visit the society for inspection.

Renewal of Bonds.—The attention of all Inspectors is drawn to the importance of having the bonds of members renewed in case these are in respect of old loans and are likely to be time-barred. This point must be particularly attended to in the inspection of societies with heavy overdues.

Loans to new Societies.—To newly registered societies less than six months old, loans can be recommended by the Inspecting officers direct to the Head Office and such loans will be sanctioned subject to the following conditions :—

- (1) The amount of the loan does not exceed the amount of initial deposits collected by the society.

- (2) The amount collected as initial deposits is certified by the Inspector recommending the loans as being fixed for five years or more and collected in cash and deposited with the neighbouring branch office or Postal Savings Bank.
- (3) The society has undertaken the preparation of the normal credit statement.

Fresh finance against unrevised credits.

The following procedure has been prescribed, with the approval of the Registrar, for regulating fresh finance to societies on the strength of credits under revision :—

- (1) The societies have prepared their normal credit statements and have been recommended revised credits by the Inspector.
- (2) They agree to make fresh advances to their members strictly in accordance with the revised and approved statements of normal credits.
- (3) They have cleared their dues for the season or have obtained extensions after due inquiries by the Bank's Inspectors.

Provided, however, that societies to which extensions have been granted shall not receive any advances if, before or after scrutiny of the normal credit statement, the Assistant Registrar informs the Inspector or Agent in charge that he is doubtful about renewal of the credit, and provided that the loan application of a society which has not been able to recover even half of the current season's dues, shall not be granted unless the definite recommendation of the Assistant Registrar regarding renewal of the society's credit has been received by the Branch concerned.

Agents and Inspectors are instructed to carry out the procedure outlined above very carefully.

Extension of Period.—It has been noticed with regret that applications for extensions of periods of loans are often not accompanied by any information about the financial position of societies. In making recommendations, also, reference is made to the general condition of crops and no particulars are given about the finances of the society, the recoveries effected in the previous season, and the steps taken against thoroughly recalcitrant members. The practice of granting wholesale extensions often becomes very common and, if it is encouraged, is likely to lead to serious accumulations of arrears from year to year. Each society is expected to take up the cases of members individually and grant or refuse extensions, after examining the economic position of each one. After it has done this, it should summarise the position. Any officer recommending any extension to a society is required to verify the statement supplied by the applicant society, to state his own impressions of the economic position of the members, and to report on the financial position of the society. Special attention should be given to the question of taking action against recalcitrant members and the disposal of cases of arbitration or of arbitration awards. A complete report on the subject for a group of societies would contain information in the accompany-

ing form (A)*. For reports on individual societies, similar information will be required, though, of course, not in a tabular form.

In societies where references to arbitration are common, and heavy amounts are involved, the disposal of the cases is a matter of great importance. Inspecting officers are requested in their reports on groups of such societies to fill in and supply information in the accompanying form (B)*. A copy may be sent to the Assistant Registrar in charge for his information and action, if necessary. In reports on individual societies, where a large portion of the outstandings in arrears are covered by arbitration cases, similar information should be supplied. For inspectors working under branches, additional forms may be indented for. If necessary, the circulars may be translated and vernacular forms cyclostyled locally.

Maximum credits are often sanctioned subject to the repayments being made as promised or estimated. If such societies default, extensions are likely to be withheld. Credits can, in that event, not be operated upon. This will be desirable where a majority of members have not repaid intentionally, but for other societies, permission may be asked for by the Inspectors to allow finance to deserving members.

Revision of credits.—The attention of all Senior Inspectors is drawn to the importance of the work of revision of credits of societies, and they are requested to supply the following information with regard to the work of revision of credits of societies in their respective charges:—

1 Total No. of societies in charge.	2 No. of societies whose credits are fit to be revised this year.	3 No. of societies whose credit reports are already sent up.
4 No. of societies whose credit statements are pending inquiry with Union; Inspector, Senior Inspector.	5 No. of societies whose credits are likely to be submitted by the end of March; April; May; June.	6 Remarks.

The names of such societies whose credits are not to be revised should be given, stating the reasons in this connection. In areas where there are canal societies, details about such societies be shown separately.

It has been found that the practice of distinguishing unrevised credits from revised credits in the monthly loan balance statement differs with various branches. Some show unrevised credits in red ink, some in black and some in pencil while some underline the unrevised credits in red or black ink or pencil. As this diversity of practice causes a good deal of confusion it is requested that all unrevised credits of the previous season only should hereafter be underlined *with red ink.*

*These forms are given in Part III of the book.

Again, some of the Agents in their loan statements show old credits even when fresh credits are refused, or show unrevised credits two years old. As this is misleading, the Agents are requested to leave the limit column blank.

Instead of a credit if a loan is sanctioned, it should be specifically mentioned in the column of limit.

Interest on Loans.

Conditions of Concessional Rates.—While the usual rate of interest on loans is 8 per cent., the rate of interest is 7½ per cent. for societies which fulfil the following conditions :—

- (1) The societies are classed as "A" or "B" at the last audit.
- (2) Arrears from members, exclusive of amounts of which extensions have been granted under due authority, do not amount to more than 10 per cent. of the total outstandings as shown at the time of the last audit.
- (3) The societies have no arrears with the Bank and have been punctual in their repayments with the Bank, except during years of scarcity or famine.

Inspecting officers will, in making recommendations for loans or credits, note whether the societies are eligible for the concessional rate of interest. They will also note whether there have been any defects noticed since last audit was made, and whether the standard of management has deteriorated in any way.

Method of Calculation of Interest.—With reference to the Registrar's Circular No. A. G. C./123 of 19th February 1926, the following orders have been issued by the Board regarding the system of calculating interest :—

- (1) There should be no half-yearly rests for loans to agricultural credit societies or long term loans to central and urban banks, interest being recovered once a year.
- (2) Central and urban banks should be encouraged to obtain advances by means of loans for specified periods not exceeding 12 months, interest being payable on the full amount on expiry of such periods.
- (3) Special low rates of interest to be quoted for short-dated bills discounted against credits, the period of maturity not exceeding 6 months.
- (4) Half-yearly rests to apply on all cash credits, overdrafts, and on all maximum credits which are being treated by the borrowing banks as drawing accounts.

The Board of Directors desire that central banks to which maximum credits are sanctioned should treat these not as drawing accounts but should observe strictly the conditions prescribed regarding the submission of quarterly forecasts of requirements and repayments and should give a week's notice of their intention to draw. If these conditions are scrupulously observed by central and urban banks, half-yearly rests will not apply to maximum credits allowed to

them. Central and urban banks are also advised to obtain advances by means of fixed loans for specified periods. On such fixed loans, which will be allowed for periods of not more than 12 months, interest will be payable on expiry of the terms of the loans.

Preparation of Rebate Statements.

Agents in charge of branches are required to prepare a statement of interest earned on advances made by those branches to societies for each triennium for the distribution of the societies' share of the divisible fund. In this connection, their attention is invited to the following provisions on the subject contained in this Bank's agreement with the Secretary of State :—

(The fund).....“shall be utilised in making a rebate to the co-operative credit societies to whom advances shall have been made during the same period by the Society (Bank) in respect of the interest paid by them, but so that the rate of interest payable by such societies during such period in respect of the advances made to them by the Society (Bank) shall not be reduced below 6 per cent. per annum.”

The institution eligible for rebate must be a registered co-operative credit society. The interest earned by branches on advances to shops and on amounts advanced for societies' joint expenditure account should not be included in the statement. As provided in the agreement, a rebate is allowable on interest actually received from societies, but as the amount of interest accrued is debited to the loan accounts of the respective societies at the end of the year, the amount should, for the purpose of the statement, be taken as received from the societies concerned. The rebate is to be allowed on interest received on loans made to societies *during the period*, and hence the statement should show interest earned only on the loans made during the triennium. As the present practice here and at the branches is to calculate interest on the balance of the ledger account, and not on each loan separately, interest received on each loan advanced during the last three years will *have to be re-calculated* for the purposes of the rebate statement.

The statement will have to be in the following form :—

- | | | | |
|---------------------|---------------------|-----------------------------|----------------------------------------------------------------------|
| (1) Serial No. | (2) Loan No. | (3) Name of the
Society. | (4) Amount of interest
received in each
year of the triennium. |
| (5) Total interest. | (6) Rate of rebate. | (7) Amount of rebate due. | (8) Remarks. |

The statement is to be for a registered society. The columns Nos. (6) and (7) should be left blank.

In the remarks column of the statement to be prepared by the branch, the Agent should carefully note the rate at which interest was charged on each loan in order to enable the Head Office to see that the rebate allowed in no case reduces the earnings of the Bank below 6 per cent. per annum on loans advanced.

If any society originally affiliated to one branch has subsequently been transferred to another branch, particular care should be taken to see that interest

earned on loans to such societies by the branch before the date of transfer is included in the statement of that branch.

The statement should be sent to the Head Office at the latest by the 25th of July of each triennium.

Relation of Outside Deposits and Loans in Primary Societies.

The grant of loans by a financing bank to a society, must depend on the extent and nature of deposits received by the latter. Current deposits are disallowed in the case of rural societies, and the restriction will continue till they show exceptional business aptitude and engage full-time office-bearers. They are, however, allowed to receive savings deposits with the restrictions of notice of withdrawal and of the amount which can be withdrawn at a time or during a week, a month, or a year. These matters are governed by a circular issued by the Registrar in 1921.

The main difficulty arises in reference to fixed deposits from non-members or outsiders. The Registrar in his circular No. 109 of 1924 has pointed out the dangers involved in the unrestricted receipt of such deposits by agricultural credit societies, namely, (1) inability to maintain fluid resources, and (2) temptation to offer exorbitant rates of interest. He, therefore, has laid down certain restrictions regarding the period, rate of interest, provision for repayment on maturity, limitation of area from which they may be received.

As a rule, it may be stated that deposits from non-members should be accepted with great caution. If they are received, the control of credit by the financing bank becomes difficult and the object of preparing normal credit statements is occasionally frustrated. Apart from the danger of a society succumbing to the temptation of receiving outside deposits at a higher rate of interest, even their receipt at the same rate as that charged on the loans taken from a bank or at a slightly lower rate, is not economical in the long run. The amount of loan from a bank can be drawn in such part and on such date as may be required, and its repayment can also be made in part or whole and at any time at convenience. The interest will run from the date of receipt, and will stop from the date of repayment of part or whole. No such facilities exist in the case of deposits.

There is, moreover, the chance of surplus funds remaining in the hands of a society till the date of repayment arrives, and there are hence temptations for their misuse, such as the issue of loans without proper inquiry and at odd seasons.

Even if deposits from members are received in large amounts, they may be expected to be amenable to reason, and to accommodate the society as far as possible.

For societies which accept the principles enunciated above and agree to conduct business accordingly, the Bank is prepared to grant facilities for the repayment of deposits and the building up of fluid resources. The lines on which

action should be taken and the facilities granted by the Bank are set forth in the accompanying summary of points accepted at a joint meeting of the Registrar and the Board of Directors. If proposals are sent up for special credits, a reference should be made to this circular and when credits of societies are next revised, special attention may be given to the deposit business of the societies whose position is inquired into.

Hints about deposit business in primary societies.

1. The Board and the Registrar generally approve of the principles governing deposit business as set forth in the Managing Director's note and would specially emphasise the need for observing the usual safeguards about (i) the maintenance of fluid resource, (ii) the restriction of deposits to a defined focal area not larger than a taluka, and (iii) the fixation of a minimum margin between the rate of interest on deposits and on loans.

2. Assistant Registrars, Auditors, and Inspectors, when they visit societies, should explain the principles on which the deposit business should be conducted and see that these suggestions are put into practice.

3. If societies are found to reject these suggestions, that is, persist in offering rates of interest higher than those recommended or in accepting deposits from outside a defined local area, their financial position should be subjected to careful examination, and should be reported to the financing authorities and the Registrar.

4. The Registrar, on hearing that the policy of a society is not safe, may under Rule No. 7 issued under the Act, reduce the borrowing capacity of the defaulting society or recommend the Bank to suspend its credit.

5. No drawings from maximum credits will be permitted for meeting withdrawals of deposits.

6. To assist in the maintenance of fluid resource, special overdrafts will be granted to societies which introduce the system of savings deposits for members and which have outside liabilities exceeding Rs. 6,000, such overdrafts should be granted only to well-managed societies which have current accounts with Branches, and will be secured on the general assets and unlimited liability of the societies. It will also be a condition that the societies should be inspected periodically by the Bank's staff, should agree to submit quarterly returns relating to their financial position in prescribed form, and should accept the suggestions made above regarding rates of interest, keeping 7 per cent. as the maximum rate of interest.

7. The overdrafts granted will be covered by the total limits sanctioned and Inspectors should assess the amounts of such overdrafts for societies for which they recommend maximum credits, the assessment being based on a society's liabilities by way of fixed deposits from members and non-members, as well as savings deposits. The amount of the overdraft granted will be revised from

quarter to quarter in accordance with the changes exhibited in the quarterly returns received from societies.

8. Drawings at call will not be permitted, but sums upto Rs. 100 will be allowed to be withdrawn without notice, and two days' notice will be insisted on for withdrawals in excess of the sum.

Maximum Credits to Societies.

The credits of the affiliated societies are fixed at the beginning of the season, on the basis of statements of normal credits of members, prepared by the societies and approved in their general meetings, after they are duly checked by the Bank's Inspectors. The statements are prepared in the prescribed form (*vide* No. 1) and the reports of Inspectors are submitted in form No. 2, with necessary additions about the details of the working of the society, through the Senior Inspector, who passes them on to the Assistant Registrar, with his recommendations. After the same are duly recommended by the Assistant Registrar or the Registrar, they are considered by the Board and the credits are sanctioned. Within the limit of the maximum credits, thus allowed, societies are entitled to draw according to their demand, from time to time, through the branches, to which they are to submit their applications with the demand statement or the application for loan in form No. 3. The branch Agents are authorised to allow the drawings, provided they are in accordance with the approved statement of normal credits and the conditions of the credit, if any, are fulfilled and thus there is no delay in getting loans at the opportune time for different agricultural or domestic purposes.

When the system was first introduced, the members found it difficult to forecast properly the demands, but as they have gained experience, they are able to furnish the approximate demands for the ensuing cultivating season. If there is any unforeseen demand, from some members, the amount of 5 to 10 per cent. allowed in excess for emergency purposes is utilised by the societies. This system works fairly well if the rainy season is a normal one. But if there be any abnormal rainy season, additional or supplementary credits are allowed after similar statements are prepared and checked.

The extent of credits allowed to a society on the basis of the normal credit statement is known as the maximum credit. This amount does not exceed generally one-third the value of the total assets of the society ascertained from the statement of assets prepared in the form (*vide* No. 4). Instructions regarding the preparation of the assets statement are given at the proper place as also directions about the time when the statements are to be prepared, verified, and revised.

Form No. I.

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

Statement of the Normal Credit of..... Co-operative Credit Society, Taluka.....

District..... for the year 193 -3 .

The amount of loan that can be advanced to a single member under Bye-law 33 is Rs.....

The total limit for outside borrowing fixed for the Society under Bye-law 3 is Rs.....

1	Serial No.	2	Name of member.	3	Amount due upto present date.	4	Amount falling due in the next year or in the year next thereafter.	5	Current instalments as per Loan Ledger.	Amount of arrears.		8	9	10	Owned Lands.			Land taken on lease or on half rent.			Garden Produce.		
										6	7				11	12	13	14	15	16	17	18	19
										Authorised.	Unauthorised.	Amount likely to be paid in the current year.	Amount paid in the current year.	Amount of fresh advance made after the payment made in the current year.	Kharif.	Warkas.	Bagait.						

The purposes for which the loan is required.											Approximate value of assets (as per assets statement).			34	35	36	Amount of credit sanctioned in the year current.		39	Remarks.
20	21	22	23	24	25	26	27	28	29	30	31	32	33				Approximate annual income.	Amount of deposit or share.			Credit sanctioned in the previous year.	By the Committee.	By the General Meeting.
Fodder.	Seed.	Waterlifting.	Bullocks.	Manure, oil cake, etc.						Total.	Value of lands.	Value of other property.	Total.							

Hints for filling in the Normal Credit Statement.

Column 2 should be filled from loan register. Names not found in it should be filled from the register of members.

Column 3 should show the arrears appearing in the loan ledger. (The amount of arrears under each transaction should be separately shown).

Column 4 should be filled from the register of loans. The column will show the arrears due after the expiry of the agricultural season.

Column 5 should be filled from the loan register. The column will show the instalments falling due in the current agricultural season.

Columns 6-7 will show the arrears due, of which column 6 should show the amount for which extension was granted by the society, and column 7 the amount for which no extension was granted.

Note :—The amount in column 3 should tally with the total of the amounts in columns 4, 5, 6 and 7.

Column 8 should show the amount the member will be able to pay after personally asking the member, and after making an estimate of his crop.

Column 9 should show the amount paid from the current crop.

Column 10 should show the amount of fresh loan if any advanced after repayment.

Columns 11-16 The extent of land in this should be shown as follows :—

15 acres Kharif, 20 acres Warkas. 3 acres garden land. This means the total extent of land is 35 acres of which 3 acres are bagait. Kharif and Warkas land is not to be shown excluding bagait land.

Columns 17-19 The crops in the garden land, e.g., 1 acre plantains; $\frac{1}{2}$ acre onions; 2 acres sugarcane.

Columns 20-30 The demands in these columns are such as pertain to agricultural expenses, (including bullocks), household expenditure and similar current needs more or less. Major works of land improvement, house building etc., should not be included in these.

Column 37 In this total amount of columns 3 and 30 should be shown after deducting therefrom the amount in column 8. But the Managing Committee shall have the liberty to reduce the amount for any valid reasons.

The total of the items in columns 4, 5, 6 and 7 must tally with the amount in column 3.

After filling in the statement as above, it should be sanctioned by the General Meeting, and thereafter sent to the Bank with the application for credit. The General Meeting should adopt resolutions as follows :—

Resolution No. 1: Resolved that the credits of the members of this society for the current year for agricultural purposes be sanctioned as shown in the Normal Credit Statement.

Proposed by :

Seconded by :

Resolution No. 2: As the lands of the following members are large, the amount required by them goes beyond the limit prescribed in Bye-law 33. Therefore the following special limits should be sanctioned for them in this year and the sanction of the Registrar should be obtained therefor.

Shankar Ganpat Rs. 850. Ragho Bhevson Rs. 1,000.

Proposed by :

Seconded by :

Resolution No. 3: The limit of the loan specified in Bye-law 3, is insufficient for the present transactions of the society, therefore, it should be increased upto Rs. and the sanction of the Registrar be obtained therefor.

Proposed by :

Seconded by :

Resolution No. 4: From the Normal Credit Statement mentioned in Resolution No. 1 the society will require a total amount of Rs. of which the Society's owned capital (members' deposits and reserve fund) is Rs., hence the amount of capital required from outside will be Rs. Therefore, the Bombay Provincial Co-operative Bank should be requested to sanction credit to that extent.

Proposed by :

Seconded by :

A copy of the above Resolutions and a copy of the Normal Credit Statement along with the application for Credit should be forwarded to the Inspector of the Bank for the area. *Care should be taken to keep a copy of the Normal Credit Statement in the file of the society,*

The Method of Determining the Credit of the Society.

1. Total amount due from Members (column 3) Rs.
2. Additional Loan required (column 30) Rs.
3. Amount for unexpected contingencies at 5% Rs.
4. Outside investments (shares of the Bank, dead stock) Rs.
5. Less deposits from members Rs.
6. Less Reserve Fund Rs.
7. Less amount likely to be repaid (column 8) Rs.

Note.—From the totals of items 1 to 4 deduct the total of items 5 to 7, the balance will be maximum credit required by a society.

Note on Normal Credit Statement.—The normal credit statement is to be prepared for all the members of a society, and if any members do not require credit, their names should also be included, placing a zero against their names in the column of credit. For, in the first place, the statement should show the assets of all the members of the society, and secondly, if any members may not require fresh credit there may be some arrears of previous credit standing against the names of some of them, and unless the figures of such arrears are shown, the statement will be incorrect.

It must be noted that the statement relates only to credit for current agricultural purposes noted in it, and not to loans for land improvement or repayment of old debts. Loans of the latter kind are dealt with separately later on. But if any such loans have already been made to any members, the position of those loans should be noted in columns 3 to 8 of the statement. The figures in columns 31, 32, and 33 must be filled in from the statement of assets (form No. IV) previously prepared.

Attention is invited to the draft resolutions given with the statement. After the statement is prepared, the credits proposed by the Committee shown in column 37 to each member should be read out in the General Meeting, and the amount sanctioned by the meeting should be shown in column 38, and when the whole statement is completed, a resolution should be passed as per draft resolution No. 1.

If the amount of credit recommended to any members goes beyond the limit prescribed in Bye-law 33, Resolution No. 2 should be passed by the General Meeting, stating the higher amounts recommended to each of them.

If the total amount of credit of all the members exceeds the limit allowed to the society by Bye-law 3, then a resolution should be passed for the increase of the amount as per draft Resolution No. 3.

The total amount of credit required to be taken from the Bank should also form the subject of a Resolution as per draft Resolution No. 4.

Thus Resolutions Nos. 2 and 3 will be passed if the contingencies mentioned therein will arise, but resolutions Nos. 1 and 4 must always be passed, as they form the basis for the sanction of the credit mentioned in the statement.

After the General Meeting has passed the statement, a copy thereof should be prepared and kept in the file of the society for reference whenever required, and the original statement should be forwarded to the Inspector of the Bank for the area, and if there is a Supervising Union, through that Union. The Inspector should make a report in the accompanying form No. II, the details in which should be filled as a rule, after visiting the society, and examining its records, and after checking the requirements of credit made in the statement. He may also make necessary remarks regarding the working and position of the society.

The statement of assets shown in form No. IV is to be prepared usually before a society's credit is assessed as above, and columns 31 to 33 in the latter must be filled in from the former. The Inspector must see that the total amount of credit asked for by the society does not exceed one-third the value of assets given in column 31, and that the amount of credit proposed to each member is well within his income shown in column 34, so as to enable him to repay it without difficulty. He should also compare the amount of credit sanctioned in the previous year given in column 36 with that recommended by the society as given in column 38, and if the latter has exceeded he should seek the reasons for such increase.

The difference between the amount of normal credit and fresh credit should be carefully noted. The normal credit allowed to a member is the maximum amount which the society can allow to remain with him at one time during the year for which credit is sanctioned, and includes the instalments due from him in that year. While the fresh demand is the amount which the society will allow the member to draw from it during the year, if the amount of the previous credit promised to be repaid in the current year is actually so repaid. Thus, if a member already owes to his society Rs. 300, of which Rs. 150 are expected to be repaid in the year of the statement (column 3), and Rs. 200 are sanctioned to be advanced to him in the current year as fresh credits (column 33), then out of the total of Rs. 500 (300 + 200), Rs. 150 will be deducted and Rs. 350 will be sanctioned as the credit. Now if the member repays only Rs. 100 and not Rs. 150 as agreed, then a fresh advance upto Rs. 150 only can be made to him, as otherwise the limit of credit of Rs. 350 will be exceeded. The same principle applies to the maximum credit allowed to the society. Every society should be made to realise the fact.

Another fact to be noted by the society is that the object of granting maximum credit is to enable it to draw from the Bank only such amounts from time to time as may be required by the members within the limits allowed in the statement. By this procedure the society pays interest only on such sums as are actually drawn and for periods actually used, and also avoids the danger of allowing unutilised amounts to be on hand.

The normal credit statement together with his report on form No. II should be forwarded by the Inspector to the Senior Inspector of the area who should forward it with his recommendation to the Assistant Registrar concerned.

The procedure mentioned above may apparently appear to be long, but societies should be advised to prepare their statements some two or three months in advance of the time, when the loans will be required.

Instructions to Branches regarding the preparation of Normal Credit Statements.

In regard to the preparation of normal credit statements and the fixation of maximum credits, the following instructions should be borne in mind by the Branches:—

- (1) Normal credits should be fixed by societies themselves. But guidance may be given to office-bearers either through circulars or in person in regard to the submission of information in prescribed form.
- (2) As far as possible, Inspectors should check a certain percentage of, if not all, the requirements shown in the credit statements, and should note their remarks while submitting recommendations for maximum credits, after having discussed, if necessary, the position with members of societies concerned.
- (3) The Agent of Branches should demand, when receiving applications for drawings on the maximum credits, the submission of statements of advances proposed to be made and should have the power to withhold amounts in excess of limits fixed in the normal credits statements, pending further correspondence either with the societies or with the Head Office.

Loans to be limited within amounts of the statement.—It has often been observed that the managing committees of societies do not adhere to the sanctioned normal credit statements, but advance loans to members in excess of the demands approved in these statements or to new members whose names were not included on the statement originally. As this practice defeats the object of the preparation of the normal credit statements the following instructions to Inspectors are issued, in consultation with the Registrar, with a view to check abuses in this respect and at the same time to leave some latitude to the committees in meeting unforeseen demands of members not included in the normal credits statements:—

- (1) The inspecting staff of the Bank and supervisors of unions should during their inspection impress upon the office-bearers, committees and other members the desirability of sticking to the demands approved in the normal credit statements and should point out that in extreme cases the credits of societies which do not conform to this general rule will be liable to be curtailed.
- (2) The managing committees and office-bearers should be advised to exercise the utmost care in including all the reasonable demands of all members according to their means and repaying capacity, making some suitable provision under the head "unforeseen demands."

- (3) The general bodies while sanctioning the normal credit statement may pass resolutions authorising the managing committees to advance loans to members in excess of the sanctioned credits in case of urgency, provided such excess payments shall not in any case be more than 25 per cent. beyond the sanctioned credit and that payments in excess of 25 per cent. shall be referred to the general bodies for their sanction.
- (4) The managing committees should be asked to send to the Bank two copies of the statements as approved by the general bodies one of which will be returned to the societies with modifications, if any, made by Inspectors or other authorities, duly entered.
- (5) If any society persists in ignoring these instructions its credits will be liable to be suspended by the Bank with the approval of the Registrar.

Revision of the statement.—In doing the work of revision of credits, Agents and Inspectors should make it a point to ask societies to produce their normal credit statements for correction. The corrections in the total credits should be made in ink and initialled by the Agent or Inspector concerned and all conditions about individual credits properly noted. If the normal credit statements are not forthcoming, letters should be addressed to societies communicating the corrections made and asking them to attach such letters to the normal credit statement files.

Credits for members who have taken long term loans.—Loans for current needs and long term advances should be distinguished. It is noticed that confusion is at times made while fixing normal credits for members as well as for societies, due to the inclusion of long term and Tagavi advances. It happens that once the credit is fixed after taking into consideration the probable repayments, the member is not allowed any finance for current needs if he fails to repay his long term or Tagavi dues even for good reasons. On the other hand, it may happen that he may be permitted to draw more for his current needs—of course within the limit sanctioned—if he pays more on account of these advances due to favourable crops. It has also been noticed that such advances made subsequent to the sanction of a normal credit are not allowed to be excluded for the next year's credit when revised, in the wrong understanding that a larger credit is not required for the same membership, of course ignoring the fact that those loans are long term advances and not for current needs. It is, therefore, desirable that the maximum credits should always be recommended for current and recurring needs, exclusive of the long term and Tagavi advances made previously or to be made subsequently. For this purpose, separate columns may be introduced in the normal credit form, to show the members' dues and probable repayments thereof on account of these advances. In this connection, it may be pointed out that in the case of members as well as of societies, the usual proportion of liabilities to assets will have to be maintained, after including all types of advances.

Programme of fixation of credits.—In order to get the sanctions of loans or credits to societies in time, it is necessary that all the Senior Inspectors should draw up a regular programme of getting the work of fixation of credits of all the societies in their charge done in time, by distributing the work among the respective Inspectors and supervisors. This work should be undertaken sufficiently early before the recovery season sets in and copies of the programmes should be sent to the Head Office. The Senior Inspectors should give the necessary instructions to the Officers under them and see that the work is completed and no delay is caused in the sanction of credits or loans. They will be held personally responsible for any delay in this important work, if the delay is without sufficient cause.

How drawings to be made.—It is noticed that occasionally loans are allowed to some societies fully in one drawing, when a maximum credit is sanctioned to be operated upon according as needs arise. The Agents or Assistants-in-charge of Branches should see that the credits are availed by the appropriate number of drawings as and when money is required by the societies. It is objectionable to allow such full drawings, as the object of providing loans as and when required for various purposes is frustrated. When the sum is to be allowed in one instalment only, the previous permission of the Senior Inspector should be obtained if he is on the spot, otherwise, a note should be made in the loan register stating the special reasons put forth by the society for so doing, and these remarks should be got initialled by the Senior Inspectors on their inspections of the Branches. In order to achieve this, it is desirable to induce all the societies under the respective branches, to open current accounts and to draw money by cheques on current accounts whenever needed. Now that almost every Taluka served by the Bank has a Branch, it should not be difficult to make this a general rule, providing of course for exceptional cases.

Use of Loans.—It is found that in some parts, the supervision on the proper use of loans is not yet sufficient and effective. It is needless to point out that the misuse of loans is sure to affect recovery work, apart from its bad influence on the economic condition and the indebtedness of the borrower. It is, therefore, very essential at each of the visits of the Inspectors or Supervisors to the societies after the loans are advanced that they should examine a certain percentage of the advances to check the proper use of loans by actually meeting the borrowers. It is the tendency of some societies to ask for more loans for bullocks with a view to get two instalments. While checking the demands for bullocks, the inspecting officer should scrutinise very carefully and recommend such loans after they are fully satisfied that the demands are genuine and should assure themselves that in respect of previous advances for this purpose there has been no misapplication. They should see the demands of the two preceding years under this head by such members asking loans for bullocks and state in the remarks column if there are any special reasons for such frequent demands in case of particular members. Where the bullocks are lost by cattle disease, it should be clearly mentioned in the body of the credit report.

Loan Bonds.—At each visit after the loans are advanced, the Inspectors and Supervisors should check all the loan bonds, get them completed on the spot if

they are defective or incomplete and thus see that all the loan bonds are completed and registered wherever necessary.

Fictitious repayments.—It is very essential in the interest of the movement, immediately to put a stop to the practice of fictitious repayments, if any, prevailing in societies in their respective charges. In case of such societies where repayments are not really possible due to reasonable causes, it is desirable to encourage extensions and the provision of fresh finance instead of conniving at bogus repayments. The practice of repayment by recourse to borrowing from outside should, if noticed, be checked altogether. The Senior Inspectors are expected to pay special attention in this respect.

Purposes other than current agricultural needs.—While preparing the credit statements, reasonable demands for household expenses should be included. The months in which the respective loans should be actually required should be shown at the head of each demand column. Loans required for ordinary small land improvements such as bunding, repairing of wells, etc. which can be repaid by not more than three instalments may be included in the credit statement, and a reference to each case of this type describing the purpose, assets, time of completion of the work etc. be made in the body of the credit report.

Credit Report of the Inspector.

The Managing Director,

BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED, BOMBAY.

Dated.....19

DEAR SIR,

I beg to submit my report on the normal credit statement of the.....
Society, Taluka.....it being visited by.....on.....
Its financial position is as under :—

Summary of Trial Balance as on.....

LIABILITIES.		ASSETS.	
Share Capital	...	Dues from members	...
Reserve Fund	...	out of which	
Members' Deposits	...	Overdue Rs.....	.....
Non-members' deposits	...	Extended ,, .....	.....
Bank's dues	...	Current ,, .....	.....
out of which		Due after ,, .....	.....
Overdue Rs.....	.....	the season.	
Extended ,, .....	.....	Investment in shares, land	.....
Current ,, .....	.....	&c. ....	.....
Due next ,, .....	.....	Deposit with Bank	.....
year		,, other Societies.	.....
Due to Government	...	Other Sundry a/cs.	.....
Due to other societies	...	P. & L. A/c. being loss	.....
Other sundry a/cs	...	Cash on hand	.....
P. & L. Balance	...		
Total Rs...		Total Rs...	

Application for Loan or Demand Statement.—Under the old system of granting loans by a financing bank to a society, the procedure began with the application for loan. But after the introduction of the maximum credit system, the procedure begins with the preparation of the normal credit statement. When the amount of fresh credit in accordance with that statement has been sanctioned by the Bank, the fact is communicated to the society concerned, and it then fills in the demand statement in the accompanying form No. III, and executes the loan bond and promissory note (in forms already given) in favour of the Bank, and forwards the papers to the Branch concerned. No loan should be advanced to any member unless a bond is taken from him, and the Inspector during his visit to the society should see that the bonds of the members are properly executed both by the borrowers and their sureties, and attested by witnesses.

Application for a Loan or Demand Statement to be made by a society to the Bank.

FORM NO. III.

THE AGENT,

Bombay Provincial Co-operative Bank, Branch at.....

Dated.....

The Chairman of.....Co-operative Credit Society begs to state as follows :—

The Committee of our Society has passed a resolution at its meeting held on.....that an amount of Rs.....be borrowed from your Bank for advancing loans to our members. I request that the amount may be advanced by the Bank. Information regarding the Society is given below :—

Members' Deposits Rs.....	Amount of Credit sanctioned by the Bank, Rs.
Members' Shares „	Less Deposits from non-members Rs.
Reserve Funds „	Less Loan taken from Government Rs.
Deposits from non-members „	Less Loan from the Bank Rs.
Loan from Government „	
Loan from the Bank „	Balance out of Credit Rs.
Amount of arrears due to the Bank „	Loan required now Rs.
Total amount due from members „	The instalments of this loan may be fixed as follows :—
Amount of arrears due by members „	Rs. repayable on.....

The number of members from whom regular loan bonds remain to be taken is.....and the amount thereof is Rs.

2. It is requested that the amount of loan Rs.as stated above be sanctioned and be paid as follows :—

- (i) That it be paid in cash to Mr.....
- (ii) That it be remitted in our name by R. T. R. on the Taluka Treasury at.....
- (iii) That it be credited to our current or floating account for drawing it by cheques.

The loan bonds and promissory notes are sent herewith. Dated.....

1.Committee Member.Chairman.
 2.Committee Member.Society.

NOTE.

- (1). The specimen signatures of the members authorised to sign the loan bonds in favour of the Bank should be sent, if not sent already to the Bank. If the Society did not previously authorise the Secretary and three members so to sign, a resolution of the Committee so authorising should be passed and a copy thereof together with the specimen signatures of the persons so authorised should be attached.
- (2). The name of the person authorised to receive the amount of loan in cash should be written above in the space marked by asterisk.
- (3). Entries in the Bank Pass Book should be obtained every time the amount of loan is received.
- (4). A report should be sent to the Branch of the Bank whether the conditions on which the credit was obtained have been fulfilled by the society.
- (5). Of the three columns in para 2 above, only that column should be filled according to which the loan is proposed to be received, leaving the remaining two blank.
- (6). When applying for loan a copy of the following statement should be kept in the file of the society after obtaining thereon the signatures of the Agent of the Bank.
- (7). At the time of distributing the amount of this loan, loan bonds with proper security should be taken and should be got registered where necessary.
- (8). In the statement of demands, wherever purpose is to be shown, the purpose for which loan is taken should be mentioned in detail in the column. When a plough is to be purchased its number, or when oil cake is to be purchased its quality should be stated.

REVERSE SIDE OF FORM NO. III
 Details of the loan applied for—to be shown under the following columns :—

1	Serial No. of the statement of Normal Credit.
2	Name of Members.
3	Amount due to the Society by the member.
4	Amount in arrears.
5	Amount of credit sanctioned.
6	Amount received upto date out of the sanctioned credit.
7	Amount of fresh loan required.
8	Purposes of the loan.
9	
10	
11	
12	
13	
14	Remarks.

FORM NO. IV.
 Statement of Assets of the members of.....Co-operative Credit Society.
 Taluka.....
 District.....

1	Serial No.	
2	Names of members.	
3	Survey No. and Plot No.	
4	Acres— Gunthas—	Area.
5	Government assessment Rs. as. p.	
6	Jirayat () Kyari () or bagayat ().	
7	If Inam, what kind.	
8	Price of land.	
9	With or without possession.	Existing Tagai or Mortgage.
10	Amount.	
11	Name of the Creditor.	
12	Net price <i>s.e.</i> deducting amount in column 10 from that in column 8.	
13	Value of other property.	
14	Remarks.	

Valuation of Assets

Instructions regarding Assets Statement.—The assets statement of the members of a society is prepared when the society applies for registration. If it was not prepared at the time, it should be prepared as soon as the society thinks of applying for credit from the Bank. The society should be asked to forward one copy to the Bank Inspector of the area, after keeping another copy in its file. The Inspector should see that it contains the assets of all the members of the society even though some of them may not require credit, and that the statements made in it are correct. The assets statement is usually revised once in five years, but it should be kept up-to-date whenever new members are admitted by the society, or old members have ceased to remain in the society, or there have been changes due to encumbrances made after the preparation of the statement. Columns 31 to 33 in the normal Credit Statement are to be filled in with the help of the figures in the assets statement.

The statement is of use not only in negotiating credit from the Bank but also in estimating the credit-worthiness of individual members, on which the ultimate safety of the society will depend. It is, therefore, necessary that the statement should be prepared with as much care as possible.

Columns 1 and 2 in the statement given above (Form No. IV) should contain the names of all the members. Columns Nos. 3 to 7 should be filled from the village registers. An inspection of these registers can be obtained by a society without the payment of a fee therefor. However, any member can obtain a copy of the entries in those books on payment of a fee of one anna. This process is better as it will enable the society to possess authenticated copies of such entries, with the help of which the entries in the statement can be easily verified by the Inspector of the Bank or by the Union Supervisor. Column No. 7 should show the nature of the Inam, if the land is Inam. It must be noted that Service Inam land cannot be sold to persons outside the members of the family, and its price will be therefore very small. It is only Jat Inamat land that can be freely sold. The price of the land to be entered in column 8 should be very carefully ascertained. Members are likely to inflate the price of their land in order to enable them to obtain a higher amount of credit than they can otherwise claim. An approximate estimate of the price per acre of the land can be ascertained from entries of the last 5 years in the Mutation Registers of the village. The entries in columns 9 to 11 are intended to show the encumbrances on the land, and they must be ascertained from C and D Registers of the village. The amount in column 11 should be deducted from that in column 8, and the balance should be shown in column 12. It is the amount in this column that is to be entered in the Normal Credit Statement, when the credit that can be allowed to a member is fixed. The value of other property mentioned in column 13 is only intended to ascertain the status of a member, and should not be added to the total in column 12. The column of remarks No. 14 should contain important matters relating to the land, e.g., if the khata of the land is not in the name of the member, but in that of some other person, or other particulars regarding the land or its encumbrances locally ascertained, though not appearing in the village registers.

After the statement is prepared, an endorsement should be made on it that the entries in columns 3 to 7 and 9 to 11 are made from the village registers and that those in 8, 12 and 13 from such enquiries as are possible, and the endorsement should be signed by the Chairman, the Secretary and by at least one member of the Committee. When the supervisor of the Union (if the society is under a Union) visits the society he should be requested to verify the statement and to sign it with an endorsement of his verification. A similar endorsement and signature should also be obtained from the Bank Inspector when he visits the society. Instructions regarding the periodical revision of the valuation of assets and the form in which valuation figures are to be presented will follow in Chapter III.

After the assets statement has been examined the following assets valuation form should be filled by the Inspector and forwarded to the Head Office.

ASSETS VALUATION FORM.

(To be filled in and submitted when the assets of any society are valued.)

1. Name of Society ; Taluka ; Branch
2. Date of previous valuation . Net value of assets then
3. Date of present valuation
4. No. of members (total)
5. No. of members having no lands . Having new tenure lands
6. Total area of lands held by members (in column 4)
7. Total land revenue assessment
8. Total gross value
9. Total amount of encumbrance
10. Total net value
11. Names of villages whose village record of rights were compared, along with remarks giving information about value of lands held on special tenures like restricted tenure, Mewasi or Talukdari Tenure.
12. Name and designation of the offices who valued the assets.

Signature.

Timely valuation of assets.—Proper and timely valuation of assets of the members of societies is very essential, as the value of assets is one of the main bases of the Bank's finance. This work is important not merely of ordinary loans, but especially for long term loans for debt redemption. While sanctioning loans and credits a condition is laid down, year after year, that the assets should be valued, but it is found with regret that the condition is often not enforced. It is hence felt desirable to have some systematic and effective check over this work so that it would be brought up-to-date each year.

Immediately after the work of revision of credits is over, the work of valuation of assets should be taken in hand by the Inspectors, and arrangements should be made to value the assets of all societies, the assets of which are due for revision. This work should be completed before the next recovery season commences. The Inspectors should submit information in statements (Y and Z

Forms as shown below) before the 15th June every year, to this office through their Senior Inspectors in order to give an idea of the work of valuation of assets of societies in their charge. It should be noted that revaluation of assets should be undertaken once at least in five years for every society, even though there are no definite instructions to that effect from this office while communicating the sanction of loans or credits. Similarly, revaluation is necessary when there is increase or decrease in the membership by which the value of assets of a society is affected.

The Senior Inspector after examining the Y and Z statements received from Inspectors or Assistants working under them, should properly distribute the work in each area, allotting wherever necessary and possible a few neighbouring societies to Agents of Branches keeping some for himself and taking the help of Union Supervisors. He should submit to the Head Office the information about the division before the end of June every year in form X (as shown below). At the end of the rainy season, the Senior Inspector should submit a report before the 15th November each year, stating how the work mentioned in his statement X was carried out. When the work of valuation is in progress, each officer of the Bank should submit the information in the printed valuation form (referred to above) for each society immediately after the assets are valued in future. A copy of this form should be sent to this office, to the Senior Inspector and the Agent, after retaining one for the Inspector's record.

FORM OF STATEMENT—Y.

Information about the valuation of assets of societies as on 1st June 193 .

Name of Inspector		Headquarters		Charge	
S. No.	Name of Society.	Tal. Net value of assets of the members of Society.	Date of verification of the statement by Bank's officer with name and designation.	No. of members on date of verification.	Remarks

FORM OF STATEMENT—Z.

Information about the pending work of valuation of assets of Societies as on 1-6-193 .

Name of Inspector		Headquarters		Charge	
S. No.	Name of Society.	Tal.	If the valuation is made by Supervisor.		
			Symbol denoting why valuation of assets is to be made.	Date of valuation by Supervisor.	Name of Supervisor.	Net value of assets by Supervisor.

Symbols for column 4:

(Mark-A). For a society whose valuation is now due as per head office letter sanctioning loans or credits.

(Mark-B) Due to increase in membership.

(„ C) Due to decrease in membership.

(„ D) As the last valuation is very old.

(„ E) For any other specific reasons like floods etc., when the value of lands is greatly affected.

FORM OF STATEMENT—X.

Information about the assignment of the work of valuation as on 15th June 193 .

Senior Inspector's Name		Headquarters		Charge.	
No.	Name of Society.	Tal.	To whom assigned.	The month when the valuation is to be done.	Remarks.

Exemption of fees for inspection of village records.—The following Government Resolution, Revenue Department, No. 248/28 of the 3rd October 1928, exempting fees for inspection of village records is noted for the information of inspecting officers:—

“In exercise of the powers conferred by section 214 of the Bombay Land Revenue Code, 1879, Bombay V. of 1879, and of all other powers enabling him on this behalf, the Governor in Council, is pleased to amend the Land Revenue Rules, 1921, published in Government Notification in the Revenue Department.

No. B.—205 dated the 26th January 1921 as follows, namely:—

To rule 135 of the said rules the following proviso shall be added, namely:—

“Provided further that no fee shall be charged for the inspection of the village records by an officer or a member of any co-operative society for the business of the society. By order of the Governor in Council.”

Four factors of valuation.—An American writer in the course of an article on the valuation of agricultural lands observes that in determining the size and appropriateness of loans on the security of agricultural lands, the following four factors require consideration:—

- (1) Assuming a given level of land values in an area at the time, what is the value of a particular farm at the time?
- (2) What will be the level of land values in the area some time in the future when it may be necessary to foreclose the mortgage?
- (3) What income will there be from the farm from which to meet interest payments and principal?

- (4) Is the borrower the sort of a person who will make an honest and effective effort to meet his interest and principal payments ?

The attention of all Inspectors is drawn to these four points which should be borne in mind, particularly when dealing with applications for long term loans for land improvement or debt redemption.

All Inspectors are informed that while submitting the Normal Credit Statements, they should mention the value of assets only in land in their reports. Except for Bhil societies, under the Dohad Branch, that alone is taken into account by the Board of Directors while sanctioning loans or maximum credits to agricultural co-operative credit societies with unlimited liability.

In the credit reports forwarded by them, the Inspectors should show not merely the year of valuation by the society, under the head "Year of Valuation of Assets", but also the year of verification by the Bank's official or any other responsible officer of the Co-operative Department.

Long Term Loans.

Nature of Loans.—Long term loans for periods varying from 5 to 10 years are made by the Bank to societies for advancing them to their members, for the express purpose of redeeming old debts or for improvement of land. Loans for the objects are made out of long term capital in the hands of the Bank derived from the debentures issued by it and those for the latter object are usually made out of the amount for land improvement loans placed by the Government in the hands of the Bank. Land improvement loans will be dealt with later.

These loans must not be mixed up in the normal credit statements which are meant for current agricultural purposes only. Separate applications must be received from the members requiring such loans, accompanied by the scheme of redemption in the accompanying form and after the necessary enquiry and recommendation are made by the society concerned, they should be forwarded to the Inspector of the Branch. The main points to be considered in the issue of such loans are :—(a) the applicant must be in a position to repay it out of the net savings he is able to effect from the income of his land, (b) that he had been regular and punctual in his transactions with the society, (c) that he possesses unencumbered property valued at least three times the value of the loan required, and is willing to give it in possessory mortgage to the society, (d) that the society concerned belongs to A or B class, and (e) that the amount of the loan is within the special limits allowed by the Registrar.

Loans for Land Improvements :

Ascertaining the demand for long term loans.—In some societies long term loans for land improvements are demanded, but these demands are often overlooked. It is always desirable to encourage such loans. The inspecting officers should, therefore, make a note of such demands separately when they visit the societies for checking the credit statements, and send the information direct to the Head Office, so that the scrutiny of such application may be undertaken immediately after

the work of fixation of credits is over in their respective charges. The information to be submitted to the Head Office in this connection should be as under :—

(1) Name of Society.	(2) Taluka.	(3) Names of members asking for land improvement loans.	(4) By Tagavi or from bank.
(5) Amount of loan asked for.	(6) Details of purpose.	(7) Month when loan is required.	(8) Value of the assets of such members.
(9) Inspector's views about undertaking the scrutiny.	(10) Remarks.		

Loans for debt redemption :

Similarly, if there is a keen demand for loans for debt redemption in any society a note to that effect should be made and sent to the Head Office through the Senior Inspector.

In this connection, the following precautions set forth by the Registrar of Co-operative Societies deserve to be noted :

As a rule societies are advised not to begin work by redeeming the old debts of members, firstly because they have not yet acquired experience and do not know which of their members will prove honest and punctual repayers, secondly because if they lock up all their capital in long-term loans, they will have no funds to meet urgent current demands, and the members will, therefore, have to resort again to the sowcars, and thirdly because for this purpose they need funds which will be left in their hands for at least five years, and these are most difficult to obtain at the outset. For the first year or two, societies are advised to advance loans for one or two years only for the current expenses of their members. When they learn which of them are most trustworthy, they should pick out half-a-dozen for redemption, and after carefully examining the books of the sowcars, and securing such reductions in the claims as are possible, should pay them off; and then as instalments are recovered should proceed to liquidate other debts, care being taken to select the most thrifty and trustworthy members before the unthrifty and unpunctual. Societies must be cautious not to use loans or deposits fixed with them for one year in advances for five years to their members. They must obtain long-term loans for this purpose from the District Central Bank or the Provincial Co-operative Bank only. As a rule, Central Banks will give preference to societies classed as A or B at the audit.

These loans are governed by the following circulars issued by the Registrar on the subject.

Registrar's Circular No. 133 of 20th April 1920 prescribing that debt redemption scheme be for the village as a whole.

The Registrar notices that not infrequently loans are recommended for the redemption of agriculturists' old debts in a very fragmentary way. Simply a

round figure is stated and the purpose is general. But it is not stated either whether the figure covers all the old debts in the village, or whether and when they will all be repaid.

The Directors of the Bombay Provincial Co-operative Bank are of opinion and the Registrar agrees with them that when debt redemption is taken up it should be taken up for the village as a whole. All the debts of all the members of the society should be scheduled and a regular scheme of redemption worked out, the most reliable members' cases being first taken up for clearance. Only in this way can the productiveness of the village be really increased and only in this way is it desirable to give loans for the purpose.

Assistant Registrars and other officers are, therefore, requested to note the point and see that such loans are in future recommended only in accordance with such a complete regular scheme.

*Registrar's Circular No. A.D.M.-98 of 14th February 1924 stating
the condition of the debt redemption scheme financed
by the Provincial Bank.*

1. The Provincial Bank is setting aside two lakhs a year for this purpose out of which Rs. 50,000 will be available for District Banks taking up debt redemption. The loans will be long-term loans.

2. Whenever society is selected, a liquidation scheme should be drawn up for the society as a whole. Every old debt of every member must be shown in the statement, and the statement should clearly mark which of the debtors are to be excluded from redemption with the cause of exclusion, namely, whether he does not require help or whether his condition is helpless. The scheme must show exactly when each of the debts recommended for redemption is to be paid off and how and when repayments are to be made. (See also this office circular No. 133 of the 20th April 1920 on the same subject.) In general the society selected should be in the "A" class; but for special reasons "B" class societies may also be considered, if there is a spontaneous demand from such a society and it appears to be *prima facie* reliable. The liquidation scheme should provide for the debts of all the members included being redeemed within three years, or at the utmost within five years. When any member has been selected for redemption, his debts must be totally redeemed.

3. As far as possible, the schemes should show not only the creditors' claims, but also for what smaller sum the creditors will compound in consideration of prompt payment. *It is most important in debt redemption schemes to ensure that the sowcar does not get paid too much.* Often it will not be possible finally to compound the debts, till the money is available in the village. Hence, where the amount of the loan exceeds the amount for which the debts are compounded, the balance must be returned at once to the Provincial Bank, and such return should be a condition of the loan. Wherever possible, the Bank's Inspector should be present, when the compounding of debts is undertaken.

4. The debts redeemed should be unavoidable, and as far as possible, productive debts. Loans are often asked in order to repay debts incurred by a member to buy a piece of land. In general, such a course is unadvisable. No one should make uneconomic purchases of land, and if he cannot repay the purchase money out of savings, he should resell as quickly as possible. He cannot expect his neighbours to finance his own bad business. At the same time, a debt incurred for land purchase may be redeemed if (a) a reasonable portion of the price of the land, say at least 40 per cent. has been paid off by the debtor from his own resources, and (b) if it is clear that the average margin of profit derived from the land so bought is sufficient to enable him to pay off the debt within ten years, or, in other words, if the margin of profit in a normal year represents 15 per cent. or more of the purchase price. It will of course be clear that at the present *inflated* price of land, such cases will hardly ever occur.

5. The debtor whose debt is to be redeemed should possess the following qualities :—

(a) He should be of good character and proven punctuality in repaying obligations.

(b) His holding must be economic, *i. e.*, in a *normal* year he must be able to derive a clear profit from its cultivation, and in a *good* year a considerable profit.

(c) He must have proved his thrift and industry by either increasing his deposits in the society year by year by *voluntary* deposits or by year by year repaying part of his private debts or by both.

(d) He must have sufficient assets to be full security for the loan, the assets being worth *at least* three times as much as the loan : Provided that if the debt was incurred for the purchase of new remunerative land under conditions such as have been stated in paragraph 4, the loan may be given up to half the assets.

(e) He must give a written agreement that after the liquidation of the debt he will not, till the loan has been fully repaid, borrow outside of the society, the condition being that if he does so the whole outstanding demand shall at once be summarily recovered, whatever the instalments fixed may have been, and that he shall be expelled from the society.

6. A Register must be maintained showing separately the long term loans given for this purpose, the instalments fixed and their repayment.

7. The financing agency, on the other hand, should grant extensions and postponements of instalments freely in case of a proven famine or scarcity year.

8. Nothing in this circular is being said about the selection of suitable societies, as in the meantime societies are being selected by agreement after enquiry.

9. The scheme is at present experimental, and needs very careful watching and supervision by the financing agency and by all official and non-official work-

ers in the area. Experiments in the past have been very disappointing. It is hoped that the present more systematic experiment will be successful. On its fate depends the very important question whether or not anything more can be done to lessen the burden of old debt on the economic cultivators of the Presidency. It must again and again be emphasised that thrift, savings, careful management, and rapid increase of voluntary deposits and reserve funds are the first conditions of success, without which nothing fruitful can be hoped for.

(*Note.*—The circular does not apply to Bhil societies in Dohad which are being separately considered.)

*Registrar's Circular No. A.D.M.-98 of 14th December 1924,
explaining his circular of 14th February 1924, regarding*

SCHMES FOR DEBT REDEMPTION

The Registrar understands that there is some misapprehension as regards reparation of debt redemption schemes and as regards the circumstances under which finance is to be provided for such debt redemption. Full particulars have already been given in this office Circular No. ADM-98, dated 14th February 1924. Some people are, however, under the impression that the circular requires that debts of all members of the society should be liquidated and that all these debts should be liquidated at one and the same time. This is not, however, the case. There are certain members who may not desire to have a loan from the society for debt redemption. There are also others in whose case it would not be desirable for the society to give loans for this purpose. The qualifications necessary for debt redemption have been mentioned in paragraph 5 of the circular quoted above. Members who are unwilling or unfit will not, therefore, get any loan for debt redemption. All that the circular requires is that a scheme should be drawn up in which the amount of debt incurred by each and every member of the society should be mentioned. In the case of members who are unwilling to receive loans from the society for debt redemption or who are unfit for it, proper remarks should be made in the remarks column. The remaining case will be of members for whom the society should consider the question of providing the necessary finance for debt redemption.

2. It would not be possible in most cases for the society to redeem these members all at once. Priority should be given to cases which are deserving of early relief, the remaining being left over for later disposal. The names of members who are to be relieved should be mentioned in the order in which they are to be redeemed, so that cases can be taken up in batches from year to year and in a few years all the members who desire and who are fit to be relieved will be relieved of their debts.

3. It might be mentioned that the main object of preparing the debt redemption scheme is, first, that the society might know exactly what the economic position of its members is and, secondly, that it should be enabled to utilise its funds to the best advantage in relieving the most needy first and less needy afterwards. Complete redemption of all members, all at once is, in most cases, impracticable ; but relief in batches should be quite possible.

*Registrar's Circular No. A.D.M.-98 dated 25th June 1928, further
explaining his circular of 14th February 1924, regarding*

SCHMES FOR DEBT REDEMPTION

In continuation of this office Circular No. A.D.M.-98 dated the 14th February 1924, regarding the conditions of the debt redemption scheme, as land mortgage banks are proposed to be started one of the primary objects of which would be to undertake the work of debt redemption, irrespective of the question whether

the debts were incurred for productive purposes or not, and as in several cases it is difficult to accurately ascertain for what purposes the debts were originally incurred the Registrar has no objection to all applications for debt redemption schemes being considered on the merits of each case and loans being sanctioned. The main considerations in dealing with such applications in addition to those mentioned in paragraph 5 of this office Circular No. A.D.M.-98 of 14th December 1924 will be:—

(1) The repaying capacity of the individual, *i. e.*, the net saving available for repayment of annual instalments of principal and interest of the loan advanced. The annual instalment should not exceed 25 per cent. of the annual income ordinarily.

(2) The valuation of the property offered as security is the most important matter in this connection and for this reason special care must be exercised in arriving at the figure of value on a fair and safe basis. The assessment of the land for revenue purposes generally furnishes a good and safe basis for valuation and in dry tracts any valuation in excess of 50 to 100 times the assessment should not be adopted. For Bagayat lands with an assured water supply the multiple might in some cases rise up to 150 but in such cases it is very desirable to make a special investigation of individual cases with a view to ensure an adequate margin of security.

Regular schemes should be prepared as usual giving all details as required in the circular quoted above. The Registrar has, however, noticed some instances where even deserving individual cases have had to be refused finance because a consolidated scheme was not or could not be prepared. In special cases, therefore, the Registrar will have no objection to relax this condition provided the Assistant Registrar after individual examination of the case recommends it for the exercise of the Registrar's discretion in this respect. It is expected, of course, that the Assistant Registrars will recommend such cases with a due sense of their responsibility.

Registrar's Letter No. A.D.M.-98 of 18th January 1930, advising that the two kinds of loans should be kept separate.

The two limits (1) for the current needs and (2) for long-term loans, should be kept separate. It should further be noted that in the case of long-term loans, all borrowing should be from Central Bank or Provincial Bank only and no part of non-members' deposits or society's other funds should be used for the purpose. According to the new scheme for the purpose, the loan is to be advanced to the member on his individual responsibility on the security of his material assets, and as such the Bank will recover its dues, in the first instance, from the individual members financed from the material security offered by each of them. The collateral liability of the society will only be enforced as a last resort in exceptional cases.

Redemption Statement.

Before advances are made under this head, a statement of the financial position of the members requiring such loans should be made in the accompanying form.

It will be noted that the statement of Assets given on page 40 differs in many respects from the Redemption Statement given here. The former is intended to ascertain the credit to be given for current agricultural purposes only, while the latter is intended to ascertain the amount that can be lent for repayment of old debts. The latter amount will be much larger, consequently, the possibility

of its repayment will depend upon the net income a member will have after his expenditure. Columns 7 to 9 are intended to ascertain the annual income of the member, and the income is to be ascertained by deducting from it the annual expenditure indicated in columns 10 and 11, as also Government assessment and any rent due in respect of the land.

The cost of cultivation has to be ascertained first. It will differ for different crops, *e. g.*, it will be very high for sugarcane cultivation, lower for growing ground-nuts, further lower for wheat, and then for cotton, and lowest for Jovari and bajari. The cost for the same crop will also differ in different areas according to the condition of the local climate and to the cost of labour. All these factors will have to be carefully noted in calculating the cost.

Thereafter, the annual expenditure of the members' family is to be ascertained and the possibility of marriage in the family. If these items be carefully ascertained it would be possible to arrive at the figure in column 12, which is the amount available for repaying the loan.

Ascertainment of net income is very important, as on that income will depend the repaying capacity of the applicant; and secondly, in case of his failure to do so, the Bank, if it takes possession of the land, will be able to recoup the loan with interest. The amount of loan may not exceed three-fourths the net income of the mortgaged land during the period of the loan.

The previous columns are to be filled as in the case of the other assets statement, but this statement should contain the names of only those who ask for long term credit, and not of all the members as in the case of that statement.

The valuation of the land must be made by a personal inspection of it to ascertain its nature, favourable or unfavourable situation, the price paid for similar land in the neighbourhood in private sale, court sale etc.

A careful examination of the title of the land must be made, having regard to the nature of the tenancy and prior encumbrances, as a large amount is proposed to be advanced on the mortgage of the land. It must also be ascertained whether the applicant is the sole owner or joint with others, whether there are minor children who are the co-sharers, whether any guardian has been appointed for them by a Court, and whether any widow has a claim for maintenance.

In examining the prior debts mentioned in columns 20 to 28, the nature of the debts should be examined, *i. e.*, whether they were incurred for valid purposes, and in the case of Hindu, for the benefit of the family. If it is found that the old debt was incurred for an illegal or immoral purpose, its repayment should not be recommended.

The former statement is prepared by the managing committee of a society and then checked by the Inspector, but the present statement is prepared by one of the Senior Inspectors conversant with the local conditions of the area to which the applicant belongs.

No special form of loan application is prescribed for this kind of loans on account of the variety of circumstances which govern them, but the Bank sets its machinery in motion on being informed about the demand for such loans.

Loans for land improvement would generally be made out of the Tagavi grant, the procedure whereof will be explained hereafter. When for any reason, the loan for such purpose is advanced out of the Bank's long term capital, the same procedure regarding the enquiry about the applicant's land should be made, such as its value, the encumbrances thereon, and the repaying capacity of the applicant, as also the full details of the proposed improvements and their estimated cost.

The amount of loan for repayment of old debts should be paid directly to the creditors, and that for land improvements as and when the work progresses,

Debt Redemption Statement of the Members, of the.....
Co-operative Credit Society, Taluka....., District.....

1	Serial No.		
2	Names of Members.		
3	Bagayat (garden).	Kind of land.	
4	Jirayat ().		
5	Assessment.		
6	Value of assets.		
7	From land.	Annual income after deducting the cost of cultivation.	
8	Rent or Batai ().		
9	Other income.		
10	No. of members of the family.	Annual Expenditure.	
11	Amount.		
12	Amount available for repaying loan.		
13	Date of enrolment as member of the Society.		
14	Amount of loan borrowed from the Society.		
15	Amount repaid to the Society as principal.		
16	Interest.		

17	Balance.			
18	Amount in arrears.			
19	Deposits made in the Society.			
20	Name of Creditor.	Outside debts.		
21	Area.			Description of security given.
22	Assessment.			
23	Date.			
24	Rate of interest.			
25	As per Bond.			Amount of loan.
26	As per statement of the borrower.			
27	Principal.			Amount repaid.
28	Interest.			
29	Balance.			
30	Purpose of the loan.			
31	Amount required for repaying the debt.			
32	Amount recommended.			
33	Remarks.			

Hints on the distribution of long term loans for Debt Redemption.

The long terms loans sanctioned by the Bank—The bank has special responsibility with regard to the distribution of these loans. Special care is hence necessary to see that all these loans are properly distributed, and the mortgage securities properly taken. The following hints are, therefore, given for the guidance of Inspectors who are to supervise the distribution of loans :—

- (1) Unencumbered lands valued at least at thrice the amount of the loan should be taken in possessory mortgage as security for the loan advanced. Before getting the mortgage deed, fresh copies of the village records of rights for lands offered as security should be taken, with a view to see if there are any prior encumbrances on those lands and if the applicant has proper title to these lands. The written consent of all co-sharers and joint bonds from co-sharers should be taken wherever necessary. When there is any doubt regarding the title, co-sharers and such other matters, the loan may be temporarily withheld till the doubts are got cleared from the Head Office through the Senior Inspectors.
- (2) Where the applicants are Mahomedans, care should be taken to see that the written consent of all male or female co-sharers, according to the Mahomedan law is obtained for the mortgage of the lands.
- (3) Lands in Indian States or Inam Lands should not be taken as security. But Jat Inam (personal Inam) lands being transferable may be taken as security. Similarly, houses should not be taken as security without the specific permission of the Head Office which may allow the houses to be taken as security (if no other security is available), provided they are situated in municipal or big towns where the legal title to the houses can be examined. In case such special permission is granted, the house taken in mortgage should be insured against fire and a clause inserted in the mortgage bond to bind the applicant to pay the fire insurance premium.
- (4) The lands held by a Hindu widow are deemed as less safe for being taken as security as she has got a title to the lands for her life time only. Before allowing long term loans in the name of women applicants, special permission from the Head Office should be obtained after giving all the details of lands offered as security and the particulars about her title to such lands.
- (5) It is not safe to advance long term loans on the security of minors' estates.
- (6) Before taking the lands as security very careful valuation is necessary. This is essential where lands are held on the new tenure.
- (7) Lease bonds in case of lands taken as security should also be taken for the period of instalments fixed and got registered before actually advancing the loans. A sample copy of such lease bond may, if needed, be obtained from the Head Office,

(8) While settling the debts of Sowkars, efforts should be made to get as much remission as possible. The amount of remissions obtained in respect of every member should be communicated to this office while reporting about the proper distribution of the loan.

(9) All redeemed bonds, pro-notes, copies of accounts etc., obtained from the creditors should be kept for the Bank's record. The mortgage bonds obtained from the members should be kept at the Bank's Branch for safe custody after the society keeps a copy of it for its record.

The lease bonds may be left with the society to enable it to recover annually the instalments by assistance (madat) suits in case of default.

(10) The Senior Inspectors may at their discretion entrust the work of supervision of the loan distribution to experienced Inspectors but they are expected to examine all the mortgage and lease bonds as also the redeemed bonds etc., and see that no legal flaws remain unattended to.

(11) While getting the loan bond executed by societies in respect of these long term loans, the following additional clause should be added in the loan bond.

"That this Society agrees to pass a sub-mortgage bond of the property mortgaged to it by the borrowing members (who are allowed long term loans from this loan) whenever called upon to do so by the Bombay Provincial Co-operative Bank, Limited; meanwhile this credit society undertakes not to create any burden over such mortgaged property or to release the said property without the previous written consent of the Bombay Provincial Co-operative Bank, Limited."

(12) As the long term loan applications often take considerable time, before they are finally sanctioned it is desirable to see at the time of actually allowing the loan that the society to which it is allowed is not in arrears to the Bank and that no member to whom those loans are sanctioned is in arrears to the society. In exceptional cases the previous permission of the Head Office should be obtained for advances.

Possessory Mortgage of Property.

The attention of all Agents, Inspectors and Senior Inspectors is drawn to bye-law No. 37(4) of rural credit societies which clearly says that "The security to be given for repayment of such loans with interest *shall be* a possessory mortgage of immoveable property etc.," and they are requested to see that the said bye-law is not infringed while long term loans for debt-redemption or for

land improvement are allowed to members of rural credit societies in their respective arrears.

The instances in which such possessory mortgage has not been taken may be brought to the notice of the Head Office stating whether the above mentioned bye-law, if in force at the time of granting such loans, has been amended by the societies concerned.

In future, care should be taken to see that all long term loans for land improvements or for debt-redemption to the members of rural credit societies are secured by a possessory mortgage of properties of sufficient value, irrespective of the special conditions of the sanction of such loans.

If the borrowing members of any such societies wish that only ordinary mortgage of properties should be taken in case of loans for land improvement and debt redemption, the society will have to get the special permission of the Registrar or suitably to amend the above bye-law. It is also essential that lease bonds, in case of such lands for the amounts of annual instalments (inclusive of due interest) should be got executed from each borrowing member and got registered. The lease bond should be for a period of five years and be renewed for a further period after expiry, if the duration of the debt is longer.

Verification of Title.

[Registrar's Circular No. A. D. M. 83 of 8th April 1926.]

In all cases where immoveable property is taken as security, banks and societies should be very careful in seeing that the title of the borrower is clear. This precaution is all the more necessary in cases where term loans for debt redemption, land improvement etc., are given.

Execution of mortgage bonds before advancing long term loans.

The attention of all Inspectors is invited to the importance of getting mortgage bonds of landed security from the borrowing members and getting them registered *before actually advancing the amount of long term loans*. Proper care should be taken to see that the title to the lands to be taken up as security is good and marketable by having copies of the records of rights and by local enquiry. The written consent of co-sharers wherever necessary should also be taken in each case. No land which has prior encumbrances should be taken as security. In case of lands of new (restricted tenure) the permission of the Collector of the District to take the land as mortgage should be previously obtained.

In case of mortgage with possession, the lease bonds for the period fixed should also be got executed and registered.

The Inspectors are expected to see that the long term loans are thus properly secured and that all other conditions of the loan are fulfilled before the amount is actually advanced.

Failure to abide by the instructions in this Circular would be strictly dealt with.

Precautions for adequate assets for loans.

The attention of all members of the inspecting staff is drawn to the following hints on the procedure to be followed in taking as security the mortgage of lands in respect of loans for redemption of debts, for land improvement, and in special circumstances for current agricultural purposes in some tracts :—

- (1) Where lands are to be taken as security against loans, it should be seen that all of them are unencumbered lands. In case any land with previous encumbrance is offered as security, the specific permission of the Head Office should be obtained after giving all the particulars of the case and the details about the prior encumbrances.
- (2) While taking immoveable assets as security for loans, houses should not be included without obtaining the previous permission of this office.
- (3) Even when showing the value of assets in the credit or loan statements the values of house, farm yards or open plots should be excluded. But this does not apply to Bhil societies in the Dohad and Godhra Talukas.
- (4) If there are prior encumbrances on the assets offered as security for loans, care should be taken to see that the prescribed proportion between the value of assets and liabilities is maintained, the latter including the amount of prior encumbrances and the loans proposed.
- (5) It is always desirable to make detailed inquiries about prior encumbrances, with regard to the exact amount and date of encumbrance and the amount of interest due to the creditor before arriving at the total net amount of prior encumbrances.
- (6) In respect of long term advances care should be taken to see that the amount of long term and short term loans together does not exceed half the value of total assets for every member. Where this margin is not available special attention may be drawn in case any loan is recommended and the special circumstances, if any, should be explained.

Due to the recent depression and the tendency of prices of lands to go down, particular care should be taken while advancing loans against landed security. Hence, it is hoped that all Inspectors will note the foregoing hints while recommending such loans. Should they have any doubts about particular points mentioned above, a reference should be made and the clear instructions of the Head Office obtained.

Loans for Land Improvement.

Loans for land improvement are made by the Bank out of an amount kept annually by Government at the disposal of the Bank, for the specific purpose of land improvement. Funds out of this amount are advanced direct to societies which are financed by the Provincial Bank and otherwise to Central Banks for

being advanced to societies financed by them. In either case, loans are made by the societies concerned to such of their members whose applications have been sanctioned. The Provincial Bank which gets money at $5\frac{1}{2}\%$ * charges interest at $5\frac{1}{2}\%$ to central banks, and 6% to societies. In either case, the rate of interest to be charged to members should not exceed the rate fixed by Government which is $6\frac{1}{2}\%$. Other conditions governing the loans are the same as those governing the debt redemption loans.

It would be desirable that loans for land improvement whether advanced out of the Tagavi amount or from the long term funds of the Bank should be so regulated that the amounts may be drawn by the borrowers on the basis of the progress of the work financed in order that the chances of misapplication of the amounts may be minimised.

Co-operative Societies Land Improvement Loans Rules

The loans are regulated by the following rules framed by Government under Notification R. D. No. A-57 (a) dated 4th July 1922.

31. The following are the rules governing the grant of Tagavi under Act XIX of 1883 :—

Revenue Department No. A-57 (a) of 4th July 1922.

In exercise of the powers conferred by section 10 of the Land Improvement Loans Act, 1883 (XIX of 1883), the Government of Bombay is pleased to make the following rules regulating the grant of loans under the said Act to co-operative societies registered under Act VII of 1925 and members thereof, namely:—

1. *Short title and extent.*—(1). These rules may be called the Co-operative Societies Land Improvement Loans Rules, 1922.

(2) They shall apply to loans granted to co-operative societies or their members only.

2. *Definitions.*—In these rules—

(a) "the Act" means the Land Improvement Loans Act, 1883.

(b) "Registrar" means the Registrar of Co-operative Societies, Bombay Presidency, or any officer to whom he may delegate all or any of his powers and duties.

3. *Ordinary rules applicable.*—Save as provided in these rules, rules under section 10 of Act XIX of 1883 shall, *mutatis mutandis*, be applicable to such loans.

4. *Registrar empowered to grant loans.*—The Local Government empowers the Registrar to grant loans under the Act to co-operative societies and their members. The Government shall place each year at the credit of the Registrar with the Provincial Co-operative Bank, Bombay, an allotment for loans to be made to Co-operative Agricultural Societies for land improvement work. The Registrar may grant loans up to any amount, provided that the aggregate of the grants shall not exceed the credit at his disposal.

5. *Sanction and distribution of loans.*—Loans will not be sanctioned by the Registrar except with the concurrence of and on the recommendation of

*The rates have recently been raised by Government by $1\frac{1}{4}\%$.

the Provincial Co-operative Bank, Bombay. Loans so sanctioned shall be paid by the Provincial Co-operative Bank, Bombay, to the societies concerned, when the societies are directly financed by the Bank; and through District Central Co-operative Banks when the societies are affiliated to such Banks. Loans shall be granted by the Registrar to the Provincial Co-operative Bank, Bombay, at such rates of interest as are from time to time fixed by Government for loans under the Act and shall be distributed by that Bank and by District Banks and societies concerned at the rates of interest fixed by the Directors or Managing Committees for loans to co-operative banks, societies or members as the case may be and approved from time to time by the Registrar. A society may, with the permission of the persons having a right to execute the scheme, retain loans in its own hand and execute the schemes for which they were sanctioned, if empowered by its bye-laws to undertake such schemes, or may distribute the amounts to individual members or groups of members having a right to execute the schemes, for executing the schemes.

6. *Repayment of loans; suspension of instalments; separate accounts* :—The Societies and Co-operative Banks on whose recommendation and through which payment is made shall be responsible for due repayment of such loans to Government on the dates of instalments fixed by the Registrar when the loans are granted or in accordance with orders passed under the rules applicable to such loans; and shall forward an undertaking to that effect with their applications for loans. Such instalments may be suspended and postponed by the Registrar under the general Tagavi rules for due cause shown. The Co-operative Banks and societies concerned shall keep a separate ledger showing all receipts and expenditure on this account.

7. *Applications for loans*.—The procedure in applying for loans by co-operative societies or their members shall be as follows :—

*Societies when they apply for loans either for joint land improvement to be effected at the cost of the society or of individual members shall forward a consolidated application to the Assistant Registrar attaching to the application proper and systematic schemes relating to these improvements. The Assistant Registrar will examine the schemes and unless some technical advice is required, forward them to the District Bank, or the Provincial Bank, in cases where the societies are affiliated to the Provincial Bank. Where, however, technical opinion is necessary, the Assistant Registrar will forward these schemes to the Deputy Director of Agriculture, or to the Collector as the case may be. The Collector may consult the Public Works Department if he considers that such consultation is necessary or desirable. Schemes so referred to will be countersigned by the Deputy Director of Agriculture or by the Collector as the case may be in token of approval. The schedule to the consolidated application shall be signed by each member applying for loans in token of acceptance of the conditions applicable to a loan granted under these rules and of agreement to repay the loans on the dates of instalments, fixed by the Registrar or in accordance with orders passed the rules applicable to such loans. The society, if not the person having the right to make the improvement, shall append to each scheme the written

*Amended under No. 75-A of 17th April 1925.

consent of each such person to the loan being granted to the society. Such person shall be a member of the society. The District Banks will examine the schemes from the banking side and submit the applications with accompaniments and their recommendations to the Provincial Co-operative Bank with an application for the amount of the loans recommended together with an undertaking to repay the amount in case of default. The Provincial Co-operative Bank shall then consider the applications, and submit a list of recommendations for the Registrar's decision with an application for the amount of the loans recommended and the undertaking required by rule 6. When the Registrar has communicated his approval approved loans will be distributed by the Provincial Co-operative Bank to societies or to the District Banks concerned and by District Banks to societies and by societies to members in the usual manner and on usual terms fixed for loans to such banks, societies, and members as the case may be. It shall not be necessary to endorse the order granting a loan on an application or to make out such order in any prescribed form or to have such order by signed applicant or other persons concerned.

8. *Preference to collective schemes.*—In considering the recommendations made by the Provincial Co-operative Bank, the Registrar shall give preference to improvements of a collective over those of an individual character.

9. *Persons to whom loans may be granted.*—No loans under these rules shall be given to societies or members of societies which have not been placed in the A or B class at the last preceding audit.

10. *Loans under ordinary rules prohibited.*—Members of Agricultural Co-operative Societies shall not be granted loans under the Act otherwise than under the procedure described in these rules, unless such members are ineligible for loans under these rules.

* In cases where the Provincial Co-operative Bank or the District Banks refuse to sanction loans to a society, the Assistant Registrar may forward the society's application to the Registrar and with the Registrar's approval the Collector may sanction the loan directly to the society from the ordinary Tagavi grant. The recovery of such loans shall be made according to No. 8 of the Co-operative Societies' Agricultural Loans Rules, 1922.

11. *Inspection of works ; Recovery on default.*—Assistant Registrars and Auditors in the Co-operative Societies Department will be responsible for inspecting works for which loans have been granted under these rules. In addition, such works may be inspected by the Collector or by any officer of the Revenue. Public Works or Agricultural Department to whom the Collector may from time to time delegate the duty. All cases of misappropriation of funds or failure to complete an improvement within the period stated in the schedule attached to the application form or to comply with any of the conditions of the loan shall be reported by the Inspecting Officer to the Registrar for appropriate action: the Registrar may in such cases order the Provincial or District Co-

operative Bank to take immediate steps for the recovery of the whole loan or the amount advanced and not repaid.

12. *Suspension of rules in case of famine.*—These rules may be suspended in whole or in part by the Government in consultation with the Provincial Co-operative Bank, Bombay, in any tract where famine is declared or imminent.

13. *Concessions in regard to boring for water.*—The same concessions as are or may be given by Government for unsuccessful borings for water to persons borrowing directly from Government shall be granted when loans have been made under these rules.

Form of Application for Tagavi.

(Under the Land Improvement Loans Act, 1883.)

1. Name of the society, Unlimited.
2. Village.
3. Taluka.
4. Number of members—
 - (a) agriculturists.
 - (b) others.
5. Date of last audit.

Audit Classification.
6. Working capital of society—
 - (a) deposits by members.
 - (b) deposits and loans by non-members.
 - (c) loans from Central Banks.
 - (d) share capital.
 - (e) reserve fund.
 - (f) other capital.
7. Certified that the total Tagavi loan required by members of this society is Rs. _____ as shown in the attached Schedule and that the society considers the valuations of the security in column 17 of the schedule to be correct, and is willing to stand as surety for the abovementioned member and to abide by the rules under which these loans are made.

Date.

Secretary.

Chairman.

Committee Member.

Committee Member.

SCHEDULE.

List of applicants for Tagavi under the Land Improvement Loans Act, 1883, from the Registrar of Co-operative Societies, Bombay.

1	Serial No.		
2	Name of Members.		
3	Amount required.		
4	Survey No. in which work is to be done.		
5	Nature of proposed improvement.		
6	Period for completion of work.		
7	Amount.	Installments by which money is to be paid.	
8	Date of payment.		
9	Work to be done for each instalment.		
10	Amounts and dates of repayment of instalments.		
11	Survey No.	Members property.	
12	Tenure.		
13	Area.		
14	Assessment.		
15	Estimated value of security.		
16	Previous encumbrances and arrears due to Government and to societies.		
17	Net value.		
18	Signature of applicant in verification of these details, and in acceptance of the conditions prescribed in the rules regulating such loans.		

Certified that the above entries in columns 11 to 14 and 16 are correct according to the Record of Rights.

Tahsil.

Submission of Detailed Information

(Cir. No. TAG/15 of the 17th August 1926 issued by the Registrar re : his Office reference T. A. G. 15 dated the 22nd June 1926.)

The following information should be obtained in the case of all applications for tagavi loans before they are forwarded by the Assistant Registrar :—

- (a) Extracts from the Record of Rights for both the lands to be improved and lands offered as security.
- (b) Certificate from village officers that the title is clear and that the lands are actually in the possession of the persons to whom they are, in the application, said to belong.
- (c) As regards adequate description of the scheme it has already been laid down that the principle to be observed is that it should be sufficient to check the proper utilisation of the loan after it has been sanctioned. Attention is invited to the inquiry form laid down in connection with the inquiries made in the case of ordinary applications through the Revenue Staff and it is suggested that para IX should be adopted as far as possible in the case of applications made by Co-operative Societies as well (vide page 10 of Anderson's Tagavi Manual). This will, of course, be in addition to the information already to be submitted in the form prescribed by the rules laid down under R.D. No. A.-57. of the 4th July 1922.

2. The Registrar hopes that no Assistant Registrar will allow any application to leave his office which is deficient in any of the above details. He finds that almost every application is deficient in this respect. The delay which results in sending back the application in the first instance is less than the delay in sending them back from the Provincial Bank or the Registrar.

Inquiry Form

(Para IX of the form of application for Tagavi loans inquiry form, page 10 of Anderson's Tagavi Manual.)

IX.—The improvement :—

- (1) Sketch (on a separate sheet) of the land to be improved ;
- (2) Full descriptions and measurements of the improvements proposed ;
- (3) Full description of the state of and measurements of any ;
- (4) in case of wells whether bore or jumper experiment has been tried and with what result ;
- (5) Descriptions of materials to be used ;
- (6) Estimated cost of proposed improvement ;
- (7) Estimate of the area that will be benefited ;
- (8) Estimated value of the net increased produce from the work ;
- (9) Year in which the work will begin to yield profit, and life of improvement ;
- (10) Capacity of borrower ; note if he has other resources,

Payment by Instalments

The special attention of Agents and Inspectors is drawn to para 3 of the Circular letter addressed to Branches by the Head Office when communicating sanction of Tagavi loans. Save under exceptional circumstances to be reported in writing by the societies concerned, all Tagavi advances should be made by instalments according to the progress of works. When the second or subsequent instalment is applied for, the Agent should insist on production of a certificate signed by the Chairman and the Committee member that the amount taken previously has been properly utilised. There should be no departure from this practice, except after reference to this office or to the Assistant Registrar.

Land Improvement and Agricultural Organization

As the Branches of the Bank are as much interested in the improvement of agriculture and the welfare of the agriculturists as in the provision of credit facilities for the agricultural industry, the Board of Directors hope that Advisory Committees associated with their working will devote special attention to problems of agricultural organization or rural reconstruction. Wherever agriculture is the predominant industry, co-operation, it has been observed, is coming to be regarded as the natural basis for economic, social and educational development, and it is now accepted that co-operative principles are of invaluable assistance in overcoming several of the obstacles to progress in rural communities. The Agricultural Commission have, therefore, in their recommendations stressed the need for utilizing the co-operative machinery for the propagation of improved methods of agriculture and for the popularization of improved varieties of seed, manures and implements. The Commission make a reference in this connection to the part played by co-operative banks in Bihar and Orissa in promoting agricultural development. In this Presidency, we have in existence Co-operative Taluka Development Associations which are eminently fitted for this kind of work, and even supervising unions where there are no associations can interest themselves in agricultural problems. All Advisory Committees are, therefore, requested to place themselves in touch with such associations and to find out in what manner co-ordinated action is possible to promote efforts at agricultural improvements of all types, including the wider use of Tagavi loans for land improvement. They may suggest new lines of work to such associations and ascertain in what directions financial facilities will stimulate progress. Special mention should be made of such activities in annual reports and important problems should be selected for discussion at general meetings.

Inland Exchange Business

Lending money and acceptance of deposits are not the only functions of a bank. One of its important functions is to help the transfer of money from one place to another without actually moving the cash. This is done by means of negotiable instruments called bills of exchange. They are of three kinds: (1) Cheques, (2) Drafts and (3) Bills of Exchange. Those which circulate between British India and foreign countries are known as foreign bills and those which

are issued in and circulate within British India are known as inland bills and are governed by the Negotiable Instruments Act XXV of 1881.*

1. Cheques

A cheque is defined as "a bill of exchange drawn on a specified bank and not expressed to be payable otherwise than on demand". It can be made payable to the order of a specified person or to the bearer of the instrument.

As soon as a cheque is presented for payment the bank officer must see whether it is an open or crossed cheque, and in the latter case it must be presented through a bank. He should next see whether the drawer of the cheque has his account in the branch or office of the bank, or if it is drawn upon any other bank whether any arrangement has been made by that bank with the bank where it is presented for payment.

When the above points are satisfied the officer should see that it is properly dated, that the amount stated in words and figures is identical, that it is not mutilated, that erasures or corrections are initialled by the drawer, that the signature on the cheque tallies with the specimen signature preserved by the bank and that the drawer has sufficient amount in the bank to cover the amount of the cheque or that he has arranged for an overdraft.

If the cheque is payable to the order of a specified person the endorsements must be examined to see that they are in order, in other words that the name of the payee corresponds with that of the endorser, that the spelling in both cases corresponds and that in the case of an illiterate person his thumb is impressed and witnessed.

Where the cheque is presented for collection, it must be sent to the bank or office on which it is drawn and on receipt of advice from the latter that it is honoured the amount thereof is credited to the account of the party concerned.

Exemption of cheques from stamp duty recently granted by Government has increased the popularity of the cheque system.

With a view to facilitate the circulation of cheques between the different co-operative societies and banks the following facilities are given by the Bank :—

In order to bring about a wide circulation of cheques between the Provincial Bank, the urban banks and district central banks as well as its branches, a circular dated 10th July 1929 was issued and facilities have been offered for collecting cheques issued by all co-operative societies in the province.

For popularising the system among the agricultural classes and others not conversant with the English language cheques are printed also in the vernacular and are allowed to be signed in the vernacular.

Procedure to be adopted in case of cheques marked good for payment.—
When a cheque is marked good for payment, the amount should be debited

*This Act has been amended from time to time, and the Act should be read along with the amendments made up to date.

to the drawer's account immediately by a debit slip giving full particulars of the cheque and the amount should be credited by a credit slip to "Cheques marked good for payment account" in the current account ledger, which account will be duly debited when the cheque is subsequently presented. A remark should be made on the cheque in red ink "Good for Payment" under the signature of the Agent. This procedure is necessary as otherwise the drawer may be allowed to draw the balance to his credit, through oversight, and the account may not be in funds, when the marked cheque will happen to be presented. Once the cheque is marked, the holder is entitled to recover the money from the Bank and hence special care should be taken to see that the cheque is in order in all respects before marking it.

Procedure when payment of cheque is refused.—When the payment of a cheque is refused, the reason should be marked in the form given below and the same together with the cheque in question should be returned to the person who presented it to the Bank.

MEMORANDUM.

The Bombay Provincial Co-operative Bank, Ltd.

Bombay,.....:193 .

Cheque No..... For Rs.....

Returned unpaid for reason No.....

- (1) Effects not yet cleared, please present again.
- (2) Full cover not received.
- (3)Payee's Endorsement required.
- (4)Payee's Endorsement irregular, will pay on Bank's confirmation.
- (5) Translation of the Payee's Vernacular endorsement requires Bank's confirmation.
- (6) Post-dated. (6A) Out of Date.
- (7) Amount in words and figures differs.
- (8) Crossed cheque must be presented through a Bank.
- (9) No advice, please present again.
- (10) Refer to drawer.
- (11) Drawer's signature differs.

- (12) Title of account required.
- (13) Cancellation
Alteration requires drawer's full signature.
- (14) Payment stopped by the drawer.
- (15) Drawn on.....; will be discounted if presented on the counter.
- (16) Payee's signature required on the face of the payslip.
- (17)

Accountant.

Drafts

One of the services which a bank renders to its clients is the transmission of money to other places on their behalf and the medium employed is the draft.

A draft is a cheque drawn by a bank on any of its branches or *vice versa*, or on any other bank. A draft may be drawn payable on demand or at a certain number of days after date. At present only demand drafts are introduced by the Bank and its branches and the rate of exchange charged varies from centre to centre.

Hundies.

*Hundies.**—Bills of exchange drawn in vernacular languages are called Hundies. Such instruments have been in existence in this country from very early times and are governed by different usages in different parts. Section 1 of the Negotiable Instruments Act exempts from the operation of the Act any local usages relating to any instrument in an oriental language, unless such usage is excluded by words in the body of the instrument indicating an intention that the legal relation of the parties thereto shall be governed by the Act. Now the local usages governing Hundies differ in different parts of the country and also according to the special rules framed by the various mercantile associations. It is, therefore, very difficult to know beforehand the legal position in case of a dispute.

Hundies are of two kinds : Shah Jog and Dekhadnar Dhani Jog.— A Shah Jog Hundi has a peculiar meaning attached to it among the Indian commercial community in the same way as a crossed cheque is peculiar to England and to countries that have adopted English usages in regard to negotiable instruments. But while a crossed cheque is payable only to a banker who can

* Circular of 18th September 1926.

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be easily made out, a Shah Jog Hundi is payable to a Shah (*i. e.*, a person of standing and respectability). It is, however, almost impossible to ascertain the respectability of a person claiming payment of a Hundi at the counter when the bank has, at a moment's decision, either to honour the Hundi or to refuse payment.

The most common usages relating to Shah Jog Hundies are :—

- (1) that the payment should be made to the holder at his pedhi ; and
- (2) that too to a Shah after being satisfied as to the respectability of the holder.

Regarding the usage No. 1, the Bank found it necessary, in 1924, to discontinue the practice of paying Hundies at the holder's pedhi owing to the great risk involved in sending large sums out of office and requested its clients to make the Hundies payable at the Bank's counter according to the banking practice as against the local usage. Before paying such instruments on the counter, however, the Bank took care to make inquiries regarding the person claiming payment. This practice was found by the merchants to be inconvenient and harassing, as most of them came from distant localities like Kalbadevi and Mandvi and found it difficult to give proper identification at the Bank in the Fort. Again, some of the merchants resented the action of the Bank in asking for references, they were not convinced of the necessity of insisting on identification and thought that the Bank refused to honour hundies on flimsy grounds. In spite of all this, whatever precaution the Bank may take in this respect may prove to be defective as the manner of giving identification is a chit or a word of mouth from a person known to the Bank.

It is argued by some that if the Bank can and does take identification in case of English cheques payable to order it should similarly do so in case of hundies. It is, therefore, necessary to point out that the Bank is not required by law to take any such identification in case of cheques payable to order and the paying bank is absolved from all legal liability so long as the cheque purports to be endorsed by or on behalf of the payee or endorsee although such endorsement was forged or made without authority.

After an experience of two years, it was, therefore, found necessary either to stop altogether allowing operations on accounts by means of vernacular instruments (Shah Jog Hundies) or to change the form of such instruments so as to conform to the Negotiable Instruments Act. It is the avowed policy of the Bank's Board to encourage banking on indigenous lines as far as possible and to popularise the use of vernacular instruments. The Board, therefore, have to resort to the second alternative and to devise a form of Hundi which will at once be easily understood by the merchants who are chary of handling English instruments and at the same time be governed by a definite Act and not by the varying usages of different localities.

FORM OF HUNDI.

Ledger folio.....

Date.....193 .

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

Sirdar Building, Apollo Street,
Fort, Bombay.

Date..... No.....

Payer..... Receive greetings ; We have received from Payer
 Mr.....Rupees.....half of this
which please double and pay the amount
on sight to the person who will present this, according
to the custom of the Bank. Be it known.
 Rs.....

Amount

Signature.....

Note.—Amount will be paid daily between 11 A.M. and 3-30 P.M. in the afternoon and on Saturdays upto 1-30 P.M. The amount will be payable only in the Bank and not at the Pedhi (office of the holder of the hundi).

When the Negotiable Instruments Act was passed there was a divergence of opinion as to how hundies which were governed by the different local usages should be dealt with. It was urged on the one side that the Act should be applied in its entirety to Hundies, while the other side urged for the total exclusion of the Hundies. The legislature took a middle course by exempting local usages relating to indigenous instruments but providing at the same time that such usages may be excluded by express provisions in the instrument. The effect of such an enactment, it was thought, would be to induce the Indian mercantile community gradually to discard the different usages for the corresponding rules contained in the Act thereby bringing about uniformity of usages. That this transformation is gradually taking place will be noticed from the growing practice of some of the prominent firms in Bombay of using Hundi forms payable to bearer. The form introduced by this Bank is, therefore, neither new nor unfamiliar to the mercantile classes.

New form introduced by the Bank.—The new form of Hundi will be governed by the provisions of the Negotiable Instruments Act. If the customer wishes to protect himself from fraud by a Hundi being stolen in post or misappropriated he can, like cheques, cross it. To cross a cheque or a Hundi it is necessary and sufficient to *draw two parallel transverse lines across the face of the instrument* and the effect of this crossing is to ensure payment only through a bank. The crossed cheque or hundi, therefore, is the safest way of transmitting money from one place to another with the least expense. It is, therefore, also to be noted that the rules regarding endorsement of cheques are similarly applicable to these instruments.

Hundi books will be supplied to all the Bank's constituents free of charge. Operation on accounts are allowed only by means of cheques and hundies sup-

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

Name of Branch.....

CONFIDENTIAL.

Limit for Hundies.

1 Serial No.	2 Name of the drawer or endorser from whom Hundies will be purchased by the Branch.	3 Kind of business and for how many years.	4 Value of unencumbered immoveable property at Branch head-quarter.	5 Land assessment paid last year.	6 Income tax, if any, paid last year.	7 Last year's limit.	8 Use of limits made during last year.		9 How many out of column 8 paid on presentation without interest.		10 How many out of column 8 paid with interest.		11 How many out of column 8 returned unpaid.		12 Limit proposed this year.	13 Senior Inspector's Recommendation.	14 Head Office Recommendation.	15 Board's Sanction.	16 Remarks.
							No. of Hundies.	Total amount.	No.	Amount.	No.	Amount.	No.	Amount.					

Note.—Columns 1 to 12 to be filled by the Branch. If no use or insufficient use is made of limits in previous years an explanation should be given in the remarks column, as to why fresh limit is recommended.

Agents (and cashiers in the absence of the Agents) should not discount demand hundies of local merchants whose names are not in the list approved by the Head Office for this kind of business or exceeding the limit sanctioned for each merchant. Such a step is most undesirable and risky. Members of the staff are, therefore, informed that any such business undertaken will be at their own risk and responsibility and they are further warned that in future any excess of authority in such cases will be severely dealt with.

All Agents are requested to submit the list of merchants with the individual limits from whom they desire to purchase hundies and get it approved by the Head Office before the season commences. They are also requested to note that such lists must be revised every six months and sent to the Head Office for its approval. The accompanying forms must be returned to the Head Office duly filled in immediately at the commencement of every season. It is to be noted that the above instructions apply to discount business only. There is, however, no objection to accept bills for collection and for payment of proceeds on realisation. This business also should ordinarily be done with parties known to the Bank recommended by respectable persons.

The attention of the Agents is invited to Clause (4) of Accounts Circular No. 1 of 21st September 1927 (printed below) under which they were required to get the names of merchants approved and the limits sanctioned by the Head Office every year. It is noticed that many branches do not have their lists revised regularly, and in some cases the limits are allowed to be exceeded. It is to be borne in mind that the limit fixed is the maximum liability that is to be allowed to the merchant at any one time and is not intended to be merely the limit for each day. Bills for the maximum limit may be discounted on one day but no further bill should be discounted from a party until his previous bills are honoured and his liability is reduced within the limit. Care should be taken to see that this is strictly observed in future.

Bearing this point in view, a limit should be recommended to each party. His assets—both moveable and immoveable—his standing, his turnover and his credit-worthiness should also be taken into account. The fact whether his bills during the previous years were paid on presentation or were delayed in payment or returned unpaid should also be a point for consideration.

Persons dealing in hundies should be shareholders of the Bank.—The Board of Directors have decided that in future no regular hundi business either by way of purchase or sale should be done by the Bank with persons who are not shareholders of this bank and that precautions should be taken to see that persons who are not members do not take advantage of the facilities by conducting business through persons who have become members. In view of this position, the Agents are requested to see that all regular customers who conduct hundi business with the Bank gradually take shares in the Bank; these will have to be purchased in the market and the Bank will be glad to assist them in securing such shares. A few copies of blank transfer forms may be obtained from this office and kept in stock for this purpose.

The Solicitors of the Bank have advised that it is not desirable for the Bank to register a firm under its (firm's) name as a holder of the Bank's shares. A firm is a shifting body of persons and is not a legal entity like a corporation. The Agents should, therefore, note while sending shares for transfer in the names of merchants that the transfers are executed in the names of the individual proprietor or partner and not in the names of the firm. In the column for "Occupation" the name of the firm may be written as "of.....".

Procedure for Outward Bills.

CIRCULAR NO. I OF 21-9-1927.

Outward bills include all kinds of remittances, e.g. hundies, cheques, drafts, R. T. Rs, demand drafts, that are sent for realization. They are of two kinds—(1) those that are received for mere collection and the amount of which is to be paid after they are realized and (2) those that are discounted or purchased i.e. the amount for which is paid before realization either in cash immediately or by crediting to the parties' account, subject to a charge of exchange.

Bills for Collection.—In accepting such Bills for collection, the following points should be noted :—

- (1) As a rule, Bills should be accepted for collection only from known parties, preferably such customers, who keep current accounts with the Bank. If possible customers who regularly do this kind of business should be induced to become members of the Bank purchasing at least one share, but this need not be insisted on.
- (2) Each Bill should be carefully examined to see that it is *prima facie* in order and then the particulars should be written in the Bill Register.
- (3) In case of Documentary Bills, i.e. Bills accompanied by Railway Receipts, etc., care should be taken that the documents like R/R and endorsed in favour of the Bank. Railway Receipts not properly endorsed in the Bank's favour or endorsed direct to the drawee of the Bill are no good as security. Agents should, therefore, see that the goods are consigned to "self," i.e. to the consignor in the Railway Receipt which should be got endorsed in the Bank's favour as follows :—

Please deliver to the Bombay Provincial Co-operative Bank Ltd.

(Consignor's signature.)

Much importance should not, however, be attached to the security of the Railway Receipt as in several cases it has been found that the Railway Receipt is taken out for goods that are not really consigned or goods of inferior quality. The standing, means and respectability of the parties should therefore be the only criterion.

- (4) All Bills should be numbered progressively by each Branch as B. C. No. 15/1, 15/2, 15/3 and so on (the figure 15 showing the number of years since the Branch was established).

- (5) The following entries should be passed in this connection :—
 Debit Bills Receivable and credit Bills for Collection for the full amount of the Bill.
 On realization :
 Credit Bills Receivable and debit Head Office account.
 Credit party's account and debit Bills for Collection.
 Credit Exchange account and debit party's account.
- If the Bill is returned unpaid then reverse the original entries *i.e.* credit Bills Receivable account and debit Bills for Collection and return the Bill to the party debiting his account for the exchange.
- (6) The Head Office or the Branch where the Bill is sent for realization should be asked to give intimation if the Bill is not paid on presentation. If no such intimation is received, a reminder should be sent.
- (7) If the Bills are remaining uncollected for a long time, the parties' instructions should be obtained. A list of the outstandings should be taken at least once in a month.

Bills discounted or purchased.—In addition to the items 1, 2, and 3 the following should be noted :—

- (1) Bills should be purchased or discounted mainly for the purpose of transferring funds and incidentally to earn exchange.
- (2) Bills purchased should be payable on demand only.
- (3) In no case Bills should be discounted from parties who are not on the list approved by the Head Office. Even when the party is on the approved list, the Agent may refuse to accept any Bills from parties about whom he receives disparaging information. Care should be taken to gather information from time to time about parties for whom hundies are discounted, though on the approved list.
- (4) Agents are requested to have the list approved every year before the beginning of the season even if there are not any changes. They should submit their recommendations in the form prescribed for the purpose.
- (5) Ordinarily the approved party from whom Bills are purchased should be the drawer of the Bills. In special cases, hundies endorsed by approved parties may be accepted.
- (6) In no case should the Agent allow the limit sanctioned to a party to be exceeded. This limit is intended to cover the total indebtedness of a party to the Bank either as a drawer or endorser at any one time in respect of all the hundies pending realization, whether drawn on different parties or payable at several places. Thus, for instance,

A's limit is for Rs. 20,000 and A has got hundies drawn by him for Rs. 10,000 discounted on 5th September and he has endorsed hundies drawn by B to the extent of Rs. 3,000 also discounted on 5th September, then further hundies of which he is drawer or endorser can be accepted only to the extent of Rs. 7,000 until receipt of advice of the realization of the hundies discounted on 5th.

- (7) Any excess of authority as regards points 3 and 6 above mentioned will be severely dealt with. The plea of having undertaken the business at the Agent's personal responsibility will not be admitted.
- (8) Although it is not possible for the Agents to know the means, standing and respectability of the drawees of the Bills, Agents should refuse to accept Bills even if drawn by approved parties on parties who, to the Agent's knowledge, are of doubtful means and standing.
- (9) Agents should not accept any Bills from or on parties whose Bills are not usually paid on presentation or are returned unpaid.
- (10) It should be noted that the payment of the Bills either in cash or by credit to party's account before realization amounts to the purchase of Bills. Once the amount is credited to the account, it is at the disposal of the party to be drawn upon and, therefore, comes under Bills purchased and the restrictions laid under items 3 and 6 should be followed.
- (11) The Head Office or Branch where the Bill is sent for realization should be asked to intimate *by wire* if the Bill is not paid on presentation and immediate steps should be taken to recover the amount on receipt of advice of non-payment. If there is sufficient balance to cover the amount, the party's account should at once be debited under advice to the party.

- (12) The following entries should be passed to record the transactions:—

Dr. Inland Bills Purchased Account for the full amount, and

Cr. Exchange for the exchange earned (and credit party's account for the balance if credited to account).

On realization

Dr. Head Office and credit Inland Bills Purchased Account.

If the Bill is returned unpaid, the party's account should be debited provided there is a sufficient balance, crediting Inland Bills Purchased account. Otherwise, the party should be asked to pay the amount immediately in cash and *not by way of fresh discounts* and if the amount is not recovered on the very day the account should be adjusted by debiting Overdue Bills Account and crediting Inland Bills Purchased Account.

- (13) All Bills should be progressively numbered as I. B. P. 15/1 15/2 and so on, as in the case of Bills for collection. It is, therefore, necessary to set aside separate pages in the Bill Register for B. C's and I. B. Ps. For the purpose of numbering R. T. Rs, Supply Bills, Imperial Bank's Demand Drafts should be numbered as I. B. P.'s.
- (14) Details of the I. B. P. account and Overdue Bills account should be sent to the Head Office every week as in the case of Sundry Debtors' and Creditors' accounts.
- (15) Intimations of Bills sent direct to Branches or other Banks should be immediately given by separate letter to Head Office.

It should be noted that the Head Office credits the Branch account in case of *hundies only* on realization. But in case of cheques and other instruments payable by banks, the account is credited on the day of receipt of remittances *subject to their being realized*. In such case, entries should not, therefore, be reversed at least for three days if the cheque is payable in Bombay and for six days if otherwise after receipt of the advice slip from Head Office.

Serial Numbering of Bills.—It is noticed that the Demand Drafts issued by the Branches are not serially numbered at the place specially provided for them. All Agents are requested to note that this is put into practice immediately. The year of the Branch should be put before the serial number.

Hundies should also be numbered in one corner. The serial numbers should run from April to March, a fresh number being given from 1st April. The printed numbers are given for the sake of reference of the books issued from this Office and have nothing to do with the issued number of each Branch.

Purchase of Inland Bills.

1. All agents and Cashiers are requested to give in the letters of advice of Inland Bills purchased the names of drawers as well as the names of the parties from whom the Bills are purchased. In future, this information must be given *without fail*.
2. If the approved party is other than the drawer of the Bill, he must invariably endorse the Bill in favour of the Bank.
3. The specimen signatures of the approved parties or those authorised to sign on their behalf should be kept on record, and payment made to such persons only or to authorised persons.
4. Signatures of the persons receiving payment must be taken either in the Bills Purchased Book, which is being supplied to all the Branches or on a separate voucher, which should be filed along with the daily payment vouchers.
5. In special cases, cheques and dividend warrants only received from respectable and known parties but not on the approved list may be treated as I. B. P.'s. In such cases, however, the signature of the party should be obtained either as drawer or endorser of the cheque or warrant. This facility should not

be given for sums over Rs. 500 at a time, and should be generally granted to persons in Government service, pleaders, doctors and such other respectable and known persons at the discretion of the Agent.

Proper signing and endorsing of Bills.

It has been noticed that Cheques, Hundies, Fixed Deposit Receipts etc. are not properly signed or endorsed by the authorized persons on behalf of the societies or banks concerned and the Head Office on several occasions has to return documents for such irregularities. Sometimes, cheques and hundies are drawn without writing the name of the society or the place from where they have been issued and as there are societies with similar names, it is found difficult to honour such instruments. Secondly, the persons signing simply put their signatures without writing their designation or mentioning on whose behalf they are signing. The following points should, therefore, be noted and followed in future :—

- (1) The instrument should be complete in all its details, *viz.*, place, date, amount in words and figures and signature. Any alteration should be verified by the drawer's signature.
- (2) The signature on behalf of a society or bank should be in one of the following ways :—

(a) When only one person is authorized to sign. For the Kolhapur Urban Co-operative Bank, Limited.

(Sd.)

President, (Chairman, Secretary, Manager, Agent, etc.)

(b) When two persons are authorized. For the Bombay Postal Co-operative Society, Ltd.

(Sd.)..... (Sd.).....

Hon. Secretary. Chairman,
(Manager, etc.)

(c) Where more than two persons authorized. For the Central Telegraph Co-operative Bank, Limited.

(Sd.)President.

„Hon. Secretary.

„Com. Member.

In case of endorsements on cheques etc. the signature of one authorized person may be sufficient and should be as follows :

For Surat District Central Co-operative Bank, Ltd.

(Sd.)

Manager (Managing Director,
Chairman, President, etc.)

When the paying bank returns a cheque for want of or an irregular endorsement, the collecting bank may guarantee or confirm such an endorsement provided the proceeds of the cheque are being credited to the person whose endorsement is wanting, insufficient or irregular. Such confirmation is given on the back of the cheque thus :—

(1) Payee's account credited.

For the Bijapur Co-operative Bank, Limited,

(Sd.)

Manager.

(2) Endorsement confirmed.

For the Nasik District Co-operative Bank, Limited,

(Sd.)

Manager.

(3) Want of 2nd endorsement guaranteed.

For the Poona Central Co-operative Bank, Limited,

(Sd.)

Manager.

When no mention is made as to which endorsement is confirmed, it is taken to mean the 1st payee's endorsement. If, however, any other payee is meant, the confirmation should clearly state to that effect as :—

"3rd endorsement confirmed" (as the case may be.)

Fixed deposit receipts must be discharged, like cheques, by all the persons authorized to sign on behalf of the Bank or society.

A rubber stamp which should be clear and distinct may be used for the above purposes. If so desired, this Bank will undertake to supply rubber stamps at cost from the Bank's stationers.

Crossing of Bills.

It has been noticed that some Agents put the special Crossing Stamp, that is, bearing the Bank's name, *on cheques or Demand Drafts drawn on us* which procedure is quite irregular. This stamp is meant *to be applied in cases of bills or cheques sent to this Bank for collection only*. The Agents are requested to take particular care to note this in future.

Intimation by Wire.

It has been found that requisitions from Branches for remittances are often received in Bombay by wire and they are required to be complied with the next day owing to the telegrams having been received in Bombay late in the day. All Agents of Branches are hereby informed that applications for R. T. Rs. are required to be sent from in Bombay upto 2 P.M. on week days and upto 1 P.M. on Saturdays, after which time it is not possible to remit amounts either by R. T. R. or by T. T. Agents of Branches are, therefore, requested to note that they should not spend unnecessarily for telegrams unless they

are sure that their wires reach Bombay in good time before 2 P.M. on week days and 1 P.M. on Saturdays. Ordinarily, demands for remittances should be sent by letters.

Proper endorsement of Hundies.

With reference to the I. B. P.s purchased by the Branches, it is sometimes observed that the Hundies are not properly endorsed by the parties from whom they are purchased and that the Branches do not write the names of the parties in the remarks column of the slips as per this office instructions. All Branches are, therefore, requested to invariably give in the remarks column of their slips the names of the parties from whom the hundies are purchased.

Refund of Bills.

It often happens that a Demand Draft or Hundi is returned unpaid by the drawee office for some technical irregularities in one of the endorsements and the party concerned instead of removing the irregularities returns it to the party from whom he received, and thus ultimately it is presented by the original applicant to the issuing office for refund of the amount. In many cases, the endorsements on the Draft or Hundi are not cancelled under proper authority. To obviate any risk in this respect, it is suggested that the refund should be made to the applicant only on his signing an indemnity letter in the under-mentioned form.

It should be noted that the commission charged by the Branches is not to be refunded.

INDEMNITY LETTER FOR REFUND OF BILLS.

To

The Agent,

Bombay Provincial Co-operative Bank, Ltd.,

.....Branch.

.....

Dear Sir,

In consideration of your paying me the sum of Rs.....being the amount of Demand Draft No.....in favour of.....issued to me and returned unpaid owing to some irregularities in endorsement, I hereby indemnify you against any claim that may arise in future in connection with the said Demand Draft of which I am the true owner,

Yours faithfully,

.....

(Applicant's signature)

Adjustment of Interest.

It has been noticed that varying practice prevails at different Branches for adjusting interest collected by the Head Office and other collecting banks on Bills sent for collection and Inland Bills purchased. Agents are, therefore, informed that

such interest in case of I. B. P.s should go to the credit of the interest account of the Branches concerned as advances were made on them. As regards interest collected for Bills sent for collection it belongs to the parties and should be paid to them.

R. T. Rs and Demand Drafts for remittance—R. T. Rs. for remitting amounts from the Branches to the Head Office, may be obtained at the Government Treasuries on Demand Drafts at the Branches of the Imperial Bank where they exist. The accompanying forms are to be used for the purpose.

Application for Remittance Transfer Receipt

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

Name in full of the applicant Society or Bank.	Amount of Demand Draft or R.T.R. required (In words and figures.)	Name and address in full of the Society or Bank to which remittance is to be made.	Name of the Treasury where the Demand Draft or R. T. R. is to be made Payable.	Date.	Remarks.
The Bombay Provincial Co-operative Bank, Limited.	Rs. Rupees	The Bombay Provincial Co-operative Bank, Limited, Sirdar Building, Apollo Street, Fort, Bombay.	Imperial Bank of India, Bombay.		

Dated the 193 . } for THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.
To, Sub-Treasury Officer. } Cashier. Agent. Branch.

Application for Demand Draft.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

No..... Bombay,.....19
To The Officer in charge of the Treasury at.....

Dear Sir,

I beg to enclose herewith a cheque for Rs.....as per particulars below, in exchange for which please hand us a Demand Draft on Government Account or Remittance Transfer Receipt at par on the place detailed below.

We hereby certify that the proceeds of the Draft applied for will be utilized strictly in accordance with the conditions laid down by the Government of India under which such Drafts are issued at par to co-operative societies and banks, i.e., transactions between a co-operative credit bank or society and its

Branches in the mofusil such transactions being limited to *bona fide* co-operative bank business, remittances in the shape of calls, deposits, and payment and repayment of loans to or by societies.

Yours faithfully,

.....
Agent.

Encl :

Particulars of Remittances Enclosed.

Cheque No.....for Rs.....

Particulars of Draft Required.

Demand Draft/R. T. R. for Rs.....favouring.....
.....
.....

R. T. Rs incorrectly issued:—It is noticed that many times the Remittance Transfer Receipts and Supply Bills are incorrectly issued by the Treasury Officers concerned and they are returned by the Imperial Bank of India, on technical grounds. Agents and Cashiers are requested, therefore, to see that all remittances are in order in all particulars before they are sent for collection to the Head Office or any other places. Similar precautions should be taken also in case of cheques, hundies, etc., sent for collection.

Lost documents.—When a document issued by the Bank to a party is lost, the Bank reissues it after satisfying itself about the loss, and on obtaining an indemnity to safeguard its position. In some cases, the Bank will demand that a surety should also sign the indemnity in addition to the party concerned. The Bank has prescribed different forms of indemnity for different documents and they are given below ; e. g., No. I for lost Demand Drafts, Cheques and Hundies ; No. II for lost Dividend Warrants ; No. III for lost share transfer, applications, allotment or call receipts ; and No. IV for lost share certificates or fixed deposit receipts. It will be seen that in the last case a surety will be required. In the case of a lost draft, hundi or cheque, some further procedure has to be adopted besides obtaining indemnity, as will be noted below.

Lost Bank Drafts, Hundies or Cheques.

Procedure.—Bankers' Draft is a Bill of Exchange and the Bank is responsible both to the purchaser of the draft and its holder in due course. (Vide Sections 5, 9, 30, 45-A, 58 and 120 of the Indian Negotiable Instruments Act, 1881). The Bank is, therefore, bound, when indemnified, to supply a duplicate draft to the purchaser of its Demand Draft, if the Draft is lost and is also bound to pay the original draft thereafter if it be presented by a holder in due course.

The onus of proof, however, as to whether the presenter is actually a holder in due course is strictly on the presenter.

When a purchaser of a Demand Draft reports that the Draft has been lost and asks for a duplicate the following procedure should be adopted; and the same procedure should be adopted in the case of a lost hundi or cheque.

The Agent should get in writing from the party concerned an authority to stop payment of the lost cheque, hundi or D/D. as the case may be, and then to request the office on which the instrument is drawn to stop the payment thereof, either by wire or by letter. In the former case, the telegram charges should be recovered from the party.

The Agent of the issuing Branch must first ascertain from the Office on which the draft was issued that it has not been paid and must advise that office that it has been lost. If the draft is still outstanding a duplicate may be issued under a bond of indemnity (in the form given below) and advise the office concerned that a duplicate has been issued.

The bond of indemnity should be signed by the purchaser and two other sureties, each of whom must be good for the amount of the draft. The bond must bear an impressed stamp of the value prescribed by the Stamp Act applicable in the case.

Should the applicant for a duplicate draft be a person of good standing, means and respectability, the production of sureties need not be insisted on, but in such cases reference should be made to the Head Office for instructions before it is agreed to dispense with sureties.

The Agent of the paying Branch must personally satisfy himself that the draft is still outstanding before informing the drawing Branch to that effect. He must also inform the drawing Branch immediately by telegram if the original draft be subsequently presented.

If the original draft be presented for payment the utmost care must be taken to see that the party presenting it is the holder in due course and can be readily traced should further proceedings be necessary. He must immediately advise the Agent of the issuing Branch, who should at once advise the parties who have executed the bond of indemnity.

Form No. I.

Indemnity for lost Cheque, D/D, and Hundi.

To

The Agent,

The Bombay Provincial Co-operative Bank, Limited.

Dear Sir,

I have to inform you that I have $\frac{\text{lost}}{\text{misaid}}$ $\frac{\text{Cheque}}{\text{D/D}} \text{Hundi}$ No. _____ for

Rs. _____ only, issued to me by you the _____ and in consideration of the Bank's issuing a duplicate $\frac{\text{Cheque}}{\text{Demand Draft}} \text{Hundi}$ for the aforesaid _____

amount I hereby agree to indemnify the Bank against all costs, expenses, damages etc. which may be incurred by the Bank in consequence of any claim which may be made by or on behalf of any persons holding such original

Cheque	I
D/D	
Hundi	

 further undertake to return the original if and when found.

Yours faithfully,

Dated..... *Signature*.....
Address

Form No. II.

Indemnity for lost Dividend Warrants.

The Directors,
 BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.
 BOMBAY.

Dear Sirs,

Whereas I have lost the.....Dividend Warrants Nos..... for the.....shares held by me, and having made careful search am unable to find the same, I request you to issue to me duplicate Dividend Warrants for the said.....shares and I hereby undertake and agree that if any claim shall be made of the abovenamed Bank or its Directors, in respect of the said Dividend Warrants or by reason of the same being hereafter found to be in existence, I will indemnify and save harmless the said Bank and its Directors from and against all loss or damage and all costs and expenses arising out of such claims or costs incurred in relation thereto. I further undertake to deliver up the said Dividend Warrants to the Bank if the same shall hereafter be found.

Witness..... *Signature*.....
Address..... *Address*.....

Form No. III.

Indemnity for lost Share Receipts.

The Directors,
 BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.
 BOMBAY.

Dear Sirs,

Whereas I have lost the share transfer, application, allotment, call receipt Nos.....for the.....shares held by me, and having made careful search am unable to find the same, I request you to issue to me the share certificate for the said.....shares, and I hereby undertake and agree that if any claim shall be

made of the abovenamed Bank or its Directors, in respect of the said receipts &c. or by reason of the same being hereafter found to be in existence, I will indemnify and save harmless the said Bank and its Directors from and against all loss or damage and all costs and expenses arising out of such claims or costs incurred in relations thereto. I further undertake to deliver up the said receipts &c. to the Bank if the same shall hereafter be found.

Witness..... Signature.....
 Address..... Address.....

Form No. IV.

Indemnity for lost Share Certificate or Deposit Receipt.

To

The Directors,
 BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.,
 BOMBAY.

Dear Sirs,

Whereas $\frac{I}{We}$ have lost, mislaid, or destroyed the original $\frac{\text{Share certificate}}{\text{Fixed deposit receipt}}$
 Nos.....for the.....shares held by $\frac{me}{us}$ and having made careful search $\frac{am}{are}$ unable to find
 No.....for Rs.....
 the same, $\frac{I}{We}$ request you to issue to $\frac{me}{us}$ a dupliacte $\frac{\text{Share certificate}}{\text{Fixed deposit receipt}}$ for the said
 (amount) shares, and $\frac{I}{We}$ hereby undertake and agree that if any claim shall
 be made of the abovenamed Bank or its Directors, in respect of the said
 $\frac{\text{Shares}}{\text{Deposit}}$ or by reason of the same being hereafter found to be in existence,
 $\frac{I}{We}$ will indemnify and save harmless the said Bank and its Directors from and
 against all loss or damage and all costs and expenses arising out of such claims
 or costs incurred relating thereto. $\frac{I}{We}$ further undertake to deliver up the said
 $\frac{\text{Share certificate}}{\text{Fixed deposit receipt}}$ to the Bank if the same shall hereafter be found.

Witness..... Signature.....
 Address..... Address.....

The said $\frac{\text{Certificate}}{\text{Fixed deposit receipt}}$ having been issued to the name of.....
 we jointly and severally agree to guarantee the due performance of the
 abovementioned undertaking and agreement by the said.....

Witness (1) Surety (1)
 Address..... Address.....
 Witness (2) Surety (2)
 Address..... Address.....

Heirs of deceased share-holders.—When the heirs of the deceased shareholder wish to have the shares standing in the name of the deceased in the books of the Bank, transferred in their own names, without the production of Letters of Administration, Probate or Succession Certificate, they have to apply to the Bank in form No. V, indemnifying it against loss, and signed by one or two sureties as may be required by the Bank. The acceptance or rejection of such indemnity rests entirely with the Board of Directors.

Form No. V.

Indemnity by Heirs of Deceased Shareholder.

To

The Directors

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

Dear Sirs,

In consideration of your transferring to $\frac{my}{our}$ name shares Nos.....
.....standing in the name of.....without production of letters of
Administration, Probate, or a Succession Certificate to his estate, $\frac{I}{We}$
.....at present residing at.....do hereby oblige
 $\frac{myself}{ourselves}$ $\frac{my}{our}$ executors and assignees to guarantee, defend, and relieve
you from all and any claims, questions and expenses which may be raised against
or incurred by you by transfer of the above shares and further $\frac{I}{We}$ do hereby
agree to accept the said shares subject to the provisions of the Bye-laws of the
said Bank.

In Witness whereof $\frac{I}{We}$ hereunto set $\frac{my}{our}$ hands on this.....
day of.....19

Signed, sealed and delivered in the
presence of :—

Signature.....
.....

Witness

(1).....

Occupation.....

(2).....

Address.....

The abovementioned shares having been transferred to the name of.....
.....we jointly and severally agree to guarantee the due performance
of the abovementioned undertaking and agreement by the said transferee.

Dated this.....day of.....193 .

Witness

Sureties.

(1).....

(1).....

(2).....

(2).....

Occupation.....

Address.....

Other Banking Services.

Another important service which the Bank renders to its clients is the safe custody of securities and valuables, collection of interest or dividend on securities and of the principal amounts thereof when due, purchase and sale of securities, collection of bills and cheques payable in Bombay or outside. The following are the terms on which such business is conducted.

Collection of Cheques etc.—The following arrangements have been arrived at between the Provincial Bank and District and Urban banks in the Bombay Presidency regarding the rates of commission to be charged by co-operative banks for collection and remittance of proceeds of (1) cheques and bills etc. drawn by co-operative banks, and also (2) cheques and bills etc. drawn otherwise but received from co-operative banks (for collection and remittance of proceeds.)

1. Cheques drawn by a co-operative society on a central or urban bank should be collected at par by all central or urban banks throughout the Bombay Presidency, and the drawee bank should remit money free of charge to the collecting bank by a cheque on the Bombay Provincial Co-operative Bank, Ltd., either direct to the collecting bank itself or to the Bombay Provincial Co-operative Bank, Ltd., for credit of its account under advice to the collecting bank.

Example.—'A' presents at the Karad Urban Bank a cheque drawn by the Broach Co-operative Bank on the Sind Central Co-operative Bank. The Karad Urban Bank should collect this cheque for 'A' without charging any commission. It should send the cheque either direct to the Sind Central Bank or through the Bombay Provincial Co-operative Bank. The Sind Central Bank should send the proceeds of the cheque without deducting any commission by a cheque on the Bombay Provincial Co-operative Bank, Ltd., direct to the Karad Urban Bank or to the Bombay Provincial Co-operative Bank, for credit of the Karad Urban Bank under advice to the Karad Bank.

2. Other cheques or bills sent by a co-operative society to a central or urban bank for collection and remittance of proceeds should be collected by the central and urban bank concerned at the following rates, and the proceeds remitted by a cheque on the Bombay Provincial Co-operative Bank, Ltd., or on the local central bank either direct to the society sending the remittance or to the Bombay Provincial Co-operative Bank or the local central or urban bank for credit of that society's account under advice to it :—

Cheques or Demand Bills	...	Free.
Documentary Demand Bills	...	1/16th per cent. subject to a minimum charge of annas 4.
Usance or Time Bills...	...	1/8th per cent. subject to a minimum charge of annas 4.

Actual out-of-pocket expenses may be recovered,

The difference between the arrangements proposed in paragraphs (1) and (2) is that in the latter case, the cheques and bills are drawn by parties other than co-operative societies and may have been drawn on co-operative societies or otherwise, but they are sent by a co-operative society to a central or urban bank for favour of collection on behalf of parties who may be co-operative societies or otherwise. The society sending such remittances for collection may charge commission to the party at the following rates :—

—	Cheque or Demand Bills.	Documentary Demand Bill, <i>i.e.</i> , with Railway Receipt.	Usance Bills or Time Bills.
(1) If the party presenting bills for collection is a co-operative society ...	Free ...	1/16%	½%
(2) If the party is an individual customer of the society ...	1/16%	3/32%	3/16%
(3) If the party is a recognized joint stock bank ...	½%	3/16%	½%
(4) In all other cases :			
(a) for sums upto Rs. 2,000 ...	3/16%	½%	½%
(b) for sums over Rs. 2,000 ...	½%		

Actual out-of-pocket expenses may be recovered in addition to the above.

Where the percentage charge is less than 4 annas, a minimum charge of 4 annas will be made.

Example.—The Surat People's Bank sends a remittance to the Hubli Bank for collection on behalf of 'A'.

If the remittance is a cheque or bill payable on demand, the Hubli Bank will not charge any commission but remit the proceeds in full by a cheque on the Bombay Provincial Co-operative Bank, Ltd.

If the remittance is a demand bill accompanied by a Railway Receipt, then the Hubli Bank is entitled to charge a commission of 1/16 per cent. and if the Bill is a time bill, *i.e.*, payable some days after date or sight, then the Hubli Bank should charge commission at the rate of ½ per cent.

As between the Surat People's Bank and 'A' the rate of commission will be determined as per schedule.

Note.—The term "central bank" applies to the Provincial Bank and its branches, and the term "co-operative society" will include all types of societies, registered under the Act. In the absence of any special arrangements, the term "urban bank" is used only for non-agricultural credit societies with a total working capital of Rs. 50,000 or over.

The following Central and Urban Banks have agreed to collect and remit proceeds of bills in accordance with the arrangements noted above :—

1. Bombay Provincial Co-operative Bank, Ltd., (and its Branches).
2. Kaira District Central Co-operative Bank, Ltd.
3. Surat District Central Co-operative Bank, Ltd., (and its Branches).
4. Broach District Central Co-operative Bank, Ltd.
5. Poona Central Co-operative Bank, Ltd., (and its Branches).
6. Sholapur District Central Co-operative Bank, Ltd.
7. Bijapur District Central Co-operative Bank, Ltd., (and its Branches).
8. Karnatak Central Co-operative Bank, Ltd., (and its Branches).
9. Daskroi Co-operative Banking Union, Ltd.
10. Belgaum District Central Co-operative Bank, Ltd., (and its Branches).
11. Kanara District Central Co-operative Bank, Ltd.
12. Sind Central Co-operative Bank, Ltd.
13. Hyderabad District Central Co-operative Bank, Ltd.
14. Nawabshah District Central Co-operative Bank, Ltd.
15. Sukkur District Co-operative Bank, Ltd.
16. Larkana District Central Co-operative Bank, Ltd.
17. Mirpurkhas District Central Co-operative Bank, Ltd.
18. Nasik District Central Co-operative Bank, Ltd.
19. Cosmos Co-operative Credit Society, Ltd.
20. Dharwar Urban Co-operative Bank, Ltd.
21. Southern Maratha Co-operative Bank, Ltd.
22. Betgeri Urban Co-operative Bank, Ltd.
23. Hubli Urban Co-operative Bank, Ltd.
24. Belgaum Pioneer Urban Co-operative Bank, Ltd.
25. Raddi Communal Co-operative Bank, Ltd.
26. Sirsi Urban Co-operative Bank, Ltd.
27. Kumta Urban Co-operative Bank, Ltd.
28. Karwar Urban Co-operative Bank, Ltd.
29. Pandharpur Urban Co-operative Bank, Ltd.
30. Shamrao Vithal Urban Co-operative Bank, Ltd., (and its Branches).
31. Dhulia Urban Co-operative Bank, Ltd.
32. Hyderabad Amils' Co-operative Bank, Ltd.
33. Khudabadi Amils' Co-operative Bank, Ltd.

34. Surat People's Co-operative Bank, Ltd.
35. Kittur Urban Co-operative Bank, Ltd.
36. Central Telegraph Office Co-operative Credit Society, Ltd.
37. Gadag Co-operative Urban Bank, Ltd.
38. Kalyan People's Co-operative Bank, Ltd.
39. Ankola Urban Co-operative Bank, Ltd.
40. Ankleshwar Urban Co-operative Bank, Ltd.
41. Gokak Co-operative Urban Bank, Ltd.
42. Honavar Co-operative Urban Bank, Ltd.
43. Byadgi Urban Co-operative Bank, Ltd.
44. Jambusar People's Co-operative Bank, Ltd.
45. Broach Urban Co-operative Bank, Ltd.
46. Karachi Co-operative Urban Bank, Ltd.
47. Godhra City Co-operative Bank, Ltd.
48. Rander People's Co-operative Bank, Ltd.
49. Pandharpur People's Co-operative Bank, Ltd.
50. Amalner Urban Co-operative Bank, Ltd.
51. Bhusaval People's Urban Co-operative Bank, Ltd.
52. Khudabadi Bhaiband Co-operative Society, Ltd.
53. Mercantile Co-operative Bank, Ltd., Karachi.
54. Nagar District Co-operative Bank, Ltd.
55. Bulsar People's Co-operative Bank, Ltd.

Agency Business.—The following are the terms upon which the Bank undertakes Agency business :—

- (I) On deposit of Government Paper, Certificates of shares etc., with the Bank for safe custody, a fee of one Rupee will be charged for each Note, Certificate, Document lodged; in no case, however, is the Fee to exceed Rs. 20. No fee will be charged on withdrawal.
- (II) On deposit of sealed boxes etc. of a reasonable size, a fee of Rs. 10 will be charged and a similar sum for every successive year. No fee will be charged on withdrawal.
- (III) On collection of the principal, on due date, of any Government or other securities lodged with the Bank $1/32\%$.
- (IV) On amount realized as interest or dividend on securities sent to us for collection of interest warrants etc., or on securities lodged with us 1% .

(V) The Bank undertakes the purchase and sale of Government securities, Port Trust, Municipal and Improvement Trust Bonds, Debentures and Shares in public companies on behalf of its constituents, i. e., those having regular current accounts with the Bank. On amounts paid or received on purchase or sale of securities $\frac{1}{8}\%$.

(VI) On collection of Bills payable outside Bombay for approved constituents, besides the collecting Bank's charges, as under :—

	Cheque or Demand Bills.	Documentary Demand Bills i.e. with Rly. Receipt.	Usance Bills or Time Bills.
1. If the party presenting bills for collection is a co-operative society	Free	1/16%	$\frac{1}{8}\%$
2. If the party is an individual customer of the Bank.	1/16%	3/32%	3/16%
3. If the party is a recognized joint stock bank	$\frac{1}{8}\%$	3/16%	$\frac{1}{4}\%$
4. In all other cases:			
(a) for sums upto Rs. 2,000	3/16% } $\frac{1}{8}\%$	$\frac{1}{4}\%$	$\frac{1}{4}\%$
(b) for sums over Rs. 2,000			

(VII) On collection of Bills, etc., payable locally outside the limits of the Fort, a charge of As. 4 will be made irrespective of the amount, but in case of co-operative societies only the charge will be annas three per Hundi, Bill etc. (No commission will be charged on collection of bill etc., payable within the limits of the Fort.)

(VIII) In case where the charge on percentage basis amounts to less than annas four, As. 4 will be charged.

N. B.—To save time and facilitate collection of interest warrants on securities it is suggested that clients may give the Bank a special power of Attorney to collect interest and dividend. Forms will be supplied on application.

The scale of charges for collection of up-country cheques and bills is as under :—

Cheque or Demand Bill	...	1/8%	minimum 4 annas.
Documentary Demand Bills	...	3/16%	" 8 "
Usance Bills	...	1/4%	" Re. 1.

Places where the Bank undertakes collection work.—The Bank undertakes collection work on the following places in the Bombay Presidency :—

Name of place.	District.	Name of place.	District.
1. Ahmednagar	... Ahmednagar.	32. Jambusar	... Surat.
2. Ahmedabad	... Ahmedabad.	33. Jalgaon	... E. Khandesh.
3. Amalner	... E. Khandesh.	34. <i>Kobargaon</i>	... Ahmednagar.
4. <i>Akluj</i>	... Sholapur.	35. <i>Koregaon</i>	... Satara.
5. Ankleshwar	... Surat.	36. <i>Kalol</i>	... Panch Mahals.
6. Amod	... Broach.	37. <i>Satara</i>	... Satara.
7. <i>Baramati</i>	... Poona.	38. <i>Kirloskarwadi</i>	... do
8. Bagalkot	... Bijapur.	39. <i>Katwan</i>	... Nasik.
9. <i>Belapur</i>	... Ahmednagar.	40. Karwar	... N. Kanara.
10. Belgaum	... Belgaum.	41. Karachi	... Sind.
11. <i>Bhiswandi</i>	... Thana.	42. Lonawla	... Poona.
12. Broach	... Broach.	43. <i>Nandgaon</i>	... Nasik.
13. Bulsar	... Surat.	44. <i>Malegaon</i>	... do
14. Bijapur	... Bijapur.	45. <i>Nira</i>	... Poona.
15. Barsi	... Sholapur.	46. Nadiad	... Kaira.
16. Bhusawal	... E. Khandesh.	47. <i>Nandurbar</i>	... W. Khandesh.
17. Chalisgaon	... do	48. Nasik	... Nasik.
18. Chikhali	... Surat.	49. Poona	... Poona.
19. <i>Dhulia</i>	... W. Khandesh.	50. <i>Parola</i>	... E. Khandesh.
20. Dbarangaon	... E. Khandesh.	51. Pandharpur	... Sholapur.
21. <i>Dohad</i>	... Panch Mahals.	52. Pachora	... E. Khandesh.
22. <i>Dondaicha</i>	... West Khandesh.	53. <i>Shirpur</i>	... W. Khandesh.
23. Dharwar	... Dharwar.	54. <i>Shahada</i>	... do
24. Godhra	... Panch Mahals.	55. <i>Shinkhede</i>	... do
25. Gokak	... Belgaum.	56. <i>Shevgaon</i>	... Ahmednagar.
26. Gadag	... Dharwar.	57. <i>Satana</i>	... Nasik.
27. Hyderabad, Sind	... Hyderabad Sind.	58. <i>Sakri</i>	... W. Khandesh.
28. Haveri	... Dharwar.	59. Sirsi	... N. Kanara.
29. Hubli	... do	60. Sholapur	... Sholapur.
30. <i>Islampur</i>	... Satara.	61. Tasgaon	... Satara.
31. Indapur	... Poona.	62. <i>Virangam</i>	... Ahmedabad.
		63. <i>Paighar</i>	... Thana.

The italicized names denote Branches of the Bank.

Advances against Agricultural Produce.

Rules regulating advances against agricultural requisites.—The Board of Directors have power to make advances to co-operative societies and to individual members of such societies for the purposes mentioned in the last clause of Bank's bye-law 72(j) on the following terms and conditions :—

- (1) Such advances shall not be made except at centres where the Bank undertakes purchase and sale business in the interest of co-operators, that is, members of registered co-operative societies having business relations with the Bank.
- (2) Advances shall be made at any particular centre, by the Bank or its Branches or Shops under its supervision, only against agricultural produce or requisites of the types produced or required by members of co-operative societies in that area.
- (3) The security for the advances, namely, the agricultural produce or requisites, shall remain in possession of the Bank or its Branch or Shop.
- (4) Advances shall, in no case, exceed a maximum of 75 per cent. of the value of the goods pledged as security, the exact amount of the margin being prescribed, from time to time, by the Board of Directors.
- (5) The period of the advance shall be restricted to a maximum of 6 months, but renewal may be granted with the approval of the Board of Directors.

- (6) If the margin contracts owing to a fall in prices, the Bank shall call upon the party to make good the deficit, on failure to make good, the Bank shall be entitled to sell the goods at the cost and risk of the party.
- (7) Advances shall be made to co-operative societies or their members against agricultural produce brought to the Bank or its Branch or Shop for sale on commission. Credit may be allowed to purchasers of agricultural produce sold on commission through the Bank or its Branch or Shop, provided that the produce sold remains in the possession of the Bank.
- (8) Advances shall be made to consignors against agricultural requisites such as seeds, oil-cake, fertilizers, implements required by members of societies affiliated to the Bank according to societies' indents or estimates of their requirements approved by local Advisory Committees. Credit may be allowed to co-operative societies or their members against such purchases, provided the articles purchased remain in the possession of the Bank.
- (9) No advances shall be made against new varieties of implements or manure, except with the approval of the Board of Directors who will consult the Registrar or the Director of Agriculture in the matter.
- (10) Interest shall be charged at the rate of 9 per cent. per annum payable half yearly to traders and at the usual rate to societies and for their members.
- (11) Godown rent and other charges shall be payable by the parties on a scale fixed by the Bank from time to time for the different branches or shops.
- (12) Quarterly statements showing advances at each centre together with details of the security held shall be forwarded to the Registrar,

Advances to Individual Members of the Bank.

The foregoing rules apply only to advances to co-operative societies and their members. In view of the demand from individual members of the Bank to have similar advantages, the Bye-laws have been so amended as to permit the Bank to finance individual members of the Bank (whether they may be members of any agricultural credit society or not) and the Board started this business at all the branches of the Bank from September 1929 in addition to the business so long undertaken for the benefit of co-operative societies and their members.

Terms of Business.—The terms and conditions as regards the period, margin etc. will be the same as mentioned in the previous rules. However, for ready reference, they are given below for regulating the business with such individuals :—

- (1) Advances may be made to members of this Bank ; as well as to rural credit societies and their members as hitherto,

- (2) Kind of security— Agricultural produce or requisites of the type produced or required by members of co-operative societies in the area under the branch.
- (3) Possession of security shall remain with the Bank.
- (4) Margin—advances including interest etc. shall in no case exceed 75 per cent. of the ruling market value (not being in excess of the normal value) of the goods pledged as security. In the first instance, the Agent may allow only upto 50 per cent. of the market value provided such advance does not exceed Rs. 5,000 to one party. If more than this limit is to be advanced, the Agent must get the sanction of the Head Office. The required margin must always be maintained. If the margin contracts owing to a fall in prices, the Agent shall call upon the party to make good the deficit, on failure to make good the Agent shall call for instructions from Head Office to sell the goods at the cost and risk of the party.
- (5) The period of the advances shall be restricted to a maximum term of 6 months, but renewal for a further period of 3 months may be granted with the sanction of the Head Office.
- (6) Interest will be charged at 7½ per cent. if the borrower agrees to store the produce in gunny bags or at 8 per cent. if the produce is to be stored in bulk. It shall be payable *in cash* every quarter next following, *i.e.*, on 30th June, 31st October, 31st December and 31st March.
- (7) A demand pro-note and a letter of pledge will be got executed from the borrower.
- (8) The godown where it does not belong to the borrower shall be hired in the name of the Bank and the rent will be payable by the borrower.
- (9) The goods will be insured for the full value with a company approved by Head Office and the policy assigned to the Bank. All insurance charges shall be payable by the borrower.
- (10) All other incidental charges shall be recovered from the borrower.

Further Instructions.—The following further instructions are issued for the guidance of the staff :—

- (1) Advances should be made only against such types of agricultural produce and requisites as shall be approved by the Advisory Committee and sanctioned by the Head Office.
- (2) The godown should be first inspected and approved by the Agent. In doing this, he must look to the condition of the godown as also its immunity from theft or robbery. If he has any reason to doubt the safety of the goods stored he may insist on engaging one or more watchmen at the cost of the borrower.

- (3) As far as possible, Bhusar (grain) should be stored in gunny bags. If this is not possible the godown should be divided into small regular compartments with wooden or bamboo-matting or other suitable partitions and the cubic capacity of each compartment in the godown should be separately noted before filling in the produce. The cost of partition will have to be borne by the borrower or borrowers. The compartments should be numbered.
- (4) When the produce is stored in bags, the Agent should see that the bags are so arranged that a count can be taken at any time without much difficulty. Gul lumps also should be similarly arranged.
- (5) Where the godown is hired, the Agent should see that it is hired in the Bank's name and that rent is regularly paid. For this purpose, he should insist on the landlord's receipts being handed over to him for record.
- (6) The Agent should put up a small wooden, tin or cardboard plate with the name of the Bank on each godown in a prominent place to indicate possession of the Bank.
- (7) The Agent should obtain and keep the insurance policy duly assigned on the Bank's record.
- (8) Where it is intended to advance to any member more than 50 per cent. of the value of the goods, information in the prescribed form (Form A given below) should be supplied to the Head Office and the excess limit should be got approved.
- (9) The Agent should watch the market for each kind of produce against which advances are made and see that the required margin is kept up from time to time. In case the margin is found inadequate, he must immediately call upon the member to give additional security or repay the required amount. On his failure to do so within two days, the Agent should make a report to the Head Office, through the Senior Inspector, of the action proposed to be taken.
- (10) (a) The Agent is primarily responsible to see that the produce is properly stored in a safe condition, he should be present when the goods are being stored. He will keep all reasonable watch from time to time. He will have custody of the keys of the different godowns and will take all reasonable care of the stock in his possession. It will be his duty also to get the necessary documents duly signed by the member.
 - (b) Goods are to be released only to the extent of repayment of amount and after getting the delivery order in the prescribed form (Form E given below) duly signed by the borrower. The delivery orders should be serially numbered and separately filed.
- (11) Two special books—(1) the godown register (Form B given below) and (2) the personal ledger for advances against produce (Form

C given below) should be maintained. The Agent should initial these books after each entry in token of his having satisfied himself as regards the correctness of the transactions.

- (12) A weekly statement in the prescribed form (Form D given below) must be sent to Head Office on every Monday.
- (13) The Senior Inspector for the Division shall inspect, by surprise visit, once in a month, all the godowns and scrutinize the advances made to each individual member. He will sign the godown register and the personal ledger. He will also see that the instructions of the Head Office and the conditions laid down by the Bank are strictly followed by the Agents, and make a report of his visit to Head Office every time. He will also inquire about the ruling rates of different kinds of produce against which advances are made, and report if the required margin is maintained in all cases. He will also mention in his report whether the godowns as approved by the Agents are safe in his opinion. He should lastly examine the documents and report if they are in order.
- (14) The instructions given to the Senior Inspector as above will apply to the Branch Auditor when he visits the branch for audit.

Agreement to take loan on the Security of goods.—Before making advances against goods, the following agreement should be taken from the party concerned. The different clauses in the agreement should be carefully explained to him, and he must be made to abide by them. The success in this line of business consists in seeing that goods not inferior to those shown and approved are admitted, and in carefully watching the rise or fall in the price of the goods in the market, and making a prompt demand for further security, and on failure to comply, to take necessary action. The custody of the Bank over the goods must be complete. The reputation of the party must be ascertained before the business is accepted. He must moreover be either a member of the Bank, or a member of the Society which holds a share or shares of the Bank.

Form of agreement.—I, the undersigned.....a member of the Bombay Provincial Co-operative Bank, agree to take a loan from the Bank on the security of goods belonging to me on the following terms :—

- (1). The goods which I have at present placed in the custody of the Bank as security or those goods which I might so place from time to time will remain in the custody of the Bank without any obstruction on my part, and I agree to whatever action the Bank will take to make its custody known.
- (2) I undertake not to take more amount against the goods kept in security than.....per cent. of their current market price. If the amount received exceeds the above proportion on the basis of the current market price, I undertake to place further goods as security or repay the amount received in excess.

- (3) If it is necessary to hire a godown, I undertake to do so in the name of the Bank and to pay the rent from time to time.
- (4) I undertake to insure the goods for their full price with any Company determined by the Bank and will get the policy issued in the name of the Bank.
- (5) If for any reason the godown requires to be changed or repaired, I undertake to bear the expenses in that connection.
- (6) I undertake to repay the principal of the loan with interest and all expenses due by me by.....193 .
- (7) The loan shall bear interest at.....per cent. per annum. If the rent of the godown, the expenses in connection with insurance and other matters be not paid by me in cash, the same should be debited to me in the Ledger of Loans, and should bear interest at the same rate. This interest shall be calculated at intervals of 3 months (30th June, 30th September, 31st December and 31st March).
- (8) In case of breach of any of the above conditions and if I fail to make arrangements to repay within 24 hours if so required by the Bank, the Bank shall have the right to recover its amount by sale of goods by public auction or private treaty, (though the Bank is not bound so to sell the goods), and on receipt of the accounts of sale under the signature of the Manager, Accountant or other Officer duly authorised, I agree to acknowledge its correctness. If the proceeds of the sale do not fully meet the loan due by me, its interest or other expenses, I undertake to pay the balance so remaining.
- (9) Besides the above dues, if any other amount is due to the Bank by me individually or jointly with some others, I agree that such amount shall have a charge on the goods kept in the Bank's custody.
- (10) If after repaying the above loan its interest and other expenses, any balance of goods or of cash from sale be left over, the same shall be handed over to me or to any person authorised by me.
- (11) I will not in any way hold the Bank responsible for the weight, quality, condition or safety of the goods given into its custody. I am myself responsible for any deficit or damage that may arise by any cause.
- (12) I undertake to render every assistance whenever the Manager of the Bank, its Inspector or other Officer comes for the inspection of the goods, without raising any kind of objection.

Date..... Signature of the borrower.....
 Witness.....

Depots.

The business of making advances to its members or to the members of the societies on the security of agricultural produce of any tract given into the custody of the Bank is carried on at centres where there are branches of the bank and a few other places where depots have been opened.

The Head Office of the Bank sanctions advances to members to the extent of 60 to 75 per cent. of the produce and makes payments through the Depot-keeper whose responsibility is the same as that of Agents of Branches.

Instructions to Branches.

Advances against agricultural produce may be allowed by the shops affiliated to the Branches of this Bank on the terms already mentioned. The Branches should open a separate account for the shop for this business and name it "Advances Against Agricultural Produce" bearing interest at $7\frac{1}{2}$ per cent. The shops are free to charge to their customers commission or other charges or may finance members of this Bank or of co-operative credit societies at 8 per cent.

The attention of the Senior Inspectors is invited to Clause XIII of the instructions regarding advances against produce to individual members, under which they are required to inspect by surprise visit once in a month all the godowns, and scrutinize the advances against agricultural produce. They are required to make a report of their visit every time. If these instructions are not followed regularly and reports made by Senior Inspector, serious notice will be taken of such default.

Similarly, all the members of the staff are required to follow the instructions laid down in this behalf, and if there be any violation of such rules, the persons responsible for the same will be held liable and strict notice will be taken of such irregular actions. The expansion of the business depends greatly on the soundness of the work and the observance of the essential safeguards very strictly.

Agents are requested to send statements regarding advances to individuals or merchants on the security of agricultural produce or agricultural requisites to be submitted to the Registrar through the Head Office every quarter.

The statements should be in the following form :—

(1)	(2)	(3)		(4)	(5)
Name of Branch.	No. of persons financed.	Amount of advances		Total value of goods held as security.	Remarks.
		against agri : producer	against agri : equities	Produce Requisites	

A certificate should also be added that the stock was checked and verified by the Agents concerned on the last day of the quarter and found to be correct and that the margin of security was adequate.

Procedure for advances.

Before making advances against agricultural produce of any individual members, the Branch concerned should ascertain the status of the proposed borrowers, together with the nature and extent of the produce and the maximum amount that can be advanced under this head. This work of scrutiny should be done in form A and the form sent to the Head Office for its approval and sanction. When the produce is given into the custody of the Branch the particulars of the godowns and the goods stored therein should be filled in form B, the Stock Ledger. The particulars regarding the insurance effected on the goods pledged, the advances, repayments, and the balance, should be entered in form C, the Produce Advances Ledger. All the entries in the previous three forms are to be summarised and entered in form D which is to be submitted to the Head Office weekly.

When the advance or any part of it is repaid by the borrower, and he requires the whole or any part of the pledged goods to be returned, he should fill the delivery order in form No. E and hand it over to the Agent who, when delivering the goods, should take the borrower's acknowledgment below the delivery order.

The Bombay Provincial Co-operative Bank, Ltd.

Form C.

Produce Advances Ledger.

Name of Borrower

Address:

[When advances are made on different kinds of security some few lines should be left on this side for each Security.]

Date.	Kind of Security.	Unit.	Quantity Received.	Quantity delivered.	Balance of each kind.	Rate per unit.	Market value.	Agent's initials.	Senior Inspector's initials.

Godown Nos.....

Particulars of Insurance :—

Name of the Company.

Nos. of Policies.

Amount.

Date of Expiry.

Date.	Particulars.	Amount Advanced.	Amount repaid.	Balance.	Days.	Products.	Agent's initials.	Senior Inspector's initials.

The Bombay Provincial Co-operative Bank, Ltd.

Form D.

BRANCH.....

Advances against Agricultural Produce and Requisites as on.....193 .

- Note.*—1. The goods should be insured for the full value and not for actual amount advanced.
 2. Commodities stocked in different villages or towns should be shown separately in the Remarks Column,
 3. Market value to be given should be as on the date of the statement,

Serial No.	Ledger Folio.	BORROWER'S NAME.	Go-down No.	Particulars of Insurance (Amount, No. of Proposal or Policy, Date of expiry)	SECURITY.				Limit Sanctioned by H. O.	Percentage sanctioned by H. O.	Amounts outstanding.	When due.	REMARKS.	
					Kind.	Quantity.		Current market rate per unit.						Total Value.
						No.	Unit.								Rs. as. ps.

Delivery Order No.....

Agent.....

The Bombay Provincial Co-operative Bank, Ltd.

Form E

Branch.....

DEAR SIR,

I have this day repaid Rs.....out of the loan advanced to me against the security of goods. I therefore request that you may kindly deliver the following goods to the bearer of this delivery order on my behalf :—

Yours

Dated,

I have received the goods mentioned above,

Delivered the goods as above.

AGENT.

Advances against Fixed Deposits and Securities.

Under orders from the Board of Directors, the following instructions are issued with regard to the grant of loans to individual members on the security of their fixed deposits in the Bank or of Government or other authorized securities :—

Advances against Fixed Deposits :

- (1) No such advances shall be made except with the previous approval of the Managing Director or Manager.
- (2) At branches where advisory committees have been empowered by the Board to sanction loans to societies, the committees may sanction such advances also subject to the approval of the Managing Director.
- (3) No applications for advances should be entertained from persons who are not members of the Bank.
- (4) Advances will be restricted to a maximum of 50 per cent. of the amounts of the fixed deposits held.
- (5) Deposit receipts pledged as security should be for periods of 6 months or over.
- (6) The rate of interest on the advances will be fixed by the Head Office either from time to time or when communicating its sanction for advances.
- (7) Interest will be payable on 30th September, 31st March and on repayment of the loans in full.
- (8) Advances will usually be made for fixed periods not exceeding six months, but the period may be extended up to the term of the deposit receipts.
- (9) The borrowers will give as security the deposit receipts standing in their own names duly discharged, together with demand pro-notes for the amount of the loans taken.

Advances against Government Securities :

- (1) No advances shall be made except with the previous sanction of the Managing Director or Manager.
- (2) Advances shall be given only to individuals who are members of the Bank, from whom applications should be taken containing information about their status and financial position.
- (3) Advances can be made in the shape of overdraft on current account or fixed loans,

- (4) Advances will be restricted to a maximum of 90 per cent. of the market value of the security, but a margin of 10 per cent. must invariably be maintained and the Bank shall have the power to dispose of the securities if there is a deficit.
- (5) Advances will be only against promissory notes, bonds or stock of the Government of India or of the Bombay Government or debentures or other Trustee securities issued by the following bodies :— the Bombay Port Trust, the Bombay Improvement Trust, the Bombay Municipal Corporation and the Karachi Port Trust.
- (6) The maximum period for loans or overdrafts will be 6 months, but renewal can be granted with the approval of the Managing Director or Manager.
- (7) The rate of interest will be fixed by the Head Office either from time to time or when communicating sanction of the loans.
- (8) Interest will be payable on 30th September, 31st March and on repayment of the advances.
- (9) The market value of the securities will be determined by the Senior Inspector who will also verify the endorsements in favour of the Bank before approving of payment. The last endorsement in favour of the Bank *must* be that of the borrower.
- (10) In addition to endorsing the securities in favour of the Bank, borrowers will be required to execute demand promissory notes.
- (11) The Government securities against which advances are made will be kept at the offices of selected branches. Branches other than these will forward the securities to the Head Office after the transactions are completed.

General.—Both these types of advances will be shown under separate account headings in the weekly statements of general ledger balances as advances against Fixed Deposits and advances against Government Securities, and will also be included in separate sections in the monthly statements of loan balances. Personal ledger accounts and registers of securities will have to be maintained in forms prescribed by the Head Office.

Advances against Gold and Silver.

Rules for Advances against Pledge of Gold and Silver articles.—The following rules are framed by the Board of Directors, in consultation with the Registrar, Co-operative Societies, for the grant of advances by the Bank to the members of societies on the pledge of gold or silver bars or ornaments :—

- (1) Advances will be made only to registered societies dealing with the Bank or its Branches,

- (2) Advances will be made against gold or silver bars or ornaments, provided the latter are made of solid gold or silver and the bars represent *bona-fide* family or personal investments.
- (3) Advances will be made to the extent of 80 per cent. of the value against gold and 60 per cent. of the value against silver articles.
- (4) Members desirous of obtaining advances under the system should apply to their societies in a form prescribed for the purpose which will be endorsed by two persons testifying that the articles belong to the applicant.
- (5) The valuation will be entrusted to a local valuer to be selected by Senior Inspector in consultation with the Local Advisory Committee and subject to the approval of the Head Office.
- (6) The society will note the applications in a special register and forward them to the local Branch accompanied by a copy of the committee's resolution sanctioning the loan, and applying for a corresponding advance from the Bank.
- (7) The applicants should take the articles to be pledged to the Branch Office on a day to be communicated to the Society by the local Agent, when the valuer and the Senior Inspector can arrange to be present.
- (8) The valuation charges will have to be borne by the applicants, these being fixed on a scale approved of by the Bank.
- (9) The amounts as sanctioned for different societies for this specific purpose will be paid to the applicants on their depositing with the Branch the articles to be pledged in the presence of the Senior Inspector and the Chairman or authorised members of the Managing Committees of their respective societies.
- (10) No liability shall attach to the borrowing society in respect of loss arising from incorrect valuation or default on the part of members.
- (11) All such pledged articles will be deposited in the local Sub-Treasury in special boxes to be opened at intervals of not less than a month on the applicants' demanding the same after repaying the amounts with interest. The articles shall be returned direct to the applicant members by the Branch.
- (12) Advances will be made by the Bank to the societies at 7 per cent. and by societies to members at $7\frac{1}{2}$ per cent.
- (13) The maximum period for which such advances will be permitted will be six months and the minimum one month; renewals will, however, be granted with the approval of the Head Office.
- (14) No advances to an individual shall exceed the sum of Rs. 5,000 in any case,

Societies which desire to take advantage of this facility are requested to make suitable changes in their own bye-laws.

Procedure.—Before making advances under this head it must be ascertained whether the society which wants to take advantage of this system has got its bye-laws changed with the approval of the Registrar. The member who wants the advance should make an application in form No. I to his society endorsed by two persons testifying that the articles belong to the applicant.

When the committee of the society concerned has sanctioned the loan, the society should make an application to the Branch of the Bank in form No. II forwarding a copy of the resolution of the managing committee sanctioning the loan in form No. III. When the ornaments have been valued by the valuer in the presence of the Senior Inspector, the amount sanctioned for the purpose will be paid to the applicants on their passing a promissory note in form No. IV in favour of the society and endorsed by the latter in favour of the Branch concerned. The Agent of the Branch will put the ornaments pledged in a box and seal it and deposit it in the Government Treasury and advise the society concerned to that effect in form No. V.

When the member concerned repays the loan with interest, his ornaments are to be returned to him after taking a receipt therefor in form No. VI. All these forms are printed in Marathi.

Form No. I.

FORM OF LOAN APPLICATION OF A MEMBER TO THE SOCIETY.

To,

The Chairman,

.....C. C. Society.

I,.....a member of your society, hereby request that I may be granted a loan of Rs.....from the Bombay Provincial Co-operative Bank, Ltd., through the Society, on the security of the undermentioned ornaments. I hereby declare that the said ornaments are my own, and I attach herewith a certificate, of the two undermentioned persons, who have vouched my statement. I hereby declare that the Rules and Bye-Laws of the Society, in respect of such loans are binding upon me. I agree to pay interest at the rate of 7½ per cent. per annum, on the amount.

Name of the Ornament.	Weight.	Value.	Amount required.	Date of repayment.
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I hereby declare, that the ornaments mentioned above, are genuine, and that the value shown by me against them is correct; but if after their valuation

has been made, any loss is incurred due to their reduction in value, I hereby agree to make good the difference, by my personal security.

.....WitnessSignature of the borrower.

We hereby declare that the abovementioned ornaments are the property of

Witness.....Signature.....

Witness.....Signature.....

Filed on.....Placed before the Committee for consideration.

Resolution No. Date Sanctioned.

Chairman.

Form No. II.

LOAN APPLICATION OF THE SOCIETY.

The Agent,

The Bombay Provincial Co-operative Bank, Ltd.

.....Branch.

From the Chairman.....C. C. Society.

At.....Taluka.....District.....

The undermentioned members of the Society, want loans on the security of ornaments, of their ownership as shown against their names. We have satisfied ourselves that the said ornaments are their own and we have further taken certificates to that effect of two reliable persons along with the Application. A copy of the resolution of our Managing Committee sanctioning the recommendation of the loan is attached herewith. You are requested to let us know as to when we should come to your office to receive the loan after receiving the ornaments.

S. No.	Names of the Members.	Details of the Ornaments.*		Amount of loan required.
		No.	Names of the Ornaments.		Weight Value.

.....
.....

Chairman.

.....C. C. Society.

*Every ornament should be separately mentioned, as also its weight and value.

Form No. III.

.....C. C. Society.

Taluka.....Dist.....

Managing Committee's Meeting No.....Date.....

Resolution No.....of which the following is a true translation.

An application has been received from the following member of our society, for obtaining a loan on the security of ornaments owned by him. As the committee considers the information contained in the application and the certificate granted by two persons, known to the applicant, to be correct, the loan is hereby recommended. The committee authorizes Mr..... to accompany the applicant to the Branch of the Bank, to receive the amount of the loan.

Name of Member.	S. Number.	Weight.	Value of the Ornaments.	Loan asked for.	Amount sanctioned.
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.....

True copy.....

.....Chairman.

.....C. C. Society.

Form No. IV.

PROMISSORY NOTE.

To

The Chairman,

.....C. C. Society.

I, the undersigned,.....a member of your society, hereby acknowledge that I have this day received from the society Rs..... () as a loan, and I promise to pay it on demand with interest at 7½ per cent. per annum upto the date of repayment.

Rs.

Signature.....

Date.....

The amount of this promissory note is to be paid to the Agent,..... Bombay Provincial Co-operative Bank, Ltd. when demanded by him.

.....Chairman.

.....C. C. Society.

Form No. V.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LIMITED.

Date..... Branch.....

To

The Chairman,
C. C. Society.

Taluka.....

The following ornaments of.....a member of your society, have been mortgaged with us. You are informed that the box containing the ornaments is sealed and deposited in the Government Treasury.

Details of Ornaments.

Serial No.	Name of Ornaments.	Weight.
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The Bank does not hold itself responsible, if the ornaments herein are stolen or damaged by accident.

Form No. VI.

To

The Agent,
 The Bombay Provincial Co-operative Bank, Ltd.
Branch.

Dear Sir,

I, a member of the.....C. C. Society hereby acknowledge that I have this day received from you the undermentioned ornaments, which were pledged with you on.....

Date.....193 .

Signature.....

Facilities to Central and Urban Banks.

In modification of the earlier arrangements in regard to the financing of Central Banks by this Bank the following improvements have been introduced so as to facilitate the task of Central Banks.

Banking services.—With a view to enable Central and urban banks to undertake (1) the purchase and sale of securities, (2) the collection of interest thereon and (3) collection of Hundies, on behalf of their customers, the Board of Directors of the Bank have agreed to give special concessions to such banks. This would make it possible for those banks to accept work on behalf of their customers who will otherwise have to pay double commission :—

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| (1) On amounts paid or received on purchase or sale of securities when the amount exceeds Rs. 10,000 | 1/16% |
| (2) On amounts realised as interest on securities sent to us for collection of interest or on securities lodged with us for safe custody | 1/8% |
| (3) On Hundies sent to us for collection payable outside the limit of Fort | 3 annas per Hundi subject to a maximum charge of Re. 1 for any day. |

Advances against agricultural produce.—The attention of all urban and central banks is invited to subject No. 10 discussed at the Central Banks' Conference of 1927 on the need for expanding urban banking by the development of facilities for finance on the security of moveable and immovable property. A Committee was appointed by the Conference to suggest the lines on which the business should be undertaken and safeguards which should be observed. It will interest co-operators in this Presidency to learn that a similar suggestion was placed before the Committee on Co-operation in Madras whose report was published early in 1928. The Madras Committee consider that the conduct of this business offers a very promising means of increasing the wealth of cultivators by enabling them to withhold their crops from the market till they can obtain reasonable prices. The prices ruling for agricultural produce for a short period after harvest are usually abnormally low as agriculturists who have no financial facilities are forced to sell their crops to pay the money-lenders' dues and to provide for other expenses. That is one principal advantage of this type of business from the point of view of the producers. From the point of view of co-operative credit societies and their financing agencies, the system is useful in enabling the lenders to keep a hold, direct or indirect, on the disposal of the produce. Though co-operative sale societies here and there, as well as a few branches of Central Banks and the Provincial Bank, have undertaken this business it has not yet been handled on any considerable scale.

Sale societies can approach the district bank or branches of the Provincial Bank and arrangements for the granting of the required accommodation can be easily made so as to benefit both the borrower and the lender. Where sale societies have not been started or in respect of commodities for which sale societies cannot be organised, it would be easy to promote a co-operative commission agency for a district or the whole of the division or organize loan and sale societies, as in Madras, whose business will be to collect produce from different

places and sell it in a big lot. Such commission agencies may send the goods for being sold in Bombay or other principal market towns and the necessary financial accommodation can be arranged during the time the sale is effected, and the sale proceeds are realised.

The Bombay Provincial Co-operative Bank will be quite pleased to receive on behalf of sale societies or district wholesale commission agencies or loan and sale societies goods for being sold in Bombay. Necessary godown arrangements for this purpose will also be made in Bombay. Further, at places where the Bombay Provincial Bank has branches, it will be prepared to make godown arrangements, and advance moneys on the security of goods lying in the custody of the Bank at such godowns ; and it is suggested that the central banks should make similar arrangements in their areas of operation. They should all look upon the development of this form of co-operative banking as one of their principal duties.

Urban banks have almost a virgin field for the handling of this type of business. At places where most of the urban banks are working, there is hardly any banking office doing business on modern lines. The people in the mofussil are also not yet accustomed to borrow on the security of commodities ; and if this business begins to be developed, there is really a very good field for it in different taluka towns or market centres. The urban peoples' banks will, therefore, do well to devote special efforts to the development of this type of business.

From a banker's point of view this business stands on a high level, being considered liquid and substantial, and if those who handle it fully understand the safeguards to be followed this line of business is likely to turn out to be remunerative. Most central and urban banks receive moneys in savings and current accounts, and from a banker's point of view one of the safest ways of utilising these funds is to employ them in granting loans on the security of agricultural produce so that the investment may be considered more or less fluid.

As the requisite amount of funds are available in the shape of surplus balances with the Provincial Bank as well as with a large number of the central and urban banks, one cannot understand why this business is not being developed on an extensive scale in all parts of the Presidency. The conduct of this business will enable them to invest a portion of their current account and savings bank balances in short term loans of a liquid nature and gradually to train up our people in getting accommodation against the security of commodities, and once the people in the taluka towns begin to take advantage of this facility of obtaining finance on the security of produce, it will be easy for the agriculturists to demand and develop similar facilities, and thus the movement will spread from urban areas to rural areas. Until co-operative banks and all their branches as well as their local inspectors give wide publicity to this new form of co-operative banking and carry on an active propaganda to develop it, this most important line of banking will remain closed for us. Efforts should, therefore, be made to develop this business on right lines. Any further information regarding the development of this business will be available from the Provincial Bank.

Safeguards regarding such advances.—With regard to the subject of advances against produce it is necessary to understand the safeguards to be followed in making such advances and the conditions on which the business could be conducted with safety. The attention of central and urban banks is, therefore, particularly invited to the following instructions which are based mainly on the practice of commercial banks in this line of business and the little experience that co-operative banks have obtained in this Presidency and in Madras.

In 1923, the Registrar obtained legal opinion on the question whether sale societies or other institutions could obtain and convey to a financing agency a safe lien over goods offered as security by members. The reply to this inquiry was that as soon as the goods were delivered to the society, the society could, under an express authority of members once obtained at the time of entry into the society or under an authority obtained at the time of delivery of goods for sale, obtain for themselves and convey to the financing agency a safe lien over the goods. For this purpose, a special form of loan bond will have to be executed by the borrower and a copy of the draft document has been printed at page 111. In order to create a lien, the goods must be in the actual possession of the party or institution claiming or conveying the lien, and to indicate physical possession either a label or a sign board should be affixed to the godown where the stock of goods are kept in custody. The financing agency should engage, at the cost of the borrowing society, a clerk or storekeeper who will keep custody of the produce in stock and will supervise measurement, storage and delivery, and similarly the urban bank or sale society, even if it does not take advances for this business from a financing agency, should engage a watchman or clerk at the cost of the borrowing member or members to check all deliveries and withdrawals and verify payments received and made. Lastly, it should be a rule that no goods are released from the godowns until cash payment is received in return, and the urban bank or sale society in its turn must pass on all such payments to the financing agency from which it has obtained a credit on the security of goods.

Points for guidance.—The Madras Committee on Co-operation have laid down a set of valuable directions for the guidance of co-operative banks handling the business, and on the basis of the conditions suggested by it as well in the light of experience gained in this Presidency the following points are noted for the guidance of those undertaking this business :—

- (1) The produce must be examined as to its quantity and quality, and it must be subsequently watched to see that deterioration does not set in : this is particularly necessary in the case of goods which are likely to be spoiled.
- (2) The amounts of loans sanctioned must be fixed as a proportion of the value of the produce, so as to provide adequate margin for contingencies such as fluctuations in price as well as for charges to be debited. Possible fluctuations in price need special attention and each class of produce needs separate consideration in this connection.
- (3) Hazardous and non-hazardous produce should be stored separately,

- (4) Insurance should be effected on all goods kept in custody. It should be on the full value of the produce stored, and not on the amount of loans, as, if it is on only a portion of the value, insurance companies would pay only a corresponding proportion of any loss. An insurance register should be opened showing the daily balance of (1) hazardous and (2) non-hazardous produce on hand. It should also show the policies effected and lapsed and the balance of insurance outstanding under each of these heads.
- (5) Insurance policies should be in the names of the financing agency and of the urban bank or sale union for their respective rights and interest and should be held by the former.
- (6) The manager or a director of the financing agency should inspect the produce and verify the insurance periodically.
- (7) If owing to a fall in prices the margin available is reduced, the purchase and sale union or the urban bank should call upon the party to make good the deficit. On failure to do this, the bank would be entitled to sell the goods at the cost and risk of the party. (It would be in the interest both of the borrower if after short notice the goods are gradually sold off when the margin tends to contract owing to a falling market. Otherwise, it may later on be difficult for the borrower to make good the deficit and the lender may be involved in the risk of a loss.)
- (8) The lending bank should engage at the cost of the borrower a storekeeper or watchman who will keep custody of the produce in stock and will supervise measurement, storage and delivery. The charges payable under the head will be settled at the time of sanctioning the credit, and though the remuneration should be paid by the lender, the expenses should be debited to the account of the borrowing party.
- (9) All produce should be securely locked by means of two locks, one key to remain with the borrower and the other with the lender or its financing agency. When the produce is being put in, one key of the godowns in which the produce is stored should be kept with the storekeeper or watchman and after a godown is full it should be locked up and sealed and the keys should be sent to the office of the union or urban bank. The godowns should indicate the possession of the lending union or bank by means of a prominent label or sign-board.
- (10) The storekeeper should submit to the urban bank or union a statement in the following form:—

1	2	3	4	5	6	7	8
Name of Party.	Quantity.	Quality.	Stored in Godown No.	Market Rate.	Total Value.	Amount Advanced.	Remarks re : loan bond etc.

These conditions are intended for the guidance of purchase and sale unions and urban banks dealing with individuals in places in which they are operating as well as of central banks permitted to deal with individuals for this type of business ; though it may be suggested that central banks should avoid transacting business with individuals except at centres where they have branches. When those purchase and sale unions or urban banks have to arrange for advances for the business with their financing agencies, the latter should impose corresponding conditions and obtain a legal lien in the manner described above.

LETTER OF PLEDGE.

No.....

.....193

To

The Manager,
Bombay Provincial Co-operative Bank, Limited.

Sir,

In consideration of your Bank advancing to me/us the sum of.....
.....I/we hereby deposit and pledge with the Bank the goods, particulars of which are set out at foot hereof, as security for the repayment*.....of the said loan with interest thereon at.....per cent. or at such other rate as may be from time to time agreed upon, with half-yearly rests, together with fire insurance premium and all warehouse and other charges paid or incurred by the Bank in respect of the said goods.

The present market value of the goods so deposited and pledged by me/us is Rs.....and so long as any money remains due to the Bank in respect of the said loan or any interest thereon or any insurance premium or charges on the said goods I/we hereby engage to deposit other goods of sufficient market value to maintain the total market value of the goods so deposited at a sum not being less than.....per cent. in excess of the balance for the time being due for principal, interest and charges in respect of such loan or to reduce such balance by a cash payment to such a sum as shall represent the same margin of security.

In case the amount of the said loan with all interest and charges shall not be paid to the Bank*.....or in case I/we at any time fail to maintain the margin of security above stipulation between the sum due by me/us and the market value of the security for 24 hours after being required in writing so to do, it shall be lawful for the Bank forthwith or at any time thereafter absolutely to sell and dispose of all or any of the said goods and to apply the net proceeds of such sale in satisfaction so far as the same will extend towards the liquidation of the amount due for principal and interest in respect of the said loan, together with all costs, charges and expenses incurred by the Bank, and I/we agree to accept the Bank's account to such sale, signed by the Manager, Accountant, or other duly authorized officer of the Bank, as sufficient proof of the correctness of the amount realized by, and the charges and expenses in connection with, such sale.

* Insert " on demand " or "on.....the 193 "

If the net sum realized by such sale should be insufficient to cover the full amount due in respect of the said loan with interest and charges as shown in the said account of the Bank, I/we agree to pay to the Bank forthwith on delivery of the said account any balance due by me/us on the footing thereof.

It is understood that the Bank's lien on the goods pledged under this Agreement shall extend to any other sums of money for which I/we (or any or either of us) either separately or jointly with any other persons may be or become indebted or liable to the Bank on any account.

On payment of all sums, including interest and charges payable hereunder any part of the goods so deposited and pledged which may not have been sold shall be returned to me/us and any surplus of the net proceeds of any such sale of the said goods shall be paid to me/us or as I/we shall direct.

PARTICULARS OF THE GOODS ABOVE REFERRED TO.

Marks and Numbers.	Description.

Supply & Sale Business.

Agricultural Purchase and Sale:—The Bank's activities in this field may be classified as under:—

- (1) Purchase and sale through branches.
- (2) Purchase and sale through separate Shops attached to branches.
- (3) Assistance, financial and administrative, to purchase and sale unions brought into existence through the efforts of the Bank.
- (4) Financial and other assistance, including propaganda, for independent bodies.

The bye-laws of the Bank provide for the Bank's undertaking the business of purchase and sale of agricultural implements, manures and other agricultural requirements, of sale on commission on behalf of agriculturists of agricultural

produce, and of the grant of advances on the security of agricultural requisites or produce to be handled by the Bank. The last item of business is dealt with under a separate head.

History of Union Developments.—The branches of the Bank undertake the work of agricultural purchase and sale in areas where there are no separate co-operative shops or independent non-credit societies or unions to serve members of primary societies financed by a branch in a particular area. Even if a Taluka Development Association undertakes the supply of seed or implements, the Bank's branch withdraws its operations in that field of non-credit activities. The most prominent among the items of work in this direction is the supply of seed and manures. Next in importance comes the supply of implements. At most of the branches, arrangements are made to keep on hand spare parts and accessories; his service is considerably appreciated by agriculturists and helps to popularize the implements. Another article of supply used to be sulphate of ammonia.

With regard to the sale of produce, the attempt that deserves mention is the storage and subsequent sale of ground-nut. The working and advantages of the system of joint sale has been appreciated by members of societies where it is introduced. Reference may also be made to the arrangements made by the Shirpur Branch to bring the members of societies affiliated to it who buy gul in large quantities into direct connection with the producers who are members of societies under the Kopergaon and Belapur branches. Gul is being ordered according to requirements when these accumulate to a full waggon-load, and further orders are placed as this quantity is consumed.

Shops run by the Bank.—There are now three shops which are run by the Bank as adjuncts to its branches at Kopergaon, Belapur and Akluj. The Shop at Akluj was started during the year 1926 in response to a demand from the Bavda C. C. Society on the Nira Left Bank Canal which is financed by the Bank and has its gul market at Akluj and not at Baramati. As at Kopergaon and Belapur, the present arrangement is that though the Shop is run by the Bank, the profit belongs to the societies for whom it is maintained, and if any loss is incurred the societies have to bear it. The business is conducted in consultation with a local Advisory Committee.

The Societies under the Kopergaon Shop have accepted a new constitution which defines the powers of the general meeting of the constituent societies, the duties of the Advisory Committee, the relations of the Shop with the Bank and the arrangements for distribution of profits. The societies in the Pravara Canal area were, however, anxious to have wider powers and the Board thought that the proper course would be for the Shop to be replaced, as at Baramati, by a regularly constituted purchase and sale union. The Registrar, however, was of opinion that the time had not arrived for the registration of an independent purchase and sale union. The Shops at Baramati and Nira formed part of one organization for purchase and sale conducted on behalf of the societies in the Nira Left Bank Canal area. The work has been transferred to an independent

registered body, the Nira Canal Purchase and Sale Union, which took over the assets and liabilities of the Shop as on 1st December 1926. When this transfer took place, arrangements were made for the distribution of the accumulated profits of the Shop on its commission business and the trading account in gul. These profits amounted to about Rs. 71,000 and were distributed to the constituent societies in proportion to the volume of their transactions with the shop in the previous years.

The staff engaged by the Bank for the work of the Shop has been continued by the new union and no change has been made in the general system of working. To preserve continuity, some officers of the Bank have been associated with the work of the Union through its working committee and the Committee of Control. A similar Purchase and Sale Union has also taken over the charge of the Shop at Kolhapur which was conducted by the Bank on behalf of the Yellur Co-operative Guaranteeing Union. The Union has opened a branch of the Shop at Sangli. A third organization on these lines was started at Kurduwadi in the Sholapur district, particularly for the areas covered by a group of three unions in the Sholapur district which were being financed by the Bank. A Purchase and Sale Union was registered in October 1926 and commenced working shortly after. It was allowed the services of a trained assistant to work as Shop Manager, and the Senior Inspector, Baramati, also rendered it help in the initial stages. Two other unions on similar lines have been established at Dhulia and Malegaon in areas served by the Bank.

In addition to all this direct effort in the sphere of purchase and sale, the Bank has assisted, by advice and by active participation in the work of propaganda and business development, the efforts of other organizations interested in agricultural marketing.

Supply of Agricultural Requisites.

The attention of the Agents, Inspectors and Shop Managers is invited to the following extracts from the proceedings of the meeting of the Divisional Board of Agriculture held on the 29th November 1926 :—

“The Divisional Board unanimously accepted the suggestion that Sale Unions should undertake supply of seed, implements and manures, and where Sale Unions have not been started, the Provincial or Central Banks, and their branches as the case may be should be requested to stock agricultural requisites, especially seeds of improved varieties recommended by the Agricultural Department until such time as Independent Supply Societies are started. The Board further resolved that this experiment should be tried in specific areas with specific articles, as for instance :—

1. Kolhapur Sale Union and Karad Branch of the Provincial Bank may undertake supply of groundnut and cotton seed and sulphate of ammonia.

2. Barsi and Kurduwadi Sale Societies may undertake supply of improved graded Jawari seed and N. R. cotton seed.
3. A Wholesale Purchase Society for Union may be started to supply manures and other agricultural requisities for the Mutha Canal area with Hadapsar as centre.
4. The Sale Shops at Kopergaon and Belapur undertake supply of Pondichery groundnut seed and the N. R. cotton seed.

Use of Sulphate of Ammonia.—The attention of Inspectors and Agents in Khandesh is drawn to the following summary of a Note regarding the use of sulphate of ammonia for the cotton crop. They are requested to discuss with the local officers of the Agricultural Department or Taluka Development Associations the possibility of providing arrangements for supply of sulphate of ammonia through the Branches and to ascertain what roughly would be the requirements in each area. Any action taken in the matter should be reported to the Head Office:—

“Some interesting details regarding cotton cultivation in the Khandesh District of the Bombay Presidency are given in a recent bulletin issued by the Department of Agriculture, Bombay. The bulletin states that the concentration of cotton cultivation in Khandesh is greater than almost anywhere in India. Here there are nearly fifteen lakhs of acres under this crop or nearly half the total cropped area. With this large and increasing area under cotton, and at the same time a decreasing number of cattle in the district, the demand for manure cannot be supplied from what has hitherto been regarded as the only source, namely, farm-yard or cattle manure. Tests with artificial manures have been carried out and these results are sufficient to make it worth-while, except on land already manured, to try artificial and concentrated manures in the qualities and by the methods suggested below: (1) The most efficient artificial manure on cotton in Khandesh has been sulphate of ammonia applied in two dressings at the rate of 75 lbs. per acre. 37½ lbs. per acre should be applied at the time of sowing and an equal amount as a top dressing to the cotton six weeks later. This has given, on an average, an increased yield of 135 lbs. per acre of kapas (seed cotton) over unmanured cotton at cost for the dressing of about Rs. 7 per acre. It is hence likely to be profitable at any probable range of price on Khandesh cotton. (2) An equal increase of yield to that just described is given by dressing of a mixture of 200 lbs. of groundnut cake and 40 lbs. of sulphate of ammonia per acre applied at the time of sowing. In West Khandesh, it has done rather better than the dressing of sulphate of ammonia alone, but not so well as the latter in East Khandesh. This dressing, however, at the prices of 1926-27 costs about Rs. 13-8-0 to 14-0 per acre, and so, though it still pays at normal prices of Khandesh

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cotton is less profitable than the application of sulphate of ammonia alone. (3) The greatest increase in yield among the dressings used was that with a mixture of groundnut cake at 200 lbs. per acre and nitrate of soda at 50 lbs. per acre, applied at the time of sowing. The average increase in yield due to this mixture was 164 lbs. of kapas (seed cotton) per acre over that obtained on unmanured land. The cost of the material was Rs. 14-9-0 per acre, and hence the increased yield was obtained at slightly less cost than that with groundnut cake and sulphate of ammonia giving an equal amount of nitrogen per acre. (4) All the above dressings are more efficient as manures than castor cake applied at sowing at the rate of 300 lbs. per acre though the cost of this material amounted to Rs. 14-12-0 per acre."

Sale and purchase of Agricultural Requisites.—The attention of Agents of branches and Senior Inspectors is drawn to bye-law 72 (j) of the Bank which empowers the Board of Directors :—

"To purchase and sell instruments of husbandry of every kind, all kinds of manure generally used in India and other agricultural requisites (including fungicides, insecticides, veterinary medicines) to sell on commission on behalf of agriculturists, agricultural produce, which may be delivered to the Bank for sale, and to make advances on the security of instruments of husbandry, manures, agricultural requisites and agricultural produce offered for sale on commission through this Bank."

The Board of Directors are anxious to develop this business at all centres where there are Branches of the Bank with a two-fold aim in view. The business if properly conducted will bring in some income to the Bank, especially useful to branches whose usual earnings by way of interest are poor. Secondly, the branches are thereby enabled to render valuable service in the improvement of agriculture and in co-operative organization of the supply of agricultural requisites. From the point of view of the Bank's investments, too, this department of its activities has a special significance. The use of better manures and better implements should lead to better farming, and better farming means larger out-turn. The repaying capacity of agriculturists is thereby increased. Further, in tracts where it is common for agriculturists to go in for improved implements or approved varieties of manures and fertilizers, it is an advantage to the Bank, as a lender, that the purchases are made through its agency so that it can ensure the proper use of the loans granted.

At all the older branches of the Bank and in the earlier years, this work was pushed with considerable vigour and formed a very striking feature of the operations of the Bank. It is noticed, however, that of recent years and at newly opened branches sufficient attention has not been devoted to the exploration of all possible directions for such non-credit activities. It is true that at

several centres, non-credit activities have been transferred by the Bank to separate purchase and sale unions, but the actual position is that many of the unions work in close co-ordination with the branches and their superior inspecting staff. These bodies should be induced to explore this field of business or in case they are unwilling, proposals should be submitted to the Head Office to allow these activities to be promoted by the branches themselves. Agents of branches are, therefore, instructed to send up at an early date proposals for stimulating this work in their respective charges, either direct by the Bank or through the purchase and sale unions. These proposals will be scrutinized by the Senior Inspectors before being forwarded to the Head Office.

As the staff are aware, there are standing arrangements for the supply, on consignment account, of agricultural implements and their spare parts entered into by the Bank with one firm of implements manufacturers. The Agents are asked to examine the terms, see if the arrangements have worked satisfactorily, mention the difficulties experienced and report if the terms of business need revision. They should also order catalogues and other particulars from the firm and in consultation with local officers of the Agricultural Department decide upon the types of implements or machinery to be ordered. Detailed instructions have been issued on the subject of the maintenance of accounts and stock registers for manure, fertilizers, implements or other articles received for sale on consignment account.

Cotton sale through the Bank

Inquiries were received from time to time from co-operative credit societies of cotton growers or co-operative cotton sale societies about the possibility of marketing cotton in Bombay through the agency of this Bank. The Bank has generally expressed its willingness to assist agricultural societies in the sale of produce, but it was only in the year 1923 that a consignment had actually been received by the Bank from a sale society for the first time. Subsequent consignments were received in 1927-1928. The Bank, through the good offices of a leading business firm, sold the cotton received at a rate which appears to have given considerable satisfaction to the society. Bombay being the central market for cotton it is natural that good rates should be obtained here, and the Directors of this Bank are willing to extend this line of business if so desired by co-operative societies.

Trade terms :—

784 lbs. of cotton make one Bombay Khandi.

8 lbs. per bale of cotton are deducted from the actual weight taken in Bombay by the buyer.

Cartage from station to godown, piling charges and weighing charges at the time of delivery at As. 12 per bale.

Godown rent and insurance at Re. 1 per bale.

Mukadami charges As. 8 per bale.

Brokerage including Bank's commission at Re. 1 per cent.

Town Duty per Bale Re. 1, Hamali at station As. 1 per bale.

All these charges come to approximately Rs. 5-10-0 per bale.

It will not serve any useful purpose to send quotations on samples forwarded because there are large fluctuation in the rates, and the buyers in Bombay prefer to quote exact rates when they see bales before them. Those desiring to send such bales should get Railway Receipts issued to the Cotton Green, Sewri Station, G. I. P. Railway (Harbour Branch).

Advances on bales, if required, will be allowed upto 50 per cent. of the value of cotton received and interest at 8 per cent. will be charged on the balances.

Sale of Indian Mill Cloth.

Arrangements with some Indian Cotton Textile Mills have been made under which the Mills will keep their cloth on consignment account for sale at approved co-operative offices in the Bombay Presidency through the Provincial Co-operative Bank, Limited.

Branches of the Bombay Provincial Co-operative Bank, Limited, purchase and sale unions, sale societies, and central banks are requested to avail themselves of these arrangements which aim at establishing a direct touch between the producer and the consumer to their best advantage on a co-operative basis. Purchase and sale unions, sale societies and central banks taking advantage of these facilities will undertake and communicate having done so, the same responsibility which the Bombay Provincial Co-operative Bank, Limited, has taken in the matter of safe custody and return of and/or prescribed payment for consignments ordered from the Mills. These arrangements are made with a view that members of rural and urban societies may be able to get Indian mill-made cloth at reasonable rates and in the form of loans in kind as far as possible.

Commission.—Sale proceeds according to the Bills of the Mills are to be remitted to the Head Office of the Bombay Provincial Co-operative Bank, Limited, every week. Cloth should be sold roughly at 12 pies per Rupee in excess of the rates charged in the bills—12 pies, making up expenses of the consignment roughly calculated at 6 pies per rupee and seller's commission at 6 pies per rupee which works out at about 3 per cent. In addition to this, commission will be allowed at 3 per cent. by the Bank on each consignment out of the sale proceeds. The co-operative offices undertaking the supply of cloth to members of societies under these arrangements will thus earn a total commission of 6 per cent. (3 per cent. allowed by the Bank plus 3 per cent. to be charged at the time of sale) which should suffice as a good return over the business which costs no capital outlay, saves all interest charges, and Adat etc., which merchants have otherwise to pay.

Sample consignments of varieties likely to be popular in the various tracts served by the Bank have been sent to different Branches. Sample books will be circulated on requisition amongst sale and purchase unions, sale societies and central banks. The different varieties of cloth should be exhibited to members of societies and after ascertaining the possibilities and extent of each variety being consumed in the respective tract, orders for further consignments should be sent with necessary care that the cloth ordered out has a ready market and will not be required to be returned as far as possible.

The procedure as to how orders should be placed, remittances made, accounts kept and rendered, selling rates calculated and sales effected forms the subject matter of the next section.

Accounts &c. of the Business.—The following suggestions are made to Branches to enable them to maintain and render proper accounts in connection with the supply of Indian mill-made cloth.

Orders.—All orders for cloth should be sent to the Head Office. Each order should be at least for one of minimum size bale containing 60 or more pieces of different varieties and should relate to one Mill only. The order which should be in duplicate, should mention the distinctive number, the dimensions, the mill price and each variety and the total quantity of the same required, along with special description, if any.

All correspondence in connection with the consignments should be with the Bank and not with the Mills. But in urgent matters, original correspondence should be addressed to the Bank and copies sent to Mills direct so that they may be able to take necessary and prompt action if any.

How to calculate local selling price.—Twelve pies per rupee should be added to the rates charged by the Mills in their Bills. Of these twelve pies about 5 pies per rupee would go to cover the Railway freight, local octroi duty, and other expenses over the consignment, and the remaining 6 pies would represent the commission of the Branch which works out roughly at 3 per cent. Branches may follow this procedure in calculating their local selling rate. But the procedure is not binding and may be varied (taking care, however, to retain a margin of 3 per cent. on the whole consignment, if not on each variety) if so required to prevent accumulation of stock.

In addition to the 3 per cent. thus cleared, the Head Office will allow commission at 3 per cent. The total commission will thus amount to 6 per cent.

Remittances.—The sale proceeds of cloth pertaining to each Mill should be remitted to Head Office on the last working day of every week.

All sales shall be only on cash basis. Cloth may, however, be supplied to members against a written order made by the authorised office-bearers of a society having necessary credit with the Bank. The cost of cloth so supplied should be

adjusted every week, when only it should be shown in the Sales Register with the remark "adjustment".

Safe custody.—Insurance against fire should be effected through the Head Office.

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

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

In case of shirting etc. care should be taken to sell convenient sub-pieces, as small pieces remaining will not be accepted back.

Land Mortgage Credit

The work of land mortgage banks is not conducted through the branches of the Bank; however, the following note is given to convey a general idea of the work and its progress.

Formation of three banks.—The Government of Bombay approved in 1928 of the starting of three Land Mortgage Societies in the Presidency at Pachora, Broach and Dharwar. This organisation is looked upon as being still in the experimental stage, and until some experience is gained of the working of these three Institutions, Government seem disinclined to permit more societies of this type being registered. Government have called upon the Provincial Bank to function as the central bank for providing finance to these societies, and have agreed to purchase five lakhs out of the issued debentures of the Bank. It was decided that the money thus raised approximately at 5 per cent. should be passed on to the societies at 7 per cent., the margin of 2 per cent. being utilized for the expenses of the Land Mortgage Department of the Bank and as provision for a separate reserve to be held in trust for the Central Land Mortgage Bank proposed for the Presidency. The local societies were advised to fix their scale of expenditure at the lowest figure possible and not to charge any additional margin to cover expenses or to provide for bad debts. The little local expenditure that was necessary should, it was decided between the Board and the Registrar, be met out of interest on the investment of the share capital of the local societies supplemented, if necessary, by small grants from the funds accumulated out of the margin available at the Provincial Bank.

Their work.—The local societies have capital raised by means of shares, which capital is invested either as a fixed deposit with the Local Central Bank or with the Provincial Bank or in Government securities, and is not to be used for the business for the societies. The societies are not to raise any further capital by means of deposits or loans. The share capital subscribed by individuals is 1/20th of the loans issued to them, and in addition an entrance fee of Rs. 5 is charged from all members. Membership is open only to holders of agricultural land in the area of

operations who wish to borrow from the societies. Loan applications are received by the societies and are then placed before the local Directors, who select applicants possessing sufficient assets and forward their applications to the land valuation officer whose services have been placed at their disposal by Government for one year, the Government bearing all the expenses of these offices. The valuation of the lands is done by the land valuation officer, a local pleader examines the title, while a sub-committee of the society verifies the genuineness of the debts, and estimates the repaying capacity, after scrutinizing the income and expenditure of the parties.

The Scrutiny of applications.—The sub-committee then scrutinize the applications, make further inquiries into the details of the debts with the Sawkars, and the credit-worthiness of the applicants, and forward such applications as they approve to the Provincial Bank with their recommendations. No loans are to be advanced until they are sanctioned both by the Registrar and the Provincial Bank. The Bank has opened a separate Land Mortgage Department and placed in charge of a Senior Officer who examines the papers and verifies the information, if necessary by personal visits. The loans when sanctioned by the Board and the Registrar are advanced to the borrowers. The margin of 2 per cent. the societies passing them on at the same rate to the borrowers. The margin of 2 per cent. is utilized as noted above, for meeting the expenditure on the Land Mortgage Department, for grants to local societies and for building up a reserve for bad debts. After loans are sanctioned, the committee of the local society arrange for the settlement of the Sawkar's debt and only the amount of final debt as determined by them is advanced to the applicants. The payment is made by means of cheques in favour of the Sawkars after the lands are taken in mortgage with possession. The general practice is to make advances only to the extent of one-third of the value of the lands offered as security, but the bye-laws authorize the grant of advances to the extent of half the value.

PART III

The Branch Staff

The Branch Staff consists of:—

- (a) The Branch Agent or assistant in charge appointed by the Head Office with such staff as may be placed under him by the Head office working at the Branch office ; such as Cashier, clerk and peons.
- (b) An Inspector or Assistant Inspector for inspecting the societies, with a peon under him.
- (c) The Senior Inspector for a group of neighbouring branches in a division, with a peon and sometimes a clerk under him.

(a) *Branch Agent.*—Each Branch is in charge of an Agent or assistant in charge and his duties are to maintain the accounts of the Branch, to carry on correspondence and to act as Secretary of the Advisory Committee. The Agent sometimes acts as part-time Inspector.

Every Agent and branch Cashier has to furnish security to the extent prescribed by the Managing Director. The security may be in cash or personal. If the latter, the security bond must be in the prescribed form. (See Appendix).

(b) *Inspector.*—The duties of the Inspector of Societies will be mentioned under Inspection and Supervision of Societies.

(c) *Senior Inspector.*—The Senior Inspector has to supervise the work of the Inspectors and of the Branches under him. The details of his duties will be mentioned under Inspection of Branches.

Account Books to be maintained.

The following account books are maintained at each Branch with such additional books as may be prescribed by the Head Office.

1. Rough Cash Book (maintained at the Counter).
2. Cash Summary Book.
3. Day Book.
4. General Ledger.
5. Current Account Ledger.
6. Savings Bank Account Ledger.

7. Fixed Deposit Ledger.
8. Loan Ledger for Societies.
9. Loan Register.*
10. Hundi and Bill Registers.*
11. Godown Register.
12. Loan Ledger for advances against produce.

Statements of Accounts to be submitted

The following periodical statements are to be submitted by each Branch, to the Head Office after carefully verifying them.

I. Daily.

1. Copy of Day-book.
2. Advice Slip of Head Office Account.

II. Weekly.

1. Weekly Trial Balances and Statement containing Receipts and Payments Account from the beginning of the half-year to the date of the statement.
2. Statement of advances against produce, and against gold and silver.
3. Reconciliation Statement.
4. Statement of Inland Bills purchased.
5. Statement of Sundry debtors.
6. Statement of Sundry creditors.
7. Statement of Bills for collection.

III. Monthly.

1. Loan Balances Statement. Showing also arrears of loans.*
2. Overdue interest.

IV. Quarterly.

1. Quarterly Financial Statement.
2. Statement of Arrears of Loans.
3. Statement of advances against agricultural produce.

* Forms marked with an asterisk are given in Appendix.

V. Six-monthly.

See instructions regarding half-yearly closing of accounts.

Examination of the Statements at the Head Office.

All the above statements are examined at the Head Office with regard to the points mentioned below by the Department which is in charge of Branch accounts, and they with the discrepancies and remarks are placed before the Managing Director or Manager who issues necessary instructions to the Branch concerned.

I. Examination of Daily Statements.

Copies of Day-book are examined by checking the totals, comparing the opening and the closing balances, checking the calculations of exchange rates of Hundies and drafts; the total income on that head; and also checking the transfer entries, and the rates of deposits; and whether all the items of expenditure incurred are authorised by the Head Office and whether large cash balances are maintained; and generally the *prima facie* correctness of the statement.

The Advice Slip is a copy of the account of the Head Office at the Branch and is intended to see whether the entries originated at the Head Office or through it at any other Branch are duly responded to by the Branch and enable the Head Office to respond the entries originated at the Branch.

II. Examination of Weekly Statements.

1. *The Weekly Statements of Receipts and Payments and Trial Balances are scrutinised on the following lines:—*

- (a) The balances of the account current between the Head Office and the Branches are verified together with the reconciliation statements.
- (b) The deposits and advance figures are watched to see the progress of the Branch.
- (c) The expenditure and income under various heads are noted.
- (d) Outstanding items against bills purchased or received for collection, against sundry debtors and creditors, against advances made on agricultural produce are scrutinised.

2. *Statement of advances is examined to see —*

- (a) whether there is adequate security;
- (b) whether the advances are within the limits sanctioned by the Head Office;
- (c) whether the produce taken as security is insured, and
- (d) whether the advances are overdue,

3. *Reconciliation Statement.*—The object of the Statement is to find out the unadjusted entries between the Head Office and the Branch concerned and to see that the entries do not remain unresponded for a long time without proper reason.

Statements Nos. 4 to 7.—The object of these statements is to find out whether there are any unadjusted items outstanding for an unduly long time without justification.

Note.—Statements Nos. 5, 6 and 7 need not be sent every week if there are no changes; but they must be sent at least once a month whether there are changes or not.

Note.—The monthly statement referred to above should be sent separately even when the loan balance statement is sent with six-monthly returns.

III. *Examination of Monthly Statements.*

1. *Loan Balances Statement* which shows Advances and Recoveries from the beginning of the half year to the date of the statement and the outstanding balances is examined to see—

- (a) whether the advances exceed the prescribed limit under the various heads, such as short term, long term, land improvement;
- (b) whether credits are being revised systematically and drawings are made after making due provision for demand arising later in the season.
- (c) the extent of overdue loans and interest and the dates of the oldest defaults;
- (d) the extent of dues from cancelled societies.
- (e) the general position of the societies on the whole.

2. *The Statement of Sundry Creditors and Sundry Debtors* is intended to show whether there are any unadjusted items outstanding for an unduly long time and without justification.

IV. *Examination of Quarterly Statements.*

1. The Quarterly Finance Statement contains figures under the various heads of assets and liabilities from the beginning of the year to the date of the statement. The Branch Statements after being checked are consolidated with that of the Head Office and sent to the Registrar who publishes them in the Bombay Government Gazette.

2. *The Quarterly Statements of Arrears of Loans* together with similar statements of loans advanced in each District by the Head Office where branches

do not exist are forwarded to the Registrar who in his turn forwards them to the Assistant Registrars concerned.

V. *Examination of Six Monthly Statements.*

and

VI. *The Annual Statements.*

The Six-monthly and Annual Statements are for closing the half-yearly and annual accounts and for finding out the total profit and loss, by consolidating them with the Head Office account.

THE DEPOT KEEPER: HIS ACCOUNTS AND STATEMENTS.

Depot Keeper.—Each depot maintained by the Bank for making advances on the security of agricultural produce, is placed in the hands of a Depot Keeper appointed by Head Office and he has to maintain the accounts :—

1. Stock register.
2. Personal ledger account.

Statements.—Every week the Depot Keeper should submit to the Head Office a statement in the form prescribed giving the names of the persons who have placed their produce in the Depot, the quantity of the produce, its market value and details about insurance and limits.

The Head Office sanctions advances to the members concerned to the extent of 60 to 75 per cent. and makes the payment through the Depot Keeper.

The Senior Inspector inspects every month the Depots, checks the stocks, signs the stock register and submits report to the Head Office. A representative of the Head Office occasionally visits and inspects the Depots.

SPECIAL INSTRUCTIONS TO BRANCHES REGARDING ACCOUNTS.

Salary Account.—Particulars in detail of the Salaries Account should be shown in the Day Book on the payment date.

Monthly Loan Statements.—The following points should be noted in preparing the statements :—

- (1) The figures for credits revised during the current year should be in ordinary ink and should not be underlined.
- (2) The figures for unrevised credits of the previous season should be underlined with red ink and explanation should be given for the non-revision of the credit.
- (3) The column of the credit figures should be left blank if the society's credit remains unrevised for more than two years (current and previous).

- (4) Notes should be appended for expected recoveries, extension, arrears, etc., quoting necessary references from the head office.
- (5) If a loan is granted instead of a credit the word "loan" should be added after the figure shown in the credit column.

**Half-yearly closing of Accounts.*

Half-yearly Accounts.—The following instructions should be carried out in closing the half-yearly accounts. (See attached Circular No. 112).

- (a) All interest entries should be calculated by one person and must be checked by another; the Agent should preferably verify all calculations. A note should be made in the office copy as to who has calculated and who has checked, for future reference, if any.
- (b) Interest on the outstanding daily balances of Branches will be calculated and advices will be posted in due time to enable the branch to respond the entry before the closing day. This amount should ordinarily be treated as correct. The mistake, if any, will be adjusted in next half-yearly accounts. If, however, there is gross miscalculation, the attention of the Head Office should be drawn immediately.
- (c) Provision for outstanding liabilities or charges recoverable as on the closing day should be made by debiting or crediting the respective accounts with contra-entries made against sundry creditors or debtors accounts; e.g., rent inspectors' bills and other charges which are due upto 31st March or 30th September, but not actually paid should be debited to the respective accounts and sundry creditors' account credited for the same. Similarly, for charges receivable on account of godown rent, hamalage, etc., to be debited to sundry debtors' account. These entries should be reversed as on 1st April or 1st October.
- (d) In order to facilitate the writing off of depreciation charges, safe and furniture account, building account and other similar accounts from branches, including Staff Provident Fund, should be transferred to the Head Office Account, *before 25th March or 25th September.*
- (e) Joint expenditure accounts should be adjusted with societies' accounts on the closing day and not kept outstanding.
- (f) Interest on societies under liquidation should neither be debited nor taken into interest receivable account, but the figure should only be noted in the loan ledger for future reference. The same may be noted also in the loan balances statement at the bottom. Reference to this may be made in the report.
- (g) Interest on current accounts should be calculated up to 25th March or 25th September and should be credited to the respective accounts on the closing day and should not be included in the interest payable

account. Products for the remaining days should be taken in the next half-year.

- (h) Interest on savings bank accounts should be calculated for the first half year and credited to interest payable and debited to interest account. This entry should be reversed on 1st October. On 31st March, however, total interest earned by each account should be credited to the respective accounts debiting interest account with the total.
- (i) Interest on fixed deposits remaining unpaid at the date of closing should be calculated from date of issue of each receipt to the date of closing. This is not to be credited to each account, but to interest payable account debiting interest account. On the 1st April or 1st October this entry should be reversed.
- (j) Interest or other charges on personal or impersonal accounts like cotton seed, sulphate, ploughs, etc., should be charged up to 31st March or 30th September; commission if any to be recovered up to this date should be adjusted without fail.
- (k) The Balance Sheet and Profit and Loss Accounts should be submitted in the forms separately supplied; the headings of accounts, their order and other formalities should be observed exactly as per this statement; if two or more accounts are amalgamated into one, the details should be given in a statement to be enclosed.
- (l) Interest payable and interest receivable accounts should not be amalgamated with adjusting accounts, but they should be shown separately in the Balance Sheet.
- (m) An index of the statements should be given and the statements numbered accordingly. All statements should be bound with a brown-paper cover stitched in the following order, in a book form, in such a way that all figures in the statements can be read easily.
- (n) All statements must be personally verified by the Agent and signed in token of his having done so.
- (o) Quarterly finance statements should not be sent along with the annual returns, but should be sent separately.
- (p) Credit balances in loan accounts should be added to current balances and debit balances in current accounts should be added to loan account balance while showing these figures in the Balance Sheet.
- (q) The following returns must be posted not later than 5th April or 5th October and the annual report on the working of the Branch not later than 13th April:—

List of statements to be supplied to the Head Office in book form.

- (1) Balance Sheet.
- (2) Profit and Loss Account for the half-year ending 31st March or 30th September.

- (3) Profit and Loss Account for the year ending 31st March.
- (4) Trial Balance as on 31st March or 30th September *before posting the closing entries for Profit and Loss Account in the General Ledger*. This is, however, to be taken *after passing the adjusting entries* necessary at the time of closing, e.g., loan to interest, interest to interest receivable or interest payable and the like.
- (5) Trial Balance as on 31st March or 30th September *after passing the closing entries for Profit and Loss Account*.
- (6) Statement of loan balances :—
- (a). Short term, (b) long term, (c) Tagavi and (d) overdrafts, giving the following information :—

Name of Society.	Loan balance (Principal.)	Interest debited on 31st March or 30th Sept.	Interest receivable on 31st March or 30th Sept.	Total exclusive of interest receivable.
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- (7) Statements of fixed deposits, (1) individuals, (2) societies, as under :—

Name of depositor (not his No.)	Date of issue.	Period of the deposit.	Amount.	Rate of Interest.	No. of days for which interest is calculated.	Amount of interest payable on 31st March or 30th September *
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* This should be charged from the date when it was last paid.

- (8) (a) Statement of individuals' current accounts showing principal, interest and total.
(b) Statement of societies' current accounts showing principal, interest and total.
- (9) (a) Individuals' savings bank deposit statement showing the details as required for current account deposits.
(b) Societies' savings bank deposits statement showing the details as required for current account deposits.
- (10) Statement showing particulars of stock held by the Branch on its own account in the following form :—

Particulars of the stock.	Cost price inclusive of all charges.	Selling price.
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- (11) Statement showing particulars of stock held by the Branch on consignment account.
- (12) Abstract of interest account.
- (13) Statement of receipts and payments for all general ledger accounts for the *whole year*, exclusive of adjusting entries.
- (14) Statement of overdue interest :—

Name of Society.	Unrecovered amount of interest due upto last 31st March or 30th September.	Amount of interest recoverable for this year (from such a society).
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- (15) Statement of furniture and other stock with the Branch.
- (16) Statement of sundry debtors' account.
- (17) Statement of sundry creditors' account.
- (18) Analysis of loans advanced during the year according to purposes.
- (19) Statement showing accounts amalgamated in balance sheet according to standard headings.
- (20) Copy of the adjusting and closing entries passed as on 31st March or 30th September.
- (21) A separate day book should be written for the adjusting entries, the closing entries for P. and L. Account being taken at the end. Further, no daily entries should be mixed with these entries, the day book being written for them as usual.
- (22) Statement of the Staff with the following details :—

Name of the Member, in full.	Designation.	Salary.	Date of permanent employment by the Bank.
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- (23) Certificates of cash balance with any local bank. This is to be accompanied by a reconciliation statement if balance shown therein does not tally with the one shown by the Branch.
- (24) Reconciliation statement of the head office account as on 31st March or 30th September.

N. B.—The Agent is requested to see that every item in the Balance Sheet is supported by a statement.

Additional information regarding the Advisory Committee and the Branch General Meetings should also be supplied with the Annual Report in the following form :—

Advisory Committee :—

- (1) Total number of members.
- (2) Number of elected members.
- (3) Number of nominated members.
- (4) Number of meetings held.
- (5) Number of resolutions passed at these meetings.

General Meetings :—

- (1) Date. (2) Approximate number of members present.
- (3) Name of the President of the meeting.

Advances against agricultural produce :—

Information regarding advances against agricultural produce should also be supplied in the following form.

Particulars :—

- A. Amount advanced against agricultural produce, etc., to :—
 1. Individual members.
 2. Societies.
 3. Members of co-operative societies.

- B. Amounts recovered from :—
1. Individual members.
 2. Co-operative societies.
 3. Members of co-operative societies.
- C. Amounts for which extensions are granted to :—
1. Individual members.
 2. Co-operative societies.
 3. Members of co-operative societies.
- D. Rate of interest charged to :—
1. Individual members.
 2. Co-operative societies.
 3. Members of co-operative societies.
- E. Variety of agricultural produce held as security.

Other Instructions

(1) *Cash Balances.*—Large cash balance should on no account be kept on hand. As idle cash balances adversely affect the profits of the Branches by the loss of interest involved, all Agents will see that no large idle balances are maintained and that surpluses should be remitted to the Head Office.

(2) *Vouchers of expenditure on Head Office Account.*—When expenses are incurred by the Branches on Head Office Account, Vouchers should be sent to the Head Office in authentication of the debits. As it is absolutely necessary that all vouchers especially those for expenses should always be authenticated by subsidiary vouchers, if there be any. All agents are required to note that whenever they debit Head Office account for any expenses they should invariably attach the payment voucher to the daily slip concerned.

(3) *Copies of telegrams sent by the Branches and Shops.*—These should be preserved either by being press copied or having duplicates kept for the office record.

(4) *Head Office sanction for expenses incurred.*—An expenditure exceeding one rupee should not ordinarily be incurred without the previous sanction of the Head Office. If, however, some expenditure exceeding that amount has to be incurred, the amount should be debited to Sundry Debtors' account and the sanction of the Head Office applied for, on receipt of which final adjusting entries should be made.

(5) *Interest on current and savings bank accounts.*—Whenever any such account is required to be closed in the intervening period before the usual closing of accounts in September and March, the amount of interest pertaining to such account should be credited to the relative account by means of transfer entries.

(6) *Balance statements*.—Statements of current and savings bank balances should be taken out every month in a special book maintained for the purpose and tallied with the general ledger balance.

(7) *Specimen signature slips*.—They need to be recorded systematically to verify customers' signatures. These are not generally filled properly, causing unnecessary trouble and waste of time in tracing slips. The slips should, therefore, be filed alphabetically for societies and individuals separately in the following order:—(i) current, (ii) savings, (iii) loan, (iv) floating, (v) fixed etc.

The slips should be renewed every year in the case of societies, and at least every three years in the case of individuals.

(8) *Rough Cash Book*.—The book should be maintained for cash transactions only; transfer entries should not be entered there. It should be written up immediately, as soon as a transaction takes place and not at the close of the day. These books will be checked by surprise inspections and, if any neglect is observed at the time, the Cashier and the Agent will be held responsible and severe notice of the negligence taken. Both the cash and transfer entries are to be entered in the fair day book.

(9) *Subsidiary ledger folios*.—These should invariably be entered in the day book against the entries concerned.

(10) *Vouchers*.—These should be obtained invariably for all payments.

(11) *Erasures*.—These are not permissible in account books and should not be made. In case of any correction, the original figure may be scored through in red ink and the fresh one shown under initials.

(12) *Stock registers*.—As many of the branches deal in goods on consignment account, it is very necessary that registers of such stock should be properly maintained by them. Regular registers should be kept showing the balance on hand of each kind of stock, the incoming and outgoing stock and the balance at the close of the day.

(13) *Mode of passing the payment vouchers*.—No cheques on current accounts should be passed for payment without comparing the specimen signatures and without posting them at once in their respective accounts. Each payment voucher pertaining to subsidiary ledgers should bear the ledger folio of the account and initials of the official posting the item, after verification of the specimen signatures, at the left-hand upper corner of the voucher.

(14) *Corrections by customers*.—On cheques or savings deposit withdrawal forms full signatures are required for corrections in figures and corrections in other particulars may be attested by initials. This should be strictly followed.

(15) *Confirmation of balances*.—All branches should get the balances in all accounts, except fixed deposits verified by customers every year and twice in the year where interest is added on half-yearly.

(16) *Call deposits.*—Where money is received for temporary use, instead of crediting it to sundry creditors accounts, it may be treated as a call deposit and receipts issued for such amount, to be obtained duly discharged when the money is refunded. Stamps may be affixed at the cost of the Branch.

(17) *Adjustments in loan accounts.*—Repayments from societies when not made by transfer through purchase and sale agency should always be insisted on in cash and should not be set off against advances to be made.

(18) *Capital expenditure.*—Where capital expenditure is to be incurred on account of a Branch or a shop under its supervision, no payment even by way of advances should be made except on receipt of written authority from the Head Office. The Agents or Shop Managers will be personally liable for any payments made without such specific authority.

Annual Report

The Agent of each Branch should submit a report on the working of his Branch for the year ending 31st March along with the accompanying statement; the report should be submitted to the Head-Office by the 13th of April positively. The following important points should be noted in this connection :—

- (a) The report should be written on ruled foolscap size paper; it should be either type-written or should be written in clear legible hand-writing.
- (b) The copy of the report for the Branch office file should be re-written but not press-copied.
- (c) The figures given therein should be for one full year; if it is for a part of a year, it should so stated therein.
- (d) Personal references to the Manager or the Managing Director should be avoided, as also the appreciation of the staff's work etc.
- (e) Loans, overdues, deposits, exchange, cost of management etc., should be dealt with under separate heads and extra paragraphs for any further important matters should be made, such as for the purchase and sale business if undertaken by the Branch, overdraft or joint expenditure account, non-agricultural work, etc.

Loans.—The following points among others should be dealt with under the heading "Loans".

- (1) Number of societies financed by the Branch classified according to Talukas or according to canal and non-canal areas and with reasons for increase or decrease if any. If any non-credit or non-agricultural society is financed and to what extent. How many cancelled societies there are and how many were added this year.
- (2) How many societies drew loans and how many societies operated upon credits. Total amount of credits sanctioned and the number thereof; how they were operated upon and so on. Number of drawings made by societies,

- (3) Total amount of loans advanced during the year ; compare with previous year's advances ; reasons for increase or decrease as compared with last year's figure. How much in kind and how much in cash. Pass remarks, if any, about the particular purpose of loan or about the increase or decrease in advances for important purposes, inclusive of long-term and land improvement.
- (4) Amount of payments ; compare previous year's repayments ; state why increase or decrease. In kind or in cash.

Overdues :—

Amount of overdues, amount extended, causes of arrears ; compare these with last year's figures ; possibilities of recoveries, efforts taken to recover ; during the year ; what is the amount due by the societies in liquidation and how much was recovered during the year and from how many.

Deposits :—

Fixed, short term, savings and current, shown separately for societies and individuals ; compare them with previous year's deposits under each head. State how societies financed and not requiring finance take advantage of this. Out of the societies' fixed deposits and savings bank deposits, those from the agricultural and those from the non-agricultural societies should be shown separately. Also state if local bodies have helped the Branch and to what extent.

Exchange :—

Income derived from this source, total number and total amount of cheques, demand drafts, hundies, etc. drawn and accepted. State also the amount of remittances asked for or sent by other methods, *i.e.*, insured post ; treasuries, etc., state amounts.

Cash balance :—

Average cash on hand which is to be the total of products of daily balances and intervening days as in case of current accounts divided by 365 days ; possibilities of getting cash locally or from adjoining Branches or through Imperial Bank of India.

Use of Cheques :—

Number of cheques drawn by societies and the amounts. How many societies take advantage of this system. Whether surplus recoveries were placed with Branch and drawn as when required. How many societies took advantage of this facility.

Concessional Rate of Interest :—

Number of societies which are allowed $7\frac{1}{2}$ per cent. and the amount of total loans at this rate,

Cost of Management :—

Compare previous year's figures ; state reasons for decrease or increase.
Give its percentage to working capital.

Co-operative Propaganda or Advisory Committees.

Nature of propaganda done ; amounts sent. Number of Advisory Committee meetings ; important resolutions, if any ; the work done by the members.

Purchase and Sale Business :—

Amount of business done both in quantity of the commodities and their sale price ; commission earned, as well as surplus or deficits in commodities dealt in.

Any more points such as need for building etc., may be mentioned. The report should be full, but at the same time as brief as possible. Efforts should be made to make it interesting reading.

The following information should also be supplied in a statement along with the report :—

Statement accompanying the Branch Report.**Societies under Branch :—**

- (1) Total No.
- (2) Cancelled.
- (3) Non-credit.
- (4) Non-agricultural.
- (5) To which credits were allowed.
- (6) " " fixed loans were sanctioned.
- (7) Which did not draw a loan or operate on the credit.

Amount of credit sanctioned.

Total advances made : Short-term (ordinary),
Old debt redemption.
Tagavi.

Repayments : Short-term,
Old debt redemption.
Tagavi.

Overdues.

Extensions.

Amount due by cancelled societies.

Amount received from cancelled societies.

Individuals' deposits : Fixed.
Savings bank.
Current.

Deposits of local bodies (municipalities and local boards).

Deposits of societies not borrowing from the Bank.

Cheques and hundies sold : No.

Amount.

do do discounted :

No.

Amount.

Average cash balance.

Amount of propaganda charges.

Cost of management.

Percentage of expenses to working capital.

Sales of commodities :—

Seed Quantity.

Sulphate Sale price.

Implements.

Other type.

No. of cheques drawn, by societies on the Branches.

Amount of such cheques.

No. of societies which have obtained concessional rate of interest.

Total amount at concessional rate.

Audit and Inspection of Branches

Audit.—The Audit of the Branches is conducted periodically by the Senior Inspector or a Branch Auditor who submits his Audit memo to the Head Office. The Government Auditor audits the accounts every year and submits his audit memo to the Head Office through the Special Auditor.

Audit memo to be placed before the Advisory Committee.—The attention of Agents is drawn to Rule No. 2 of the Rules of the Advisory Committees according to which the audit memo of the Branch is to be placed before the Advisory Committee together with the replies given by the Agent to the points raised by the Auditor. It is regretted that this practice is not being followed at several Branches. Agents are, therefore, instructed to place copies of audit memos and their replies before the Advisory Committee henceforward and if the Committee have to make any specific suggestions these might be communicated to the Head Office, preferably in the form of a resolution to be adopted by the Committee. These copies with the audit memos and the replies together with the Advisory Committee and the Head Office remarks, if any, should be filed separately.

All Branches are instructed to maintain in an ordinary note-book ledger accounts of all parties to whom limits are sanctioned for purchase of bills. The accounts should be debited when bills are purchased and credited on receipt of advice of payment from Head Office. The limits sanctioned to the parties should be noted at the top. These ledger accounts will be looked into by Senior Inspectors or Branch Auditors during the course of their audit or inspection.

The attention of Senior Inspectors is invited to item No. 1 their functions and duties as prescribed, under Circular No. Br. 19/14 of 1st October 1929. It is regretted that this work is not being systematically done and that the audit of

Branches is rarely undertaken once a month as laid down in the Circular. It is necessary that internal audit should be conducted very regularly and systematically by Senior Inspectors and it is hoped that in future the work will become more systematic and regular than it is at present in most of the Senior Inspectors' charges. A register is being maintained at the Head Office showing the dates of audit and of the compliance reports, if any, for the various branches in the Senior Inspectors' charges, and for this purpose it is necessary to have information regarding these items in respect of the various Branches in each Senior Inspector's charge. This information may, therefore, be supplied for the months of January to August as early as possible and similar information should be sent periodically once every half year in October and April. When forwarding their remarks after completion of audit, the Senior Inspectors should mark their audit notes or remarks as "Branch Audit Note" in red ink so that all papers regarding the audit of branches by Senior Inspectors can be filed separately. The Branch Agents should be asked to supply copies of compliance reports, if any, to the Head Office after every audit by the Senior Inspector.

Inspection.—For the purpose of inspection, the Branches are at present lalocated to eight divisions or charges as follows :

The Branches in each division are in the charge of a Senior Inspector who is responsible for the work of inspection and general supervision, and is, so to say, the Agent-in-Chief for the branches in his Division.

He also represents the Bank on all co-operative institutions such as Co-operative Institute, Supervising Union, Taluka Development Association and so on.

Duties of Senior Inspector :—The functions and the duties of the Senior Inspector are as follows :—

- (1) To inspect and audit every branch in his charge whenever called upon to do so and to get the irregularities, if any, removed.
- (2) To see that the work is properly distributed among the members of the staff.
- (3) To verify the latest weekly and monthly returns sent to the Head Office.
- (4) To verify cash and securities against which advances are made.
- (5) To report to the Head Office if any new business is likely to be developed in a particular area.
- (6) He may sanction bills for expenditure within limits previously approved by Head Office as well as remittance, T. A. bills not exceeding Rs. 5.
- (7) He would lay down the programme of work for each Inspector every fortnight and see if the same is being carried out or not.
- (8) He will receive inspection reports and take such action as he would deem fit. Copies of inspection reports should be sent to Head Office together with reports of action taken.

- (9) He will receive and approve Inspectors' diaries and sanction monthly T. A. and D. A. Bills of Inspectors as per Head Office Rules. All such diaries and bills would be sent to the Head Office for confirmation. All bills regarding transfer etc. should be sent to Head Office for previous sanction.
- (10) He should visit such societies himself as he would think necessary.
- (11) He should attend Institute, Union and other meetings on behalf of the Bank where he has been nominated as the Bank's representative.
- (12) He may allow casual leave to the staff up to seven days and send such applications to the Head Office for formal approval.

In short, he would be primarily responsible for the progress, and for the efficient and good working of the branches under his charge and would exercise control and supervision over the Agents and Inspectors under him.

For the present, the charges would be as follows :—

1. *Baramati*.— (i) Baramati, (ii) Akluj (Indapur) (iii) Nira.
2. *Islampur*.— (i) Islampur, (ii) Karad, (iii) Tasgaon, (iv) Kirloskarwadi, (v) Shirala (vi) Satara.
3. *Dhulia*.— (i) Dhulia, (ii) Shirpur, (iii) Parola, (iv) Sakri.
4. *Dondaicha*.— (i) Dondaicha, (ii) Nandurbar, (iii) Shahada (iv) Sindkheda.
5. *Malegaon*.— (i) Malegaon, (ii) Satana, (iii) Manmad, (iv) Kalwan.
6. *Nagari*.— (i) Kopergaon, (ii) Belapur, (iii) Shevgaon. (iv) Ahmednagar.
7. *Gujarat*.— (i) Kalol, (ii) Dohad-Jhalod, (iii) Viramgam.
8. *Thana*.— (i) Bhiwandi, (ii) Palghar, (iii) Ratnagiri-Panwel, Inspectors.

Submission of Inspection memos.

It has been noticed lately that the inspection memos of some Inspectors are too incomplete to give a proper idea of the working and defects of the societies inspected by them. A questionnaire for the guidance of Inspectors was issued on 7th August 1923, and instructions were issued by circular that all the points in the questionnaire should be touched upon at the time of inspection, though the filling in of the particular form was not insisted upon, for fear that the work should not become simply mechanical and stereotyped, leaving no scope for originality and initiative. But an examination of the inspection memos that are now being received shows that this object has not been attained. It is, therefore, thought desirable to make the inspection memos systematic and a fresh questionnaire has been enclosed in the accompanying form.*

The accompanying inspection memo should be completely filled in at least once a year for each society, under the charge of each Inspector. In the event of there being repeated visits to a society, however, the whole memo need not be filled in but the points marked in asterisk should be invariably touched upon, and special reports for specific purposes of visits should be submitted. Four copies of the memos should be taken. After retaining a copy for the Inspector's own record, one copy should be forwarded to the Agent of the Branch, two to the Senior Inspector who should forward one copy to this office with his remarks and details of action taken by him, after retaining a copy for his record. The copy of the said memo need not be sent to the society concerned. The memo to be sent to the society should be in a letter form giving definite suggestions for the improvement of the defects found out and for further development. A copy of such a letter should be sent to the Senior Inspector. The replies to the queries should be given, but these may, at the option of the Inspector, be in the vernacular (Marathi or Gujarati) of the tract.

Minor defects in records or accounts should be got corrected on the spot. These need not be enumerated in detail in the general remarks, but a reference should be made to action taken in this respect. The general remarks should also include all important information not included in the memo together with any private or confidential information which the Inspector may deem fit to supply, with regard to the society visited.

Great care is necessary to inspect thoroughly societies where the arrears are heavy. With a view to have an idea of the situation, the information in the appendix A and B forms should be supplied in respect of such societies where the bank's loans are overdue by more than two years or the proportion of the arrears to the total outstandings of the bank is more than 50% or where there is a greater number of pending arbitration cases or awards.

The Senior Inspector visiting a society should check the inspection memos of the inspectors with regard to that society and point out the defects, if any, to the Inspectors. He should carefully look into the following points :—

- I. (a) Proper use of long term loans for debt redemption allowed to the members of the society either from its own funds or from a loan from the bank ;
- (b) The adequate security and title to the security taken ;
- (c) Whether fresh outside debits, have been incurred by redeemed members ;
- (d) Whether they are adequately financed.
- (e) Whether their condition is improving.
- II. If no redemption is made :—
- (a) Whether there is need for such long term loans for redemption.
- (b) Whether the society and the members deserve such help ;
- (c) Whether it is possible to prepare a detailed scheme or whether demands can be entertained for individual members.

- III. (a) Similarly, the proper use of long term loans for land improvement or Tagavi should also be looked into and steps to recall the loan in case of misuse should be suggested.
- (b) Enquiries should be made whether any land improvements are possible and whether any loans for this purpose for individual members or a group of members are needed.
- IV. (a) Whether the value of the lands is going down or increasing, giving reasons for each.
- (b) Whether the income of the members is stable, increasing or decreasing, giving reasons;
- (c) Whether the general economic condition of the members is improving or going down, touching upon the social, moral and material side also.

The needful number of printed inspection memo forms may be obtained by each Senior Inspector for his division, from the Head Office along with the A and B supplements, and arrangements should be made to send a copy of the inspection memo with a note by the Senior Inspector on each stating whether any further action is needed either by the Head Office or by reference to the Co-operative Department. It is hoped that the Senior Inspectors will guide their assistants to fill in properly the memos and that all the inspection memos would in future be thorough and systematic.

Form of Inspection-Memo.

Name of Society.	Union.	Taluka.
Date of last audit	Audit class	Branch
Date of last visit by Bank Inspector :		
Date of present visit and time spent at the village by Inspector	No. of members met.	

Financial Position.

Share capital	Dues of members
Reserve fund	Investment in shares, land etc.
Members' deposits	Deposit with Bank
Non-members' deposits	„ with other societies
Bank's loans	Dead stock
Government loan	Suspense account
Loans from other societies	P. & L. Balance
P. & L. balance	Balance on hand.

General information.

Limit in bye-law No. 3	No. of shares of Provincial Bank
" " No. 33 (41)	Details of long term loans
No. of members	(a) Loans for debt redemption :
Net value of assets Rs.	<i>Amount</i> <i>No. of members redeemed</i>
Date of verification of assets	(b) Tagavi loan through Bank :
Maximum credit sanctioned	<i>Amount</i> <i>No. of members</i>
	(c) Land improvement loan directly from the Bank :
	<i>Amount</i> <i>No. of members</i>

*Overdues.

* (a) Bank's total outstandings :	Repayments made last season
(of which)	
Extended	" present season.
Current	
Due next year	
Overdue	since
* (b) Total outstandings of members :	Repayments in last season
(of which)	" present season
Extended	Arrears with members last year
Current	Percentage of arrears to total outstand-
Due next year	ing :
Overdue	

* (c) Details of action taken on overdues

No. of defaulters	Amount defaulted
No. and amount of defaulters referred to arbitration	
Arbitration cases pending with arbitrator or the Assistant Registrar.	<i>No. of cases</i> <i>Amount.</i>
Decrees (Hukumnamas) pending with society	
"	Assistant Registrar
"	Civil Court
"	Revenue Department.

Arrears with managing committee or other office bearers :

<i>No.</i>	<i>Name</i>	<i>Amount of overdues.</i>	<i>Date of default.</i>
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- Whether action has been taken on the last audit memo or inspection notes and mistakes have been corrected. Are the suggestions of the supervisor of the union given effect to ?

- 2 No. of members who have resigned or are deceased. What is the effect of their withdrawal, by resignation or death, on the assets statement.
3. Is there any reduction in the value of assets since the last valuation? If so, give the amount of, and reasons for, reduction.
4. Whether normal credits for individuals are fixed and whether loans are allowed according to the credit statement. Give the details with reasons in case of loans granted in excess of credit limits. Note whether as a rule loans are advanced for the purposes shown in the credit statement and at the proper time. State if loans have been granted to members in arrears and if so give the reasons for such action.
5. Whether loans are properly utilized in general. Give the number of cases tested.
- *6 Whether loan bonds are up-to-date and not time-barred and whether proper security is usually taken for loans on personal sureties or on mortgage security and whether bonds are registered where necessary. Give details of irregularities in this connection.
7. Whether repayments from members are punctual, if not what action is taken for recovery. Note if interest is collected regularly. What further action do you suggest?
8. Whether any paper transactions or Benami loans are suspected. What action is needed to stop them?
9. What is the rate of interest allowed on non-members' deposits and what are the arrangements for repaying them in time?

- *10. Whether large cash balances are kept on hand. If so why?
11. Verify members' pass books by comparison with ledger accounts. No. of cases verified and details of complaints, if any, to be recorded. (Give the ledger folios of Khata verified)
*(Particularly in C class societies and in societies not affiliated to a union the Inspector should verify a greater number of cases at each visit and thus see that accounts of all members are verified once in a year.)
- *12. See whether the Bank's loan balance and the balance of savings bank or current account deposits with the Bank tallies with the figures shown in society's books. If there is a difference get it corrected. See if the Bank's pass books are filled in up-to-date.
13. Note if the society has a current account with the Branch and uses it properly for issue of loans and for deposit of surpluses.
- *14. Whether instalments of loans due to the Bank are being repaid in time and whether the interest has been paid as stipulated. Note if extension is required and can be recommended.
15. See whether the society has received receipts from the Bank whether it has got the share certificate if it holds a share of the Bank. (Where the share certificate is wanting a report should be sent to the Head Office.) See if all the dividend warrants are properly cashed, if not send them to the Bank for encashment or for credit.
16. Whether there is any faction which affects the working of the society.
Whether the managing committee

is literate and business-like and whether it takes keen interest in the work. Is the management dependent upon one or two persons?

- 17. State if there is any complaint from members about the want of adequate and prompt finance.
- 18. The pending correspondence received from the Bank and Department should be looked into and suggestions made for its being disposed of.
- 19. Point out if there are any infringements of bye-laws and suggest remedies to mend them.
- 20. Point out if any extravagant expenditure has been incurred.
- 21. Do the members take advantage of the local co-operative purchase and sale unions, if not why?
- 22. How are the accounts and records kept by the secretary? Give definite suggestions for the defects you come across.
- 23. If the society is mismanaged give definite suggestions for its improvement.
- 24. If long term loans both for redemption of debts or land improvement are granted, see to the proper use of loans in all cases and point out defects.
- *25. Are extensions to members granted in deserving cases and are the loan-bonds renewed properly for the extended periods? Point out the defects in such bonds and try to get them removed.
- *26. General remarks and suggestions of the Inspector.

INSPECTOR.

Inspection Memo No.

Date.....

Copy forwarded with compliments to.....
for.....

2. Attention is invited to points Nos. Inspection note was sent to the society on.....through.....

Inspector.

N. B.—Items marked with asterisks should be replied to, at each visit to a society.

On receipt of the reports of inspection, the branches should enter into the Inspection Register the important extracts from the reports, and send copies thereof to the Head Office from month to month.

Form of Extracts of Inspection

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

Branch.....

Extracts of Inspections upto.....193 .

Serial No.	Name of Society.	Taluka.	Date of visits this month.	No. of Inspection Memo submitted in month.	Date of visits during previous months since 1st Novr. last.		REMARKS. (Recoveries, revision of credit etc.)
					Date	Month.	
1	2	3	4	5	6	7	8

The names of all societies in charge of the Inspectors should be filled in the second column.

In the fifth column the numbers of inspection memos submitted in the month for which the form is submitted should be stated. The fourth and fifth columns are intended to see which societies are visited by the Inspector in the current month and if inspection notes are submitted for all of them.

The sixth and seventh columns are meant to see if any society remains to be visited during the year by the Inspector. The visits in this column should be stated from 1st November of one year to 31st October next year. Visits paid by the Senior Inspectors should be marked in red ink.

The purpose of the visits during the month should be stated in the remarks column, but while doing so the Inspector, instead of writing for "recovery work", should state result of visit re : recovery. He should also state if any action by the Head Office is needed for any society. If the Inspector has not visited a bad society for a long time he should state reasons why he has not done so.

Arrears, Arbitration and Execution

Arrears.—It is most desirable that arrears of loans advanced to societies should be kept down as low as possible. Inspectors and Agents of Branches are requested to make special enquiries in this matter during their visits to societies, and submit a monthly statement of arrears in the accompanying form. In order to facilitate the quick recovery of outstandings they should enquire into the overdue from members of societies, with special reference to the causes of default, the steps taken to enforce recoveries, the estimated realizations in the next season, etc., and report the matter to the Head Office in the accompanying *Form A*.

Arbitration and Execution.—The next point which merits attention is the delay that occurs in the disposal of cases referred to arbitration and in the execution of decrees. Inspecting officers should institute proper enquires in all cases referred to arbitration and the causes of delay and furnish the Head Office with necessary information in the accompanying *Form B* so as to enable the Bank, if necessary, to speed up the procedure for the execution of decrees and the recovery of dues.

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK LIMITED.

Form C.

.....Branch.

Monthly Statement of Arrears on.....193.

Serial number.	District.	Name of defaulting society.	Amount in default at beginning of the preceding quarter.	Amount recovered during preceding quarter.	Balance overdue.	Fresh default in course of preceding quarter.	Total amount defaulted.	Date of oldest default.	Remarks.

Darkhast Form for Arbitration Awards

With a view to expedite the disposal of the pending awards with the societies by presenting them to the competent civil or revenue courts, it was thought desirable by some Advisory Committees of the Branches of the Bank in Satara District to have some form which will guide the secretaries of credit societies in the matter. A suitable form was hence devised and got approved by the Registrar for the purpose. The Bank Inspectors, Advisory Committees and Supervising Unions are hence requested to introduce the form by having the needful number of forms printed locally and induce the societies to make use of these forms for their arbitration awards. In Col. No. 10 in the form a request to the Court to hand over the amount, after the award is executed, to the Bank's Branch for being credited to the account of the society (mentioning the name of Bank's Branch) may be made so as to save the trouble and expense of the societies' representatives for going over to the courts for receiving the amounts. The societies making such a request to the Court should inform the Branch concerned also to what account (loan a/c., current or savings bank a/c.) the amount received from the Court should be credited.

Application for execution

In the.....Court at.....

I, the Chairman, on behalf of the.....Co-operative Credit Society, hereby apply for the execution of the decree described below :—

1	Suit No. and Name of Arbitrator.
2	Name of the parties.
3	Date of the arbitrator's award.
4	Whether there was an appeal from the award, if so, details of the appeal.
5	Whether there was any payment towards the award, if so what.
6	If there was previous execution, its date and its disposal.
7	Amount awarded by the decree and also the amount awarded in lieu of damages or interest, or if any other relief is given, its details.
8	If costs are awarded, the amount thereof.
9	On whom to be executed.
10	In what way is the help of the Court required.
11	Remarks.

I hereby make a declaration that the details mentioned in this execution application are true to the best of my knowledge and information, and whatever amount will be realised out of Court before the execution of this application towards its satisfaction will be intimated to the Court from time to time. A copy of the Resolution of the Society is forwarded herewith. I further declare that the description of the immoveable property given on the reverse and its boundaries are correct.

Procedure in taking over possession of defaulters' lands.

(Circular No. A. B. N. 34 of 13th August 1930, issued by the Registrar, Co-operative Societies, Bombay, Presidency, Poona.)

The attention of all the Departmental Officers, Honorary Organizers, District Central Banks and the Institute, is drawn to Section 59 (2) of the Co-operative Societies Act and they are informed that in view of the opinion recently expressed by the Remembrancer of Legal Affairs, the following points should be noted regarding the procedure to be followed in taking over possession of the defaulters' lands:—

- (1) Only the moveable property (which is the only property that can be attached) can be handed over to the society under Section 59(2) if there are no bidders at an auction sale.
- (2) No immoveable property can be attached for the recovery of the societies' dues (arrears of land revenue) and consequently it cannot be handed over to the society under Section 59 (2) for want of bidders.
- (3) Henceforth, it will, therefore, be necessary for the society itself to offer a *nominal price* (if the auction sale proves abortive for want of bidders and the society wants to take possession of the lands) and thus take over possession (which will be the right, title and interest etc. of the defaulter). The society by this means would acquire the right, title and interest in the lands and it can then find out a suitable purchaser or take steps to lease out the lands.

Collection of overdue interest.—It need hardly be mentioned that the collection of overdue interest is very essential as the profits of the Bank depend upon the punctual realization of interest as it accrues. The overdue interest is excluded from the profits and as the Bank's position may not be seen in the eyes of the outsider very satisfactory if this figure goes on increasing, the Board attach very great importance to the recovery of the due interest every year. It is most desirable that Agents and Inspectors should study the lists carefully and take necessary action in all cases shown in their respective lists.

Annual Statement of Overdues.—The following information is required for the purposes of audit of the accounts as on 31st March of each year and it should be submitted together with other statements.

Overdues for each of the five preceding years from every society should be given in the statement, *e. g.*, Rs. 5,000 are overdue from a society, the date of oldest default being 1st January 1925. The overdues in respect of each of the years should be given separately. The statement should be prepared for all societies as per specimen given below:—

Arrears form.

No.	Name of Society.	1925 and before.	1926	1927	1928	1929	1930	Total.
Total.								

Half-yearly Statements of overdue Interest.—Inspectors are requested to submit before the 20th January of each year statements in the following form showing the progress of the recovery of overdue interest till 15th January.

S. No.	Name of Society.	Amount of overdue interest as on 1-10-3	Amount recovered from 1-10-3 to 15-1-3	Balance unrecovered.
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Explanatory remarks as to the further steps taken for recovery and the amount likely to be recovered till 31st March of the year should be added in the remarks column. All possible efforts should be made to reduce the overdue interest to the minimum.

Prompt recovery of overdue interest.—The attention of all Inspectors is drawn to the heavy amount of overdue interest given in the half yearly accounts statements. The Board is anxious to see that this amount is greatly reduced if not fully recovered before the 31st March each year, in all the areas financed by this Bank. The Senior Inspectors are, therefore, instructed to take such prompt and effective steps as they think proper for the early recovery of overdue interest. The Inspectors in charge should, if necessary, visit the societies concerned and see that the amount is fully recovered with the help of the union supervisors. The Senior Inspectors also should visit such of the recalcitrant societies where the recovery is not forthcoming even after the visits of the Inspector or the Supervisor.

Inspectors are asked to submit to the Senior Inspectors a statement showing the progress of recovery of overdue interest and the details of action taken in the following form on the 5th of each month and the Senior Inspectors are requested to forward the same to the Head office with their remarks in column No. 10:—

1	2	3	4	5	6	7	8	9	10
No.	Name of Society.	Taluka and Sup. Union.	Amount of overdue interest on 30-9-3	Amount of recovery in the last month.	Amount of overdue interest remaining unrecovered.	Details of efforts made for recovery.	Expected recovery in the next month.	Remarks of the Inspector.	Remarks of Senior Inspector.

It may be noted that slackness in taking action in this direction will have to be seriously dealt with.

Re: Statement of overdue interest.—The attention of the Agents is drawn to this Office Circular No. Branch 20-25 of 21-7-1930, regarding above and to see that the instructions laid down therein are strictly observed, as some of the Branches do not supply the above statement, while some of them do not supply information in accordance with the above Circular. In case there is no overdue interest with the Branch, a note to that effect should be made in the Monthly Loan Balances Statement.

Steps for recovery by the Inspector.—The following steps should be taken by the Inspector to stimulate recoveries.

The societies may be divided into three classes:—(1) Societies which repay without any pressure; these societies may be asked to prepare the maximum credit statements for the next year so that members of those societies can get fresh advances in time. The expected recoveries may be mentioned in the statements so prepared. (2) The Inspectors should visit the next class of societies, help the managing committee to call members and insist on them to repay early. No talk of extensions should be entertained early in the season. After leaving the village the Inspectors should see in the books with the Branch if the societies keep up their promises; otherwise they should address letters and if letters are of no avail the Inspector should visit the villages for the second time. This process should be repeated till all the moneys are recovered. (3) Societies in the third group are generally stagnant. Inspectors should collect members at night and explain that if they collect a substantial amount voluntarily, so far so good; otherwise, arbitration cases will have to be filed and the defaulters will be dismembered. The Inspectors should take all necessary measures to expedite the execution of arbitration cases and recover as much as possible every year.

See Appendix No. (Extracts of Inspector's Register)

Inspectors' Annual Report.

Every Senior Inspector after obtaining reports from Junior and Assistant Inspectors working under him should submit an annual Report to the Head Office.

Inspector's Report should be submitted by the 25th April at the latest. He should deal therein with the following points along with others he may think of. While stating figures it is necessary to compare them with the figures of two previous years so that the result of the current year can be judged properly:—

- (1) The area served by the Senior Inspector and his assistants and the number of societies in the Senior Inspector's charge.
- (2) The number of visits, the days on tour and the purpose for which the various visits were undertaken, the number of days spent for the various purposes shown separately. Number of societies visited once, twice, thrice and so on by the inspectorial staff to be given.
- (3) Number of inspectors under Senior Inspector, if any.

- (4) Number of Unions and Advisory Committees and their working ; important resolutions, if any, passed.
- (5) Propaganda work done :
- I. Training classes and conferences.
 - II. Credit—new societies registered and under registration, debt redemption and land improvement enquiries.
 - III. Non-credit.
 - IV. Non-agricultural.
- (6) Possibilities of further development :
- (a) Credit.
 - (b) Non-credit.
 - (c) Non-agricultural.
 - (d) Difficulties if any in the proposed development.
 - (e) If Banking facilities sufficient for the whole of the tract or what more are required ; how can they be given effect to.
- (7) General position of societies:—Extensions, arrears, disposal of arbitration cases, recovery work, recoveries of dues from cancelled societies, causes of arrears, state if due to failure of crops, due to delays of arbitration proceedings and recovery of cancelled societies' dues, some specific instance being quoted in each case.
- (8) Any other noteworthy occurrence in the tract and development which were helped by the Bank or its staff.
- (9) Inspection charges and its incidence on lending business of the Bank.

This report should be accompanied by a very short synopsis for ready reference of this office at any time.

Necessary instructions should be issued to the Assistant Inspector in the tract to submit their reports to Senior Inspector in due time.

Development and Extension of Activities.

The following decisions have been arrived at by the Directors in consultation with the Registrar regarding the development and extension of the Bank's activities:

" The inspecting staff of the Bank may interest itself in the organization of new societies in approved areas selected in consultation with the Assistant Registrars concerned. The Co-operative Department will have no objection to

receiving organization papers in such areas from the inspecting staff or authorized members of the Advisory Committee in the absence of a Taluka Honorary Organizer or a supervising union.

"In areas under the Bank, all efforts may be made to increase the membership of existing societies and wherever the membership goes over 100 to split up societies into two, to revive stagnant societies, and to provide for all the short term credit needs of members, additional staff being engaged for the purpose if and where necessary.

"In areas or which a programme of development and further organization have already been mapped out, the work should proceed on those lines. But where this has not been done, senior officers in charge are instructed to do this in consultation with the Assistant Registrars in charge. The junior local Inspectors are instructed to communicate their suggestions or proposals to the senior officers for their area. Papers may be forwarded through the local organizer or the local union, and only in the absence of an organizer or union should the Senior Inspector move in the matter direct or through the Advisory Committee.

"Where societies are working soundly, efforts may be made to increase membership ; but where membership is, in the opinion of local workers or the Assistant Registrar, already large, new societies for the same village may be proposed. Similarly, the programme for revival or reconstruction of societies should be drawn up by local inspectors and submitted to the senior officers for their areas who in turn are expected to keep the Head Office in touch with the progress of the work."

Indents for Stationery.

The stationery required by each Branch is supplied by the Head Office twice a year. An indent for stationery and printed forms etc. should be sent by each Branch in the printed form at least one month in advance.

The following instructions should be observed in following the indent:—

- (1) The indent should be sent in duplicate to the Head Office after filling the first two columns only, for any articles required. One of the copies will be returned by the Head Office after filling in the next two columns.
- (2) Indent should usually be made twice in a year.
- (3) Samples of forms required should be enclosed with indents.
- (4) All the indents should be consecutively numbered.
- (5) The indent should be sent at least a month before the articles are required.
- (6) Demands in ordinary letters will not be accepted.

Branch Advisory Boards or Committees

Formation of the Committee.—The system of appointing an Advisory Committee or Board to assist in the working of a Branch was first introduced in the Islampur Branch in 1920. Since then every Branch of the Bank is being assisted by an Advisory Committee consisting of seven to nine members, two of whom are usually nominated by the Head Office and the rest are elected by the representatives of the societies served by the Branch. The Committee elects its own Chairman, and the Agent or the Inspector at the Branch works as its Honorary Secretary.

Rules are framed for the guidance of these Committees and have been printed in the Appendix. Most of the Branches have adopted them with such modifications as have been found to be necessary to meet local requirements.

Duties.—The Committee holds its meeting every month and considers the difficulties of the societies and of its members, helps the development of the work of the Branch and the general expansion of the movement in the area. The members of the Committee are deputed for stimulating recoveries of overdues and for the reconstitution of bad societies with the help of the inspectorial staff.

Verification of Cash Balance.—The Advisory Committee is required to verify the cash balance of the Branch on the day of the meeting and to appoint one of its members to verify the cash balance of the Branch by surprise visit at any time once a quarter. When the cash is verified by surprise visit a copy of the report should be forwarded to the Head Office for record.

Power to incur expenses.—All Advisory Committees are empowered, without any further reference to the Head Office of the Bank, to incur expenses within the limits of budgets approved at their General Meetings and out of grants sanctioned by the Board.

Appeal to the Bank's Board.—The Rules of the Committee provide for the Committee preferring appeals to the Board of Directors of the Bank in the case they are not satisfied about the orders issued or action taken by the Head Office of the Bank on the resolutions adopted by the Committee or passed at General Meetings.

Agents or Inspectors of Branches who are Secretaries of Advisory Committees are asked to study the Rules of Advisory Committees very carefully and to see that these are adhered to. They should not neglect to place before the Advisory Committee such periodical statements as are required under the Rules and should invariably consult them in important matters relating to the work of the Branches. In addition to the statements referred to in the Rules the following should also be placed before the Committees :—

- (1) Statements showing limits of credits sanctioned by the Board of Directors as also those sanctioned by the Sub-Committees,

(2) Statements of varieties of agricultural produce against which advances might be made by the Branch.

(3) Statements of stock of agricultural produce, stock valuation, advances against such stock usually submitted to the Head Office.

Power to sanction loans.—Certain selected Advisory Committees are empowered to deal with applications for loans upto Rs. 5,000, or credits upto Rs. 10,000 from agricultural credit societies served by their Branch on the conditions noted below :—

Conditions regulating sanction.

1. The society should have been classed as A or B at the last audit or being new has not been audited.
2. The finance proposed, inclusive of existing liabilities, is less than one-third of the unencumbered assets of members in land.
3. The advances are repayable by not more than two annual instalments.
4. The finance proposed is required for current agricultural needs, purchase of cattle or carts, repayment of petty debts or for domestic expenses.
5. The society is not in arrears to the Bank or has been allowed an extension after reference to the Head Office.
6. The overdues from members, excluding authorised extensions do not exceed 10 per cent. of the total working capital, provided, however, that extensions have been given in consultation with the Bank.
7. The Advisory Committees should appoint for the work a sub-committee consisting of three members, including the Senior Inspector, if he is a member, and co-opt the Senior Inspector, if he is not a member.
8. The sub-committee should meet at least once a week during the season, two members forming a quorum, the Senior Inspector in charge being invariably present.
9. The information regarding the financial position of societies should be presented to the committee in a form prescribed by the Head Office. (See form in the Appendix).
10. Duplicate copies of the forms should be forwarded to the Head Office immediately with the committee's decisions and the conditions of the credit noted in the last two columns, for confirmation of the amount of loans or credits.
11. The total limit for which the authority is to be exercised may be prescribed by the Board of Directors at the beginning of the season.

Procedure prescribed by the Registrar.—The Registrar, Co-operative Societies, Bombay Presidency, Poona, has approved of the above powers under his letter No. 359/2, dated the 14th November 1929, and has laid down the following procedure for regulating such applications :—

Instead of sending separate copies of the recommendations by the Assistant Registrars to the Head Office of the Bank and the Branches to whose Advisory Committees the powers have been delegated, the papers shall be forwarded by the Assistant Registrar to the Head Office of the Bank through the Branches, who will, in the first instance, sanction the loans upto Rs. 5,000 or credits upto Rs. 10,000 and forward the papers to the Head Office for confirmation.

The delegation of the powers is in accordance with the Bank's Bye-laws as recently amended.

Further Procedure prescribed by Bank's Board.—The following procedure has been laid down by the Board of the Bank, for disposal of applications for loans and credits mentioned above :—

1. No application should be placed for consideration before the sub-committee unless it is received with a recommendation from the Assistant Registrar.

2. This condition will not apply to applications for loans to new societies equal to fixed deposits or share capital which can be allowed to such unlimited liability societies provided that it is certified that the deposits are *bona-fide* and are either deposited with a Bank or banker or advanced as loans according to the normal credit statements.

3. The applications should be submitted to the Committee in the accompanying form, printed below, spare copies of which have already been supplied to the Branches concerned.

4. As mentioned in the original circular, duplicate copies of the forms which may be filled in in the vernacular should be taken out and one copy should be forwarded to the Head Office along with an extract from the proceedings of the sub-committee.

5. The sub-committee's sanction may be taken as final, subject to formal confirmation by the Head Office. Office copies of the forms on which sanctions are given, however, should be placed before the full Advisory Committee from time to time.

6. While the normal credit statements may be retained at the Branch, the other papers should be forwarded for being filed at the Head Office.

7. No confirmation will be given by the Head Office unless these conditions are complied with,

THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.
Statement of credits proposed for societies under.....group.....together with information regarding their financial position and management.

1	Serial No.	
2	Name of Society	
3	Membership.	
4	Members' deposits.	Working Capital (on date of Report.)
5	Other liabilities.	
6	Reserve fund.	
7	Bank's loan.	
8	Total.	
9	Bank's outstandings (as on date).	
10	Bank's arrears on date of Report and to date.	
11	Members' overdues.	
12	Percentage of arrears to outstandings.	
13	Total assets.	
14	Year of valuation.	
15	Audit class.	
16	No. of shares held.	
17	No. of special limits allowed.	
18	Credit sanctioned last year.	
19	Credit proposed this year.	
20	Remarks.	

Grant for Advisory Committee.

It is noticed that often when grants for Advisory Committees are applied for Branches and recommended by Senior Inspectors, no details of the previous year's budget, the grant sanctioned and the actual amount spent are given. This information should necessarily be given henceforward, so as to avoid unnecessary correspondence and delay in communicating sanction of fresh grants by the Head Office.

Pasting Balance sheet on the Board.

It is desirable that the vernacular copy of the yearly and half yearly balance sheet of the Branch should be pasted on the Notice Board at the Office of each Branch. A copy of the annual balance sheet of the Head Office in vernacular should also be thus pasted on the Notice Board for the information of co-operators and the general public. It is hoped that the circular would be given effect to by all the branches of the Bank.

Speedy despatch of proceedings of General Meeting to Head Office.

According to the present practice it has been observed that the proceedings of the general meetings of Branches are submitted to the Head Office very late and action on resolutions is hence unduly postponed. It is suggested that in future relevant portions of the proceedings dealing with the resolutions are copied in duplicate and one copy is forwarded immediately after the meeting, through the Senior Inspector, the other copy may be sent to the Chairman of the meeting for his signature and retained for being printed thereafter. The Senior Inspectors will forward these resolutions as early as possible to the Head Office together with their remarks, for such action as is necessary.

Audit memos to be placed before the Committee.

The attention of Agents is drawn to Rule No. 2 of the Rules of the Advisory Committees according to which the audit memo of the Branch is to be placed before the Advisory Committee together with the replies given by the Agent to the points raised by the Auditor. It is regretted that this practice is not being followed at some branches. Agents are, therefore, instructed to place copies of audit memos and their replies before the Advisory Committees henceforward and if the Committee have to make any specific suggestions these might be communicated to the Head Office, preferably in the form of a resolution to be adopted by the Committee. These copies of the audit memos and the replies together with the Advisory Committee's and the Head Office remarks, if any, should be filed separately.

Representation of Branches on the Bank's Directorate.

Under the rules for the election of Directors framed in accordance with the powers granted under Bye-law 69-A two directors are allowed to be elected on the Board of the Bank to represent agricultural societies dealing with the Bank from the names to be nominated by the Advisory Committees. This election is to be made at the general meeting of the Bank. The recommendations are to be forwarded before the middle of May every year, after consulting, if necessary, societies under the Branch in such manner as the Advisory Committee deem proper. The persons recommended should be a member of a primary agricultural society which is itself a member of the Bank and affiliated to it for finance. A member who is in default in respect of the loan taken by him from his Society is disqualified from being nominated on the Board of Directors of the Bank under Bye-law No. 69-A (b).

PART IV

Rules re : Leave and Allowance

Leave Rules.

1. The following rules on the above subject are in force as settled at the Staff Conference held on 23rd March 1924.

Leave :—Casual Leave 20 days.

*Branches :—*6 days may be allowed at a time at the discretion of the Agent and 10 days after consulting the Head Office.

*Head Office :—*At a time 10 days may be allowed. For emergent purpose 3 days may be allowed.

*Privilege Leave :—*One month in one year will be allowed and may be accumulated upto 3 months.

*Sick Leave :—*10 days' sick leave may be granted without any certificate of a Doctor. Above 10 days, a certificate is essential. Leave on half pay according to the length of service may be allowed for six months.

*Leave without pay :—*This may be granted to the members of the staff who have no other leave available as casual or privilege (at the discretion of the Head Office).

*Transfer Leave :—*3 days' leave is to be granted—to be extended upto 7 days (at the discretion of the Head Office).

*Absence without leave :—*If a member is absent without leave double number of the days of his absence will be deducted from his casual or any other leave.

*Attendance Register :—*It is absolutely necessary to keep attendance registers at all the Branches ; also a Service Book is to be kept by each Branch in which are to be noted down the leave enjoyed, promotion, etc.

The following are the rules of travelling and daily allowance allowed to the staff for out-door work.

Scale of Travelling Allowance.

Travelling expenses will be paid to the staff at the following maximum rates :—

	Rs.	Single Railway fare.
Those drawing salary upto	50	III Class.
„	Rs. 51 to 100	(a) Intermediate. (b) If on any railway line there is no intermediate accommodation III Class Railway fare will be allowed.
„	Rs. 101 to 150	(a) Intermediate. (b) If on any railway line there is no intermediate accommodation II Class Railway fare will be allowed.
„	Rs. 151 and above.	II Class Railway fare.

Actual cart, tanga or motor hire as well as hamali charges will be paid to all members of the staff.

Those who use bicycles will be allowed Rs. 1-8 per day, provided the total journey in one day is not less than 5 miles.

The rates of Travelling Allowance for those who are allowed to maintain their own conveyances, such as Tonga, motor and motor bicycle, will be settled previously in each individual case.

Daily allowance.

	Rs.		Rs.	a.	p.	per day.
Those drawing salary upto	49	...	0	8	0	" "
do	Rs. 50 to 99	...	1	0	0	" "
do	" 100 to 150	...	1	8	0	" "
do	" 151 to 250	...	2	0	0	" "
do	" 251 to 400	...	3	0	0	" "
do	" 401 to 500	...	4	0	0	" "
	Over 500	...	5	0	0	" "

A person leaving headquarters before 5 P.M. and staying out of headquarters for the night will be entitled to daily allowance for that day.

Similarly, a person returning to his headquarters after 11 A.M. will be entitled to daily allowance for that day.

No allowance will, however, be paid unless more than 12 hours are spent out of headquarters.

Mofussil peons will draw Daily Allowance at annas 4 per day and Bombay peons at annas 8 per day.

Rate of Travelling Expenses while on Transfer

Railway fair at the same rate which is permissible to an employee as per T. A. and D. A. rules will be paid at the time of transfer.

Railway fare at the same rate will be allowed for all the members in the family who are actually dependent upon the employee and who accompany him, subject to a maximum of three tickets.

Actual Railway freight on personal luggage and kit will be allowed upto the following limits :—

Those drawing upto.	By Passenger Train.	Maximum weight by Goods Train.
Upto Rs. 50 ...	2 Railway Maunds. ...	10 Railway Maunds.
" Rs. 51 to 100 ...	2 " " ...	10 " "
" Rs. 101 to 150 ...	2½ " " ...	12½ " "
" Rs. 151 and above ...	3 " " ...	15 " "

In addition to the above weight 5 Railway maunds per extra ticket, if any, will be allowed by goods train.

If any member of the staff carries his luggage by a passenger train or any other conveyance convenient to him instead of by a goods train he will draw the actual cost of carriage upto a limit of the amount which would have been admissible had he taken the maximum number of maunds by a goods train.

Actual expenses on road journey such as cartage, hamali, hundekari, will be paid on luggage upto the above weight.

Special benefits to the Bank's Staff.

Provident Fund :—The permanent members of the Bank at the Head Office as well as at Branch Offices are entitled to the benefits of the Provident Fund instituted in 1923 by the Bank. In the case of peons, however, membership of the Fund is optional. 8½ per cent. of the pay is deducted every month so as to make up one month's pay at the end of the year. The Bank adds a similar amount at the end of the year and pays interest at 6 per cent. per annum on the accumulated amount to the credit of each member. For further details see Rules printed as Appendix "B".

The Staff Co-operative Credit Society :—A co-operative credit society for members of the staff was started in 1920 under the name of "The Farmer Bank Co-operative Credit Society" for the benefit of the clerical staff as well as the peons working under the Bank. Anyone in the staff can become a member of the society by subscribing to a share of Rs. 5. The Bank receives deposits of all kinds. A system of compulsory deposits is introduced under which each member has to deposit from Rs. 8 to Rs. 10 on a fixed scale. The deposit amount is repayable after four years with interest at 6 per cent. per annum. The member, however, has to continue depositing on the prescribed scale after repayment of the original deposit.

Special facilities are given by the Bank to the Society by allowing free of cost the stationery and books required for the society's business and by allowing a special rate of interest at 7 per cent. on its daily balances of deposits with the Bank.

Loans are issued to the members to the extent of a maximum of three times the monthly salary upto the limit of Rs. 1,000 and repayable by monthly instalments which are deducted from the pay of the borrower. The Managing Director is the *ex-officio* President of the Bank and presides at the General Meeting. A copy of the bye-laws may be obtained on application from the Office of the Bank.

Training.

Special facilities as regards leave on full pay are allowed to the members of the staff wishing to appear at the following Examinations :—

(1) Indian Institute of Bankers, Parts I & II.

(2) Examination for the Government Diploma in Accountancy.

- (3) Examination for the Government Diploma in Co-operative Accountancy.
- (4) Co-operative Bank Managers' Examination.
- (5) Co-operative Bank Inspector's Examination.

The Bank has also instituted training class at the Head Office for the benefit of the junior members of the staff. Two courses, one for junior or assistant inspectors, and another for junior assistants in charge or branch cashiers. These classes are held separately, as it is not possible for all the junior branch staff to go to Bombay, and there will be one day's interval between the two courses of lectures. Members attending the class are treated as on duty.

The following are the subjects prescribed :—

For Junior Branch Inspectors.—Co-operative Law, Principles and Practice of Co-operation Accounts and Elements of Audit.

Organization, management and supervision of societies. Assets valuation. Normal credit statements. Hints on duties of Inspectors.

For Assistants in charge & Cashiers.—Co-operative Accounts, Banking Law & Practice.

Library:—A small library is attached to each Branch of the Bank for the use of the members of the staff and new Books are added on from time to time. Books are also sent out for temporary use from the Head Office Library on application. For purposes of Library facilities, the area covered by the Bank is divided into 8 divisions with their Headquarters as noted below. Fresh Divisions may be added as area is increased.

- | | |
|-----------------------------|--------------|
| (1) The Baramati Division, | (Baramati). |
| (2) The Satara Division, | (Islampur). |
| (3) The Nagar Division, | (Nagar). |
| (4) The Dhulia Division, | (Dhulia). |
| (5) The Dondaicha Division, | (Dondaicha). |
| (6) The Malegaon Division. | (Malegaon). |
| (7) The Gujerat Division, | (Dohad). |
| (8) The Bombay Division | (Bombay). |

The following are the rules regarding the Library.

- (1) A Branch is supplied with a Catalogue* of books maintained in the main library (in Bombay) and also in the divisional offices.
- (2) It should maintain a list of books including those that are already with it and issue them to members whenever required. When new books are supplied, they should be added to the list.

*This catalogue is printed as Appendix.

- (3) A specific reference should be made in the charge sheet to the effect that the charge of the Library is handed over while an officer in charge is transferred. On no account should the books be removed when transfers are ordered.
- (4) A report should be submitted to the Head Office annually as to how the library is made use of giving the number of books read by each member of the staff.
- (5) Books of reference will be supplied only to the divisional offices and a branch may get them if necessary on application from its respective division office. The books, so borrowed, should be returned when done with to their proper destination as early as possible.
- (6) If a book is lost or disfigured, the cost will have to be borne by the member concerned.
- (7) The main library in Bombay will lend books to any branch on application if the same is not available in the divisional branch library.
- (8) Every branch must have a copy of the Act and Rules, the Registrar's current annual report and the bye-laws of the Bank.
- (9) The Agent will be responsible for the custody of the books belonging to the Library.

END

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.
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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	

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,

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| 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.

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

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| 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.

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| 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. |
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| 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. |

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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.

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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.

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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

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.

*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.

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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.

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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".

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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.

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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.

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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)
-------------------------	-------------------------------------------------------------------------------	----------------------------------------------------------------------------	---------------

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 दाचणें.

(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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