

GOVERNMENT OF THE
CENTRAL PROVINCES AND BERAR



REPORT
ON THE WORKING OF THE
CO-OPERATIVE SOCIETIES
IN THE
CENTRAL PROVINCES & BERAR
FOR THE YEAR ENDING THE
30TH JUNE 1940

NAGPUR
GOVERNMENT PRINTING, C. P. & BERAR
1941

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GOVERNMENT OF THE
CENTRAL PROVINCES AND BERAR
AGRICULTURE DEPARTMENT

Nagpur, the 23rd June 1941.

READ—

Report on the working of the Co-operative Societies in the Central Provinces and Berar for the year ending the 30th June 1940.

RESOLUTION

The year 1939-40 was generally favourable to the agriculturists. Crop outturns, except rice, were above the average of previous years, while with the outbreak of war there was a marked rise in prices. Conditions were particularly good in the cotton districts where a very fair crop was marketed at prices unknown since the boom days. The burden of the preceding years was, however, too heavy to permit of much economic improvement.

2. The better conditions were reflected in an improvement in cash recoveries by the central banks which were 25 per cent (Central Provinces) and 33 per cent (Berar) higher than in the previous year. Cash advances, however, showed a decline and the proportion of overdues and bad debts increased. There was a satisfactory increase of 120 in the number of societies.

3. Important steps were taken towards the rehabilitation of the co-operative movement in Berar, where there had been gradual deterioration culminating in the temporary failure of nine central banks. After mature consideration, Government was unable to accept the main recommendations of the Gole Committee and published its own scheme in a communiqué, dated the 9th September 1939. Parts of this scheme were found to be unacceptable to the Provincial Bank and to other creditors. Changing conditions and the rise in prices also made it necessary to take fresh stock of the position. After obtaining expert opinion, it was decided to modify the scheme in certain respects. This modified scheme was announced in a communiqué of the 26th March 1940. Immediate steps were taken to give effect to the scheme, which included the enactment of the Central Provinces and Berar Co-operative Societies (Amendment) Act, 1940, which makes provision for the composition of the debts of societies with the concurrence of a majority of creditors. The Registrar started enquiries into the affairs of the nine banks in Berar. Certain banks in the Central Provinces also found themselves in difficulties and proposed to take advantage of the new legislation.

4. The position of the Provincial Bank continues to be satisfactory, although it has experienced the repercussions of the difficulties of central banks. Its cash recoveries show a remarkable increase and its cash advances a slight expansion. The proportion of overdues has, however, increased, and the volume

of deposits also shows a considerable shrinkage. As remarked by the Registrar, the position of the bank is sound, and it may be hoped that under the careful guidance of its office-bearers the Provincial Bank will be able to weather the storm and increase in strength after the rehabilitation enquiries are over.

5. In the matter of land mortgage banks, the circumstances created by the outbreak of the war rendered it desirable to adopt a policy of consolidation rather than of further expansion. No new banks were, therefore, opened, but the jurisdiction of the Saugor bank was enlarged to include the Damoh sub-division. In the new circumstances extension of credit is obviously fraught with grave danger and a policy of caution must be pursued. Partly as a result of this and partly owing to the operation of Debt Relief Courts and also perhaps to inadequate propaganda, there was very considerable contraction in the number of applications for loans as well as in the amounts advanced. With the increased amounts of instalments falling due recoveries were naturally larger than in the previous year. In order to check the tendency to accumulate overdues, the coercive machinery provided for in the Land Mortgage Banks Act was brought into action. It is, however, hoped that propaganda and education in the principles of co-operation will be relied upon as much as coercion in eradicating the habit of unpunctual repayment. The Provincial Bank has floated debentures to the total amount of Rs. 14 lakhs. The rate of interest payable on the last two series had to be raised to 4 per cent due to the altered state of the money market on account of the outbreak of the war.

6. Government is glad to note that the position of the Chhattisgarh banks continues to be satisfactory, and has no doubt that, if the lesson of the hard times through which the movement has passed has been properly learnt, co-operation has still a wide scope for doing service to the people.

7. Government attaches considerable importance to proper inspection of co-operative institutions by those who are at the helm of the Department and hopes that this important duty will not be neglected.

8. Government is pleased to place on record its appreciation of the ungrudging services of the non-official workers in the cause of co-operation.

ORDER.—Ordered that a copy of the Resolution together with the enclosures be forwarded to the Registrar, Co-operative Societies, and to all Commissioners and Deputy Commissioners, Central Provinces and Berar, for information and guidance and that it be published in Part I of the *Central Provinces and Berar Gazette*.

By order of the Governor, C. P. & Berar,
K. B. L. SETH,
Secy. to Govt., C. P. & Berar, Agr. Dept.

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