

Annual Report
of Working of Co-operative Credit Societies
in the
Bombay Presidency Including Sind for the
Twelve months Ending
March 31st 1922

Government

1922

ANNUAL REPORT
ON THE
**WORKING OF CO-OPERATIVE
SOCIETIES**

IN THE
BOMBAY PRESIDENCY
(INCLUDING SIND)

For the twelve months ending March 31, 1922

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From

OTTO ROTHFELD, Esq., I.C.S.,

Registrar, Co-operative Societies,
Bombay Presidency, Poona;

To

THE SECRETARY TO GOVERNMENT,

Revenue Department, Bombay.

Poona, the 28th July 1922.

Sir,

I have the honour to submit the Annual Report of the working of the Co-operative Societies Act in this Presidency during the year ending on March 31st, 1922. This is the 18th Annual Report.

I.—ADMINISTRATION AND TOURING.

I was in charge of the office of Registrar till the 22nd September 1921 on which date I proceeded on eight months' leave. I toured for 75 days. Mr. J. A. Madan, I.C.S., held charge as Registrar during the remainder of the year and toured for 164 days. Under the instructions of Government, I visited Mysore and Madras during the year and studied the working of co-operative societies there. During my absence on leave I also, under Government instructions, visited various societies in France, Hungary and England. Mr. Madan visited almost all parts of the Presidency during his tenure of office as Registrar and was Assistant Registrar, C. D., during the time I was on duty. Rao Saheb Gunvantrai H. Desai, B.A., who had been Assistant Registrar, N. D., worked as my Personal Assistant this year and Mr. D. A. Shah, M.A., LL.B., was appointed Assistant Registrar, N. D., from the date of Rao Saheb Gunvantrai's transfer as Personal Assistant. I should particularly like to express my gratitude to Mr. Madan for his painstaking and loyal work both as Assistant and as acting Registrar and to Rao Saheb Gunvantrai for the unremitting diligence and accuracy with which he has discharged his extremely responsible duties. Mr. V. H. Naik, M.A., Bar-at-Law, on his return from leave and deputation to England for study, was placed on Special Duty from 24th June to 23rd August 1921 for organization and propaganda work in connection with the Central Co-operative Institute and its Branches and was then transferred to the Revenue Department as District Deputy Collector. The staff of Auditors was increased by six during the course of the year under Government Order No. 1279 of 6th May 1921, Revenue Department, and consisted of 31 ordinary and 2 Special Auditors. The revision of the pay of the clerical establishment was sanctioned under Government Order No. A.-181 of 17th September 1921, Revenue Department, and re-organization of the Co-operative Department was sanctioned under Government Order No. 448-A. of 25th February 1922, Revenue Department. Under the latter Government Order the entertainment of an additional Assistant Registrar and four Organizers was sanctioned but owing to financial stringency and retrenchment the appointments could not be made. The sanctioned strength of the superior staff at the close of the year was 7 Assistant Registrars, 2 Special Auditors, 31 Auditors and 10 Organizers, but only 6 Assistant Registrars and 6 Organizers actually were working. The sanction to the revision and re-organization of the Department has given general satisfaction to the staff and brought a state of suspense and unrest to an end. The orders of Government on the question of treating the establishment as "Continuous temporary" with Provident Fund Rules are still awaited. The staff is again below the number required. In this Presidency the annual audit of societies is conducted entirely by this official staff of auditors and with the progress and expansion of the movement a corresponding increase in the staff is inevitable. We have here no staff of auditors controlled by the Department or by Unions or Federations but paid at the cost of societies. The audit staff in this Presidency on the scale which has been approved cannot be expected to undertake further tasks of organization and supervision. In this Presidency, therefore, we look and have to look to non-official helpers for all work of organization, propa-

loans, collection and supervision. The financing agencies—the Provincial Bank and the District Central Co-operative Banks—must look to the collection of dues and proper sanctioning of loans. The Departmental officials will have to confine themselves more and more to their statutory functions of registration, audit, enquiry, arbitration and liquidation. For other functions which are not strictly statutory we want all the unofficial effort and enthusiasm we can get and on the whole we have been very fortunate in this Presidency in obtaining it.

Honorary Staff.—During the year 4 Honorary Organizers were appointed for Bombay City under Government Order No. 785-A. of 27th January 1922. The total number of Honorary Organizers at the end of the year was 3 Divisional Organizers, 68 District Organizers including 4 Organizers for Bombay City, and 95 Assistant or Taluka Organizers. The work of Honorary Organizers is really the special feature of co-operative work in this Presidency and their work on the whole has been successful. The Divisional Honorary Organizers have again done excellent work. The thanks of the public are due to the Honorary Organizers as a body. The following gentlemen, besides other mentioned later in other paragraphs, have particularly distinguished themselves during the course of the year and I beg to thank them on behalf of the Movement as a whole for their constant and valuable exertions :—

1. Rao Bahadur Ambashankar U. Malji, Divisional Honorary Organizer, N. D., Broach.
2. Mr. R. M. Sane, Divisional Honorary Organizer, C. D., Barsi.
3. Mr. Desaibhai Shankarbhai Patel, District Honorary Organizer, Jamiatpur.
4. Mr. Chhotalal Dwarkadas Patel, District Honorary Organizer, Traj.
5. Mr. C. A. Pandya, B.A., LL.B., District Honorary Organizer, Borsad.
6. Mr. Girdharlal Keshavlal Thakore, Head Accountant, Kaira, and Chairman, Kaira Government Store.
7. Mr. P. H. Banatwala, District Honorary Organizer, Jambusar.
8. Mr. P. I. Patel, District Honorary Organizer, Sonsek.
9. Mr. C. M. Gandhi, M.L.C., Surat.
10. Mr. V. C. Jadhav, B.A., Surat.
11. Mr. Abdul Razak Abdul Gani Deshmukh, District Honorary Organizer, Pachora.
12. Mr. S. Y. Sontakke, Assistant Honorary Organizer, East Khandesh.
13. Mr. S. G. Salbardikar, Assistant Honorary Organizer, East Khandesh.
14. Rao Bahadur S. D. Garud, M.L.C., District Honorary Organizer, Dhulia.
15. Mr. S. B. Deshmukh, District Honorary Organizer, Pimpalner.
16. Mr. G. N. Sahasrabudhe, Honorary Organizer, Bombay.
17. Mr. R. V. Varadkar, Honorary Organizer, Bombay.
18. Mr. T. R. Chiplunkar, District Honorary Organizer, Nasik.
19. Mr. Ajba V. Patel, Assistant Honorary Organizer, Satana.
20. Mr. G. A. D. Wasif, District Honorary Organizer, Malegaon.
21. Mr. N. Y. Mirikar, District Honorary Organizer, Miri.
22. Mr. Ganpatsing Patil, Assistant Honorary Organizer, Pimplas.
23. Mr. S. L. Apte, Manager, Poona Central Co-operative Bank.
24. Rao Bahadur Banerjee, Chairman, R. M. S. and Post Office Co-operative Credit Society, Poona.
25. Mr. A. V. Patwardhan, Honorary Secretary, Maharashtra Branch of the Bombay Central Co-operative Institute, Poona.
26. Mr. Sambaji M. Patil, Assistant Honorary Organizer, Peth.
27. Mr. A. G. Mainkar, Assistant Honorary Organizer, Kharepatan.
28. Mr. V. V. Athalye, District Honorary Organizer, Shiposhi.
29. Mr. F. T. Nalavadi, President of the Karnatak Branch of the Institute.
30. Diwan Bahadur Menshinkai, President of the Karnatak Central Co-operative Bank.
31. Rao Saheb K. R. Walwekar, Chairman of the Hubli Urban Co-operative Society.
32. Rev. Canon Revington, Chairman of the Betgeri Urban Co-operative Society.
33. Mr. T. T. Mudiraddi, Assistant Honorary Organizer, Hebsur.
34. Mr. M. S. Kulkarni, District Honorary Organizer, Gadag.
35. Mr. M. S. Khudavand, Assistant Honorary Organizer.
36. Mr. Pampappa Desai, Chairman, Aminbhavi Co-operative Guaranteeing Union.
37. Mr. Veerappa Chavadi, Chairman of the Gadag Branch of the Karnatak Central Co-operative Bank.
38. Mr. S. Wadeyarmath, Managing Director of the Gadag Cotton Sale Society.
39. Mr. T. A. Kadagad, Chairman, Jakli Co-operative Guaranteeing Union.
40. Mr. N. S. Lokur, Chairman, Belgaum District Central Bank.
41. Mr. B. B. Potdar, Chairman of the Belgaum Pioneer Society.

42. Mr. Ramchandra Dhondo Kulkarni, Chairman of the Chikkodi Co-operative Credit Society.
43. Dr. S. D. Jathar, Chairman of the Bagalkot Co-operative Dairy Society.
44. Rao Bahadur B. R. Kembhavi, Chairman of the Bijapur District Central Co-operative Bank.
45. Mr. Krishnagouda Patil, Chairman of the Sirur Co-operative Society.
46. Mr. V. B. Kulkarni, Chairman of the Amingad Co-operative Guaranteeing Union.
47. Rao Bahadur P. N. Pandit, Chairman of the Kanara District Central Co-operative Bank.
48. Mr. G. K. Hegde, Assistant Honorary Organizer, Hegde.
49. Mr. R. R. Nadkarni, Chairman of Ankola Urban Co-operative Society.
50. Mr. R. B. Shetti, Assistant Honorary Organizer, Angdi.
51. Mr. B. R. Rashinkar, Assistant Honorary Organizer, Tembhorni.
52. Mr. Y. N. Kakade, Secretary, Madha Jagdamba Co-operative Credit Society.
53. Mr. Ghulamali G. Chagla, Chairman, Sind Central Bank.
54. Mr. Jamsheed N. R. Mehta, Karachi.
55. Mr. Dharmdas Punwani, Karachi.
56. Mr. Pir Mahomed, District Honorary Organizer, Tatta.
57. Rao Bahadur Pritamdas, Manager, Hyderabad Central Bank.
58. Mr. Kevalram Dayaram, Joint Secretary of the Sind Branch of the Bombay Central Co-operative Institute.
59. Mr. Syed Parial Shah, District Honorary Organizer, Tando Allahyar.
60. Mr. Faiz Mahomed, Secretary, Tando Adam Co-operative Credit Society.
61. Mr. Wadero Dost Mahomed Dhodo, Chairman, Dhodo Co-operative Credit Society.
62. Mr. Wadero Dost Mahomed, District Honorary Organizer, Khahi Kasim.
63. Mr. Kazi Abdul Kavi, District Honorary Organizer, Nawabshah.
64. Mr. Mian Gul Hassan Khan, Retired Naib Vazir, Riyasat Khairpur.
65. Mr. Kazi Faiz Mahomed, District Honorary Organizer, Khandhra.
66. Khan Bahadur Shah Nawaz Khan Bhutto, O.B.E., M.L.C.
67. Khan Saheb Ghulam Mahomed Khan Isran, M.L.C.
68. Mr. Rijhumal P. Chandnani, Manager, Larkana Central Bank.
69. Mr. Wadero Mahomed Siddik, District Honorary Organizer, Wagan.

The following Government officials were also conspicuous for the interest they took in the Co-operative Movement, their efforts to stimulate it in their own spheres of activity, and their willingness to assist on all occasions when requested. Personally I owe all of them much gratitude for their help and encouragement :—

1. Mr. J. L. Rieu, I.C.S., C.S.I., Commissioner in Sind.
2. Mr. H. A. Sams, I.C.S., C.I.E., Post-Master General.
3. Dr. Harold H. Mann, Director of Agriculture.
4. Mr. R. D. Bell, I.C.S., Director of Industries.
5. Mr. G. E. Laird-MacGregor, I.C.S., Collector of Belgaum.
6. Mr. C. S. Campbell, I.C.S., Collector of Dharwar.
7. Mr. E. L. Moysey, I.C.S., Collector of Satara.
8. Mr. C. W. A. Turner, I.C.S., Collector of Ahmednagar.
9. Mr. R. G. Gordon, I.C.S., Collector of Kolaba.
10. Mr. K. R. Rushton, Deputy Inspector-General of Police.
11. Mr. Condon Clifford, Superintendent of Salt, Karachi.
12. Mr. T. J. Walke, Superintendent of Fisheries.
13. Mr. K. B. Bhadrapur, M.A., District Deputy Collector, West Khandesh.
14. Mr. M. C. Kelkar, B.A., District Deputy Collector, East Khandesh.
15. Mr. W. P. Cowie, I.C.S., Collector of Nawabshah.

In the Birth-Day Honours List, the title of Rao Bahadur was granted to Rao Saheb Pandit of Sirsi and of Rao Saheb to Mr. Lingangouda, Chairman of the Society and Union of Hulkoti, and the Silver Medal of the Kaiser-i-Hind to Mr. Rajadnya, District Honorary Organizer in Satara District. In the New-Year's Honours list the title of Diwan Bahadur was granted to Mr. S. V. Mensinkai, Chairman of the Karnatak Central Co-operative Bank, the Silver Medal of the Kaiser-i-Hind to Mr. N. Y. Mirikar, District Honorary Organizer, Ahmednagar, and the title of Rao Saheb to Mr. Shirhatti, Honorary Secretary of the Hubli Cotton Sale Society.

II.—SUMMARY OF GENERAL PROGRESS.

Last year in my report, which was the history of a singularly adverse season, I expressed the hope that with good rains and a prosperous season the reinvigorated

growth of the Movement would manifest its inherent soundness. During the year under report, however, conditions still continued to be only less adverse than in the previous year. This report deals of course with the financial year beginning with April 1921, and the first half of the period covered by this report must, therefore, in any case have suffered from the effects of previous scarcity. Moreover, the political agitation which had, to some extent, impeded this movement as it had every other beneficial activity, though it had affected the general mass of co-operators to only a slight extent, continued to disturb the moral and with it the material equilibrium of the country for a considerable part of the year which has just closed. The financial stringency in the larger markets and industrial centres was as marked as before and, depending as it does on so many factors in the outside world, is not likely to find any speedy relief. Further the character of the monsoon and the distribution of the rainfall was far from satisfactory. In the Southern Division the *kharif* crops suffered in general and the rice crop in particular was extremely poor. Owing to scanty rain in August and the serious break in September there was in great part of the division apprehension at one time of a severe scarcity. The situation was saved by rains in October, but in spite of this, the *juwari* crop was disappointing. The area sown with cotton was greatly restricted, the reduction being estimated to be one-quarter in the Dharwar and Belgaum Districts and about half in the Bijapur District while the yield of the crop was perhaps one-third less than normal. Many cattle had also been sold owing to want of fodder and the cultivators had to buy back their cattle at a higher price during the sowing season. In the Central Division, the Poona and Satara Districts had a disappointing season throughout and a really poor one in many areas. Ahmednagar again suffered from badly distributed rains and the average outturn was between 4 and 6 annas. In Sholapur the *kharif* season was poor throughout, but the *rabi* season varied greatly, being almost a failure in Karmala, Malsiras and Sangola talukas, while the *rabi juwari* was very fair in the rest of the district. Cotton was a practical failure throughout the district. In Nasik also the rains were neither general nor sufficient. The *kharif* season was fairly good, the *rabi* season unsatisfactory. Wheat and rice were considerably below normal, but cotton was a very good crop except in Baglan and Malegaon, the talukas most advanced in co-operation. The two Khandesh Districts had normal crops on the whole, though there were parts of West Khandesh where they were poor. In Gujarat the season was on the whole favourable. In Sind the year opened with very gloomy prospects. Fortunately the inundation, though late, was fairly steady and favourable once it had begun. For the valuable cotton crop it was too late but cereals were successful where they were sown. Prices, however, were lower than had been hoped. In these circumstances it was too much to hope that the movement should everywhere make that great spring upwards for which the ground had been prepared. And yet, in spite of all, the total results at the end of March were surprisingly good as shown in the following statement:—

Type of societies.	Number of Societies.		Number of members.		Working capital.	
	1921.	1922.	1921.	1922.	1921.	1922.
Central Banks ..	18	19	6,539	7,592	89,20,055	1,26,25,330
Agricultural Societies ..	2,382	2,753	179,360	208,085	1,35,81,611	1,60,13,575
Non-Agricultural Societies ..	485	561	86,059	112,154	1,09,55,536	1,48,91,545
Total ..	2,885	3,333	271,958	327,831	3,34,57,202	4,35,30,450
Unions ..	66	69	.....	.....	.....	.....
Insurance Societies ..	5	9	.....	.....	.....	.....
Total ..	71	78	.....	.....	.....	.....
Grand Total ..	2,956	3,411	271,958	327,831	3,34,57,202	4,35,30,450

The extraordinary increase in the working capital utilized within the movement is the outstanding fact. In 1921 it stood at 3 crores and 34 lakhs. On the 31st

March 1922 it amounted to 4 crores and 35 lakhs. In other words in one year alone the actual working capital has increased by nearly one-third—a rate of increase which I should imagine to be almost unbeaten in any country. Membership rose to 327,831 from a little over 2 lakhs and 70 thousand. Non-credit agricultural societies and in particular sale societies showed a more vigorous activity as a whole. Even more striking, however, is the growth in non-agricultural societies. Their number has risen from 485 to 561—an increase of about one-sixth. The number of their members increased from 86,000 to 112,000 and their working capital from 1 crore and 9 lakhs to 1 crore and 48 lakhs—an increase of one-third. In the province of Sind to which co-operation has extended very recently the progress made has been especially gratifying and a special paragraph will be devoted to it in its place in the resource movement.

More important, however, than this material increase is perhaps the progress made in the organisation of the movement and in its moral results. It would be of course idle to pretend that the picture of the movement is invariably favourable. That there are defects, some of them of a sufficiently serious nature, not the most ardent co-operator could deny and it would certainly not be the Registrar's place to endeavour to conceal them. The Co-operative Movement is now sufficiently strong to be able to face frank admission of its shortcomings, and can only look for added strength by having them plainly expressed. Once seen, by united endeavour they may be overcome. These shortcomings in detail will be pointed out in their own place in the body of the report. Their cumulative effect is reflected in the amount of overdue loans, the readiest index to the soundness or unsoundness of the internal management of the movement. Broadly speaking the main faults whose effects the overdues register are insufficient supervision, indiscriminate selection of members or of officers of societies, and inadequate teaching and propaganda. And the effect of these faults where they exist is heightened by the background of moral and political unrest which has been pointed out during the last few years.

Of the general value of the Movement to the people, however, there can, it seems to me, be little doubt. Hesitations have been occasionally hinted by those who hold that Co-operation has not given a sufficient training in the habit of thrift and who maintain that the burden of debt has not been reduced by the Movement but only transferred from one account to another. It is true, no doubt, and those responsible for the movement are the first to admit it, that the habit of regular and reasonable saving at the proper season, indicated as it would be by an increase in the use of banking facilities, has not yet extended as far as one would desire. Those who are interested in the guidance of the movement are not oblivious of the fact and are concentrating their efforts on the rapid spread of methodical banking habits among the people of the Presidency. But the mere fact that over four and a quarter crores of rupees are already in the movement, all of which has been subscribed at one end or the other either by members of societies or by active sympathisers, goes to show that the habit of saving has made a progress which even those doubters would ten years ago, when the new Act was passed, have considered impossible to achieve. And of this considerable sum not less than one crore is the actual savings of members of primary societies, agricultural and urban. In regard to the burden of debt (whose aggregate it is utterly impossible to attempt to estimate) even if the doubtful admission were made that it has not altered in magnitude, yet at least it is paid for at reasonable rates of interest, and it is undoubtedly turned to more productive use. A debt, it has to be remembered, is not in itself necessarily an evil. Large private firms and joint stock companies and even States are built up on a fabric of debt or credit, on loans which are very often the best marketable securities, on credits from financial houses, and on moneys entrusted by depositors. The small trader, the artisan, and the cultivator need credit, which in another word means debt, as much as any Government or any business firm. What is required is that the debt should be reasonably incurred, should be adequately secured, and readily repayable, and should be used for purposes of production that will increase the revenue and the standard of comfort of the borrower and his family. It would be easy to make an estimate of the economies earned on their debts by members of co-operative societies on the basis of the fact that they borrow their money at rates of interest never exceeding 12½ per cent. and frequently much less, in place of the 24 or even 30 per cent.

which had formerly been habitual. A very simple arithmetical calculation by multiplying the working capital with the difference between the two rates will give such an estimate. But figures of this kind do not go far and cannot be depended upon. Such a calculation omits too many vital factors. I prefer to rely upon actual known instances where the improvement is palpable and the benefit tangible. Such an instance is furnished by the credit society in the small village of Mhaswa in East Khandesh. The head of almost every family in the village is a member of the society. The old debts of members have been paid off. The four or five cases where the debts remain unpaid are due to no want of money or other difficulty of that kind but only to the fact that the money-lenders will not compound their debts on reasonable terms. Hence, as in any case the money-lenders will not obtain by process of court more than twice the original loan, the debts are allowed to go on until they reach that limit. Not a single member of the society borrows from money-lenders now. Two per cent. of the value of the members' produce is regularly placed as a permanent deposit in the society and the total deposits in this small village already exceed Rs. 18,000. Not a single civil or criminal case has gone to the court from Mhaswa for more than 10 years and the disputes that arise are settled by the help of the society within the village itself. Nor are the benefits of the society confined to members or to the village. The society's existence has forced the money-lenders of the neighbourhood to lower their rates of interest to all. Again in the mills as in Broach where the workmen have formed societies, the former familiar scene of Pathans standing outside the compound gate on pay-days with heavy sticks in their hands to extort repayments of loans or interest from the workmen has become a thing of the past. Such instances might be multiplied. In the poor District of Nasik, for instance, one finds a society at Satana working on its own capital and managed without outside help for the benefit of agriculturists by men of their own class. In the canal areas, the former rates of interest charged by money-lenders on the best security varied from 25 to 30 per cent. Now even the money-lender does not claim more than 15 to 20 per cent., while the societies are able to finance an expensive crop like sugarcane at the moderate rates of the Co-operative Movement. In some cases as, for instance, in the village of Tadla in the Poona District, there has been an actual migration of money-lenders who found that after the establishment of a co-operative society they had no work left to do. In a district like Dharwar the moral and material benefits brought by Co-operation are too obvious to admit denial. One need not dwell here on the mere financial advantage of good credit. But the other advantages brought by the better marketing of produce, the stimulus given to production of better grades of cotton, the encouragement to the use of advanced implements, the general understanding of money and its meaning, have given an uplift almost immeasurable not merely to the cultivators but also to the artisans of the district. But more than this, in a district where co-operation has made the progress that it has in Dharwar, it has brought with it an independence of spirit, a feeling of unity among the cultivating classes, and a desire for education and progress which is of the happiest augury for the future of its people. One finds a society for instance which has from its own funds opened an Anglo-Vernacular School and aspires to nurture it into a High School. The growing demand for education in classes which in the past were content to remain illiterate is indeed one of the most beneficial of the results of Co-operation. That there have been occasional instances in which the founding of a society has not had these results cannot of course be denied. There are members, there are even societies, who as a whole have not only failed to gain, but have even deteriorated by too facile credit. At present perhaps the disadvantageous result most frequently seen is that members, helped to economy by the existence of a society, have wasted their savings on the purchase of land at too high a price. But even this is after all congenial to the people and cannot in the ordinary use of words be treated as a detrimental result of co-operation itself. The very fact that Co-operators (and I myself in this report) criticize so strongly the few cases of corruption which have come to light in a movement which embraces more than 3,000 societies and a membership of more than three hundred thousand persons and object so strongly to the existence of a comparatively small percentage of societies below the general level indicates in my opinion almost better than anything else to what a standard one is accustomed within the co-operative movement.

III.—WORKING OF SOCIETIES.

A.—RESOURCE MOVEMENT.

(1) *Agricultural.*

The growth in the number of Agricultural Credit Societies continues to be satisfactory. The total number is now 2,753 as compared to 2,382 last year and 1,993 in the previous year. The number could easily have been greater; but firm steps were taken this year to liquidate societies that were really hopeless and 89 in all were cancelled; while all concerned, officials and non-officials alike, rightly devoted more attention to consolidation than extension. The membership increased to 208,085 and the working capital increased to 160 lakhs from 133½ lakhs last year and 108 lakhs in the previous year. The Reserve Funds of societies increased to 11·8 lakhs from 9½ and the owned capital of these societies now amounts to 51 lakhs of which 36·2 lakhs consists of members' deposits. The percentage of owned capital to total working capital has fallen very slightly but it is still so near 30 per cent. that this fall gives no real cause for disquietude, especially as the season was not favourable. In districts where there had been a crop failure, or where the area under cotton had greatly fallen, it was hardly to be expected that members could add largely to their deposits. The fact that new societies will also tend increasingly to arise in poorer villages than those first reached may also operate slightly to lower the percentages of owned capital. At the same time it is undeniable that in a great many societies deposits are much smaller than they ought to be, that they are for preventible reasons made more grudgingly than they should be, and that the co-operative movement has not yet succeeded in establishing thrift and the banking habit to the full extent desired. To far too great an extent deposits still depend upon deductions made at the time of giving loans, a practice uncomfortably reminiscent of the money-lender and not essentially different from the "share" system rejected by co-operators in this Presidency, which it has been necessary to yield to at the desire of societies in order to increase their capital. In order to stimulate the habit of real easy depositing, the situation in regard to current accounts and savings banks accounts was carefully reviewed and in agreement with the advice of leading co-operators including the Provincial Bank a circular was issued last August modifying the rules in regard to such accounts and making them more practicable and suitable to the cultivator. It was in particular agreed that an active propaganda should be conducted to popularize the habit of savings banks deposits in A and B societies in selected areas near District Banks or within easy railway distance. Necessary precautionary rules were also suggested, such as the fixing of normal credits and the opening of societies' current accounts in the Central Bank, and the due provision of fluid credit. So far it does not appear that the circular has had a great effect but a further attempt to enforce its lessons will be made during this year. The introduction of such methods must depend mainly on propaganda by Bank Directors and their staff. These do not so far seem to have seriously undertaken the necessary efforts. But if the method is gradually but continuously applied, it will, I trust, not be long before a beneficial result on the capital of individual societies, of district banks and of the whole movement will be observable, together with an increase in the habits of businesslike and remunerative thrift.

Deposits from non-members in primary societies remained practically stationary this year, largely no doubt owing to financial stringency. But it has also to be remembered that more money is now deposited by non-members in District Banks.

In regard to financial stability, as in so many other respects, the future progress of the agricultural Resource Movement must depend largely upon the supervision given and the supervision must and ought to be from within. Departmental officials cannot possibly essay for particular societies that constant visiting, checking of accounts, advice, and stimulation which is required if the best is to be got out of a movement, that has now at least proved its right to claim that the economic and indeed the social future of the country depends upon its vigour. This type of constant assistance must, therefore, come either from the Co-operative Institute and its branches, from the gentlemen who as Honorary Organisers so kindly give their services to the movement, from the financing

agencies, the District Banks and the Provincial Bank, or from Unions formed by societies themselves for that purpose. Preferably it should come in due measure from all these bodies. This object has been kept firmly in view. It will be seen from references in the appropriate places that the Banks and the Institute have made steady, if still rather slow, progress on those lines. The best Honorary Organizers have also done splendid work in this direction and I cannot be too grateful to many of them, especially to the gentlemen specially mentioned in paragraph 1. But there is a not unnatural tendency to leave unvisited villages which lie remote or to neglect altogether the societies that are small or ignorant, and to concentrate attention rather on more flourishing societies whose success will more redound to the Honorary Organizer's reputation. Unfortunately, it is just those that are poor in spirit or distant and backward which require attention. Nor again are all Honorary Organizers on the same level of energy or even of integrity. I pointed out last year that one effect of the politically subversive movements started must be an increase in corruption. My forebodings have unfortunately been fulfilled and more than one of the Honorary Organizers gave way to the temptations offered by the general unrest, temptations made even more acute by such appearances of class conflict as the political agitation soon assumed. The evil caused by the defalcations of a person as prominent in the movement as an Honorary Organizer is within the area served by him shattering in its effects and one such man has entirely destroyed co-operation in an important Deccan Taluka. Naturally such instances have been few and they are confined to two or three districts. But their occurrence at all is lamentable, especially in the ranks of gentlemen who in the past have done as much for co-operation as Honorary Organizers have done. It would be most desirable if—especially in those districts—more educated men of the cultivating class would come forward as Honorary Organizers. Every effort is made to encourage them. But unfortunately education has hardly yet been able to reach those classes and few qualified men among them are ready to volunteer for this public service.

Guaranteeing Unions had been initiated also with a view to securing efficient and interested supervision over societies. Last year I noted that they had not proved the success that had been expected and that in most cases their supervising work had been poor. In order to revivify them they were given new duties and powers of purchase and sale. Their number also increased during the year by three in all, four new ones being created and one cancelled. But I regret again to find that though some Unions have decidedly improved, yet their work is generally reported to have been less than good, and the supervision inadequate, while they seem to have done nothing so far to attempt joint sale or even joint purchase of agricultural requisites. As 53 lakhs of the total working capital of the agricultural movement was disbursed through those 66 Unions, the danger which may be created if they neglect their duties of supervision can be readily imagined. Most of those Unions are still in direct financial dependence upon the Provincial Bank; and, in spite of the fact that the Provincial Bank maintains a staff of able and qualified inspectors, the "overdue" figures seem to show that a great proportion of arrears owed to the Provincial Bank must come from societies under Unions. At present the amount spent on supervision by those Unions is only Rs. 20,000 or, 4 per cent. of the capital of the societies forming the Union. This sum is certainly insufficient especially as in some Unions nothing at all is spent. If others than the paid supervisor visited the societies and gave counsel, this would not matter so much. Unfortunately, however, this is seldom done and the work of the Union depends almost entirely on the amount of energy shown by the Supervisor. As Unions are an integral part of our system and such local supervision and guidance in all co-operative matters is distinctly desirable between the primary society and the District Bank with its chiefly financial guidance and inspection, it is necessary to make every effort to educate the existing Unions to a sufficient degree of active responsibility and to add to their numbers, where the local co-operators are sufficiently advanced to feel their need for the purposes of supervision and organisation. The Managing Director of the Provincial Bank has done a great deal by his own efforts to impart instruction and so have the Assistant Registrars; and the improvement noted in the best Unions is largely due to their work. More and more attempts should be made in this direction, especially by the excellent method of holding classes for instruction. Further steps are also being taken to start them.

in the supply work for which they have now taken powers. If it is only understood by all concerned—and especially by the primary societies themselves—that the grouping of half-a-dozen societies in a Union does not essentially or substantially add to the credit-worthiness of each of the societies or of the aggregate and that they should not expect together to get larger loans than they would earn by their own credit each by each, the Unions would probably be far sounder in spirit and could be extended in number with less apprehension.

With these matters of supervision borne in mind, one has to approach what is undoubtedly the weak point of the agricultural societies, the large percentage of overdue debts. I invited the attention of all co-operators last year very earnestly to this regrettable feature of our movement. But unfortunately the financial year closed with a further rise in overdues. They now aggregate 13 per cent. of the working capital, and amount to 19½ lakhs in all. It ought, however, to be added at once that the actual increase is not as large as it appears on paper. In the past it had undoubtedly happened that extensions had been too freely and too casually allowed, so that real overdues were frequently cloaked as 'authorized arrears'. Book adjustments had also in the past been frequent. Latterly there has been far more careful scrutiny of claims for extension and book adjustments, though still occurring, have been greatly reduced. The effect of this added stringency made itself felt this year and the figures are, therefore, swollen by the correct inclusion of overdue loans that in past years would have probably passed unperceived as 'authorized arrears'. In other words, I am not inclined to believe that the percentage of overdues is worse than it has been. On the contrary I am inclined to the opinion that it is probably less. And it is some consolation to know that the overdues were considerably reduced after April. In this respect indeed as in some others the artificial dates of the 'financial year' tend to a picture of the movement that is out of perspective. Nonetheless it would be idle to disguise that a total of 'overdues' amounting to 13 per cent. of the working capital is alarming. In this Presidency we depend on what is a real self-controlled banking system in which from the Provincial Bank down to the smallest primary society every unit is self-subsistent, self-determined and in its degree does real banking business. It is, therefore, imperative on all to see that punctuality in repayment is observed and the percentage of overdues reduced at least by half. Unless this is achieved, we cannot claim that the movement is thoroughly wholesome and sound, nor can we expect that outside credit that we have a right to claim and which we need for our further expansion in agricultural production and marketing.

An analysis of overdues in districts taken separately gives particularly interesting results.

First, the position in the canal tracts of the Deccan continues to be satisfactory and maintains the standard achieved last year for the first time. In the 30 societies of the Baramati tract overdues were Rs. 66,000 out of a total working capital at the end of the year of 11.3 lakhs. Overdues are, therefore, only about 5½ per cent. of the working capital. Moreover in six societies there are no overdues at all and in another six they are nominal. In another society, though the overdues total the large sum of Rs. 8,200, yet as this village society has the fine working capital of more than 2½ lakhs with members' deposits of Rs. 40,000 and a reserve fund of Rs. 30,000 the percentage of overdues is only a little above 3 per cent. In the 17 societies of the Godaveri tract there was an increase of overdues at the end of the financial year, which then amounted to Rs. 39,000. As their working capital amounted to 2½ lakhs, the percentage is 15 per cent. which is still too high. But two societies are free of arrears and in five others they are nominal. Moreover six of these societies are not irrigated at all and are exposed to famine, while owing to scarcity in the district the Collector stopped the execution of arbitration decrees, even in irrigated villages. The societies on the Godaveri, however, still require a great deal of working up and instruction. Their owned capital is too small and reserve funds in particular require building up. In view, however, of the history of these societies and the way in which they started, the result must, I think, be regarded as satisfactory even on the Godaveri and as very satisfactory in the Baramati tract. Much credit is due to Mr. Patwardhan, the Special Mamlatdar, working under the Provincial Bank.

Looking to all the circumstances, the worst district is undoubtedly Sholapur, where 2 lakhs are shown as overdue. As a matter of fact more than another lakh that had been wrongly treated as under extension was discovered on later

investigation. Roughly speaking the real overdues were nearly one-third of the working capital. In the case of this district it would appear that something must be allowed for unfavourable seasons but overdues are often created by dishonest members of Managing Committees, who refuse to take repayments in order that they themselves may avoid paying, while on the other hand the ignorance of members is still deplorable.

Belgaum District, where class division is acute and several very bad cases of defalcation—even by men of position in the movement have occurred, is also a bad defaulting district. It is to be hoped that the Divisional Honorary Organizer who lives at Belgaum will devote all his attention to seeing that overdues are recovered, especially from men of position, and that societies are purged of dishonest members and false guides.

In Nagar overdues are also heavy, but constant famine may serve as excuse. The fault was probably in the first instance that of having organized societies in unsuitable areas.

The heavy overdues in Satara, however, have less excuse and it is particularly disappointing to find them in the intensively developed talukas of the South where a Branch of the Provincial Bank is situated at Islampur. In this district also there have been several serious cases of embezzlements.

In Broach district overdues are unexpectedly heavy, but were to some extent cleared off later when cotton was tardily sold. The deterioration in Broach cotton has, one fears, a good deal to do with the matter.

Similar causes may have operated in East Khandesh where, though overdues to the District Bank were greatly reduced, the overdues from the district as a whole were nearly 20 per cent. of the working capital. Further enquiry will be made into this, as it is impossible to believe that there could be such overdues in this district if the instalments are fixed for reasonable dates.

The figure for West Khandesh on the other hand is excellent, as are those for Kanara, Ratangiri, the Panch Mahals and the whole of Sind.

The amount of capital per member varies greatly from district to district. The highest, rather unexpectedly, is Poona with Rs. 138 per head, the high figure being no doubt due to the existence of the irrigated Baramati tract. In the Larkana and Thar and Parkar districts of Sind where cultivation is irrigated it is Rs. 126 and Rs. 125 respectively. In the fertile district of Surat it is Rs. 112 and in Broach Rs. 93, which is hardly enough for so rich a district. In East Khandesh it is Rs. 95 which is fair. In Sholapur the figure is Rs. 99 which read in conjunction with the overdues and with the fact that most of the cultivation in the district is light and compared to the figures of other districts seems to suggest that it has been receiving too facile credit. In Satara the figure is only Rs. 69 which appears to fail on the other side. But unfortunately the credit-worthiness of members in this district is not high and a strong educative and moralizing influence is required. Fortunately there are signs that this has begun among the cultivators. In Dharwar the figure is Rs. 105 which is very fair. The lowest figures are those of the Konkan districts, Ratnagiri with Rs. 50 and Kolaba with only Rs. 25. But as I have suggested elsewhere in this report, the conditions of these districts are so peculiar that improvement by co-operation alone seems almost impossible. According to audit classification 435 societies of all kinds are classed as good, 2,025 as B, 413 as C, and 97 are D or very bad. About one-eighth of the societies, therefore, are about as good as can, at the present stage of development, be desired, and about one-seventh are regrettably below the standard. All the rest are societies which, without being model examples of co-operation, represent at any rate an immeasurable advance morally and materially on conditions in their villages before the co-operative movement began. In point of classification, again, the differences between districts are marked and are in many ways parallel to other district results already noted. In the whole of Sind for instance, only one society is D and only 12 are C. Comparatively few, however, attain the high standard demanded for an A society. In Dharwar no society is in D class and the number classed as A is exceptionally large, being 115 out of 446 working societies. In Satara, where the moral side of the movement has so far barely touched popular sentiment, only 16 societies are very good while 92 are either poor or hopeless. Unless the Mahratta leaders can effect a change of heart, it may be feared that most of those

unsatisfactory societies will soon have to be cancelled. Broach and the Panch Mahals are the only districts in Gujarat with D societies, there being only one in each. But 19 societies in the C class is too large a number of poor societies for a district so intelligent and advanced as Broach.

Two societies for collective cultivation were registered during the year, these being the first of the type in this Presidency. One registered at Bhambhora in the Ahmednagar District took nearly seven hundred acres and has a pumping installation. Actual work did not commence until after the close of the year. At the last Provincial Conference in a moment of enthusiasm a member of the Legislative Council for that District promised that he would be able to organize half a dozen such societies within the year. Unfortunately, however, after the enthusiasm cooled he seems to have found it more difficult than he thought, and in the end not only was he unable to organize any such societies but the Bank of which he is the Chairman even withdrew from their promise to finance the Bhambhora Society which had actually been registered. Another society was working at Arjunsoda in the Sholapur District. It has started with about 150 acres but was unable to take up actual work during the year under report.

This type of society would be so beneficial in the circumstances of certain parts in this Presidency especially the Deccan and the Konkan that I sincerely trust that these pioneer societies will be successful. They are certain at any rate of getting all the assistance possible from the Agricultural Department which used them with the greatest sympathy. If successful, and if their example spreads, they may possibly revolutionize economic conditions in the districts affected and may popularize co-operation of a type even more fruitful than the usual type of credit societies.

(2) *Agricultural Non-Credit.*

It is gratifying to be able to record a fair increase in the number of non-credit agricultural societies registered. They are now 146 compared to 110 in the previous year. In the Southern Division where there are 63 each of the good Unions contains such a society. The number is of course still small in comparison to what is required for the proper encouragement of profitable cultivation and very small compared to countries like France or Denmark; but the increase is encouraging and inspires brighter hopes for the future, especially under the system now inaugurated for co-ordinating the work of non-officials and the agricultural and co-operative departments jointly in relation to Agricultural Non-credit work.

The best developed type in the Presidency is that of Cotton Sale Societies. Their number has now increased to 13. The best of those in the Presidency, taking co-operative spirit as well as material results together, is undoubtedly that at Gadag in the Southern Division. It sold 31,000 maunds of cotton for 4 lakhs of rupees. The Hubli Group Society, conducted in a very able business spirit and of great value in the distribution of pure seed but at times obstinately lacking in co-operative spirit, sold 34,000 maunds of cotton for Rs. 4,15,000. A new society at Bailhanganal made a promising beginning and the Dharwar Society continued to make good progress. The main difficulty for these cotton sale societies is that the mill-owners and big buyers in Bombay do not realize their value and will not take the trouble to buy at their auctions. My Assistant Mr. Huli went specially to Bombay to interview mill-owners on the subject but was met with chilling indifference. All the more reason is there to be grateful for the continued support given in Dharwar District by Mr. Hirjibhai, the public spirited agent of Messrs. Tata's. But the real ultimate hope of course must be for sufficient good cotton sale societies to be established to be able to build up a central organization and control the market in the interest of the grower. In the Central Division, I regret to say, sale societies did practically no business during the year. In the Northern Division with the active assistance of Mr. Bhimbhai, Deputy Director of Agriculture, working in friendly unity with this Department, it was possible to start two cotton sale societies in the Surat District. One at Sayan was registered just before the close of the year. The other at Sonsek made an excellent beginning. It sold one class of seed, its samples could be guaranteed. The quantity sold was 3,036 maunds at Rs. 1,10,000 and the members individually benefited to the extent of

Rs. 15,000. It also sold cotton seed worth Rs. 18,736. I trust that such societies, selling lint from selected seed cotton by sample, will spread in Gujarat under Mr. Bhimbhai's able and energetic guidance. In East Khandesh, I regret to say, only one out of seven societies held any cotton sales. Partly this is due to a faulty selection of centres for the societies or to the markets having changed as old gins closed down or new gins were erected. I hope that the new Divisional Board will carefully review the position and make suitable recommendations. East Khandesh is so important a cotton district that a working organization of good sale societies is essential for the good of cultivators. Personally, however, I am inclined to consider that in this district sale societies alone will not meet the case without co-operative gins. All the more I regret that for what I consider inadequate reasons the co-operative gin society registered at Parola has not commenced work. The one bright spot in co-operative sale in this district was at Pachora where the sale society broke even its last year's record in regard to quantity and price. It sold almost 50,000 maunds at Rs. 6,41,000. What is, however, regrettable is that the greater part of the cotton sold belongs to persons who do not yet care to become members. A further effort should be made by the Committee to enroll members.

There are also a few societies registered for the sale of agricultural produce other than cotton.

At Shikarpur in Sind a grain sale society newly registered made a promising beginning, selling 6,674 maunds of grain for Rs. 22,855. Its success is mainly due to Mr. Gul Hassan Khan, late Naib Wazir of Khairpur. The vegetable growers' society at Surat has confined itself to credit work and not taken to sale, owing to the members having arrived at a compromise with the brokers with whom they used to deal. From the point of view of a purist this is regrettable, but it is nonetheless true that the members have derived this benefit of extracting more favourable terms from the market by the mere fact of co-operation in a society. It shows at least that the middleman is now afraid of the power of such societies. A society at Byadgi for the sale of chillies has from its start this year commanded unexpectedly big custom and sold 4,000 maunds of chillies for Rs. 35,478, its success being largely due to its Managing Director, Mr. Manbasan Gowda, who is also Honorary Organizer at Sidenur.

From these successes, and even more perhaps from the societies that have failed to achieve success, the lesson can be learnt that co-operative sale, by universal admission the most difficult branch of agricultural co-operation, can be made a success in this Presidency, given, first, that there is a felt need, secondly, a suitable market, thirdly, an energetic and honourable committee and managing director, and last, first and all the time co-operative education, unity, and loyalty.

In spite of a rather unfavourable season the total value of the goods sold by co-operative sale societies in the Presidency amounted to almost 22 lakhs, and in the Southern Division alone the value of the goods sold amounted to over 14 lakhs of rupees. The direct gain to the growers selling through these societies was at least 5 per cent. or over one lakh. But the total gain, direct and indirect, though not susceptible of exact calculation, was certainly very much larger both to members and non-members, as the existence of such a society at once raises the general level of market rates, first in the immediate neighbourhood and next in remoter areas by repercussion. Further these societies add to the distribution and cultivation of pure seed and in the Southern Division alone it is estimated that no less than 60,000 acres have this season been sown with pure cotton obtained through these sale societies.

The prospects appear bright for this class of society. Of other types of agricultural non-credit society, I regret, it is not possible to report equally favourably. The total number of societies now registered for the supply of seed, manure or agricultural implements—some doing more than one branch of supply—is 90 in all. Most of them are on a very small scale, but some, especially those dealing in seed, have done useful work. There appears to be a growing demand for societies of this kind and under the new arrangements with the Agricultural Department greater results may be confidently hoped for. Cattle Breeding societies are most disappointing. There are 24 in all registered but the greater number are doing no work, while even of those that are working there is little good to be reported. The fact is too often that these societies are started in response to suggestions from the Department and not because of a felt need. But even more against

them is the fact that in most parts of the Presidency—with very few exceptions indeed—cattle breeding is not a paying business, at least to the cultivator. And until the conditions of the cattle market are radically altered it is difficult to see how it or the auxiliary business of growing fodder crops can be made profitable.

There has been a slight increase in the number of cattle insurance societies and further efforts will be made to organize new ones in Gujarat where the prospects for this class of society are hopeful. I have taken the opportunity, while I was on leave, further to study the system of cattle insurance abroad, and shall endeavour to draft bye-laws for insurance and re-insurance Societies which may perhaps secure the approval of the Institute and prove more popular than the existing bye-laws.

During the year under report the question of securing long term capital for lending to societies for the purposes of permanent land improvement was carefully considered by Government with the assistance of the Provincial Bank. Government consented to divert a large portion of the annual takavi grant made for that purpose to the co-operative movement. The consideration of the detailed rules required both to meet legal requirements and administrative expediencies necessarily took a considerable period. A sum of 4½ lakhs was, however, at once provided in the budget for the year beginning in April 1922. The rules, however, could not be completed in a satisfactory form until after the end of the year and were published in July. Under the scheme as sanctioned the total sum granted for the purpose each year will be credited to the Registrar's account in the Provincial Bank and loans will be sanctioned on the recommendation of societies and district banks by the Registrar on the advice of the Provincial Bank. The plans will be subjected to careful scrutiny by the appropriate officials of the Revenue, Agricultural or Public Works Departments. The Banks will be responsible for the accounting of the loans, the fixing of suitable instalments, their collection, and their final repayment to Government. In effect therefore, what is being accomplished is a large and growing increase in the long term capital available to the Provincial Bank and through it to the movement as a whole, subject to the conditions that this additional capital shall be devoted to works of land improvement and that the loans made and their disposal and repayment shall be scrutinized by the Registrar in conjunction with the Provincial Bank. This arrangement, it may be hoped, will be of service and value by increasing productivity while leaving the disposal of the money in the hands of co-operators themselves without the necessary trouble and the dependence created by the official takavi system. If the scheme extends with the growth of the movement, it will, it is hoped, ultimately relieve Government of this banking business.

(3) *Sind.*

In spite of the unfavourable season progress in Sind was again as happily marked as it has been ever since the movement was initiated in that province. The number of societies rose to 431 as against 277 in previous year. At the same time membership increased by 40 per cent. The greatest increase, however, has been in regard to working capital which has risen to 23 lakhs from 14½ lakhs last year. Since 1918 it may be noticed that the number of societies in the province has multiplied 7 times, the membership 5 times, and the working capital 14 times from about 1½ to over 23 lakhs. It is reported that the results achieved by existing societies and the benefits bestowed by co-operation upon agriculturists have so manifestly impressed themselves on the public mind that a demand for societies now arises spontaneously in all districts without any efforts on the part of the departmental officers. At the same time the local staff is taking every precaution to ensure that no society is proposed for registration until it has had a thorough grounding in principle and there is an almost certain hope of success. The movement had sufficient troubles to encounter, first because of the Khilafat agitation and then on account of the serious financial situation in the season. The fact that, although it has been so recently inaugurated in this province, it has been able to withstand these troubles with the utmost success and to continue extending as it has done, is a testimonial to the soundness of the work of the leaders in Sind and especially of the extremely painstaking Assistant Registrar, Khan Saheb Azimkhan. The soundness is corroborated by an analysis of the funds with

the societies. . The capital at the disposal of the societies now works out to Rs. 100 per member as against Rs. 78 in the previous year ; and 39 per cent. of the capital is owned by members. Overdues also in Sind remained at a satisfactorily low level at the end of March, being only 5 per cent. for the whole province.

Even more important than the extension of primary societies in this province has been the further development of the movement at its higher stages. Of this development the most important practical branch has been the inauguration of central banks. Until last year the only Bank in Sind was that at Karachi which had to serve the whole of the province. The two new Banks at Larkana and Nawabshah were, however, brought into being just before the end of the previous year. In the course of the year under report a new District Bank was also started at Hyderabad so that now every Collectorate in Sind has a District Bank with the exception of Sukkur. Owing to the financial crisis in the world and the uncertainty of trade and instability of prices, it was by no means easy to find adequate capital for the new banks. The task, however, was successfully dealt with as a whole. The share capital in these banks now reaches Rs. 2,28,000 as against 1½ lakhs in the previous year and their working capital at the close of the year amounted to 8½ lakhs and at one period it had been over 12 lakhs. Of the new banks, Larkana Bank was particularly successful under the able and efficient control of Khan Bahadur Shahnawaz Khan Bhuto, a member of the Legislative Council, and himself an advanced zamindar. The share capital more than doubled itself and reached the figure of Rs. 76,000. The Bank secured deposits of about a lakh. It earned a net profit on which it was able to declare in the very first year of its working a dividend of 3½ per cent. In the Nawabshah Bank owing to the failure of water in the Jamrao Canals progress was slow. Its share capital, however, increased from 24 to 36 thousands. The Hyderabad Central Bank started working only a few days before the close of the year. The Sind Central Co-operative Bank at Karachi which serves as an apex bank for the districts which have district banks and as a district bank for those districts which have none, has been conducted with its customary sagacity and prudence. Its share capital increased from 95 thousand to 1·12 lakhs and its working capital to Rs. 5,63,767. It earned a net profit of over Rs. 12,000 out of which it paid a dividend of 6 per cent. and carried Rs. 5,000 to reserve. Its profits were indeed in reality higher but an unfortunate theft which had nothing to do with the conduct of the bank led to a loss of Rs. 1,900. The Bank had not yet introduced current accounts and cheques as desired but it took steps to do so immediately after the close of the year. Co-operation in Sind depends to so large an extent on the able conduct of this bank that every co-operator owes his deepest thanks to the public-spirited Directors and the Secretary who are conducting it for the common good.

There was further extension in the course of the year of non-credit agricultural societies which had first been initiated in the province in the previous year. There are now 5 such societies in existence and there is little doubt that had the province not suffered for three consecutive years from a general failure of inundation there might have been several more. Three are seed societies and that at Malir distributed lucerne and potato seed to its members to the extent of nearly Rs. 7,000. A new departure has been made by a power pump society organized by the Church Mission of Hyderabad. It has, however, met with serious difficulties and its future is by no means certain. A sale society for grain at Shikarpur has already been noticed elsewhere. Non-agricultural societies increased from 16 to 29 of which 17 are situated in the town of Karachi. Their total working capital has now reached 3 lakhs. Fourteen of these societies are Urban Credit Societies with a working capital of Rs. 1,20,000 more than half of which is represented by share capital. Seven of these societies are properly speaking people's banks which are still at the first stage of development. The Committees of these societies feel their way with a timidity which is perhaps rather excessive and have not yet grasped the full possibilities of this type of society. I trust, however, that with a little more experience they will gather confidence and extend their scope while longer experience of their benefits by the public ought to increase considerably the amounts deposited with them which at present are far too small. Every District headquarter town in the province has now an Urban Bank of its own, and it is for the co-operators of the province to see that they progress as they ought to do. Among communal societies the leading one is the Hyderabad Amil Society at

Karachi with a working capital of Rs. 48,000 which is nearly rivalled by the sister society at Hyderabad with a working capital of Rs. 34,000. Both societies are excellently managed and are conspicuous for their members' punctuality in repayment. Their success is largely due to the enthusiasm of their Honorary Secretaries, Mr. Bulchand Advani and Rao Bahadur Pritamdas.

Industrial societies are at present only 7 of which 5 are producers' societies and 2 consumers' societies. They will be further referred to in the appropriate paragraphs.

Perhaps, however, the most important developments of all, if regard be had to the moral and educative value of the movement, have been the publication of a co-operative magazine and the establishment of a branch of the Co-operative Institute for Sind. With the invaluable and indefatigable assistance of Mr. Jamshed N. R. Mehta a vernacular co-operative magazine called "The Sind Co-operator" has been published regularly from the 1st of October 1921 and its educative effect on the province appears to have been considerable. Such a magazine had been most urgently wanted and its publication is another of the many debts due by co-operation in Sind to Mr. Mehta. Since January also a Branch of the Institute has been inaugurated at Hyderabad and met with favourable response. It is still too early to say how far the branch will prove successful but I have no reason to doubt that it will do so and that it will enormously advance the cause in the province.

(4) *The Agricultural Movement as a whole.*

It may be of interest again to note the relative growth of societies in different districts. Dharwar in the Southern Division still stands first with 53 members for each thousand of the population a figure which, allowing for families, means that one household in four belongs to the movement. The number of societies is more than one third of the villages in the district. In Broach, the district that comes next, the number of societies to villages has increased and is now practically equal to Dharwar but the percentage of members to population is considerably less than in that district. Two districts that have shown notable increases are the Panch Mahals and Kanara. In the former the number of members is now 11 per thousand and the number of societies 8 to 100 villages. In Kanara the number of societies continues to be small but the number of members is now 28 per thousand. In percentage of members the worst in the Presidency are the three Konkan districts of Thana, Kolaba, and Ratnagiri, Ahmedabad, West Khandesh and Nasik. The reproach will soon be removed from West Khandesh and probably from Nasik. In the three Konkan districts the failure of co-operation is due to economic and social facts beyond the reach of co-operators.

It is indeed impossible to measure the possibilities of agricultural co-operation or to guide a policy or lead a movement without some survey of the conditions of cultivation and the incidents of land tenure. It has perhaps in the past been too readily accepted that co-operation would be a remedy for all diseases or at any rate a palliative for all evils. To enthusiasts without experience or philanthropists in a hurry it has too often appeared as a rope to be cast to the drowning or a raft on which to load all burdens in even the roughest sea. Because co-operation strengthens a poor man's credit and opens the door of the bank or the market to men who without its badge would wander hopelessly in the bye-ways, it has been assumed that it should be applied without discrimination even to those destitute of all other possessions or overwhelmed by other tempests. I had occasion in my report last year to suggest that at any rate in some of the Deccan Districts too little consideration had been given to the problem of admitting the uneconomic holder into co-operative societies and I suggested that further close investigation was needed for determining the policy of the department in regard to such impoverished occupants. The completion of the last census has provided other material for reflection and for guidance. In regard to the Konkan districts, for instance, the broad fact that emerges is that only 45 per cent. of the cultivable area is actually cultivated. In the district of Ratnagiri the percentage falls as low as 39 and the poor best is Kanara with 55 per cent. In those districts again, very little of the soil is in the ownership of the actual cultivators. In the three districts

of Kolaba, Ratnagiri and Kanara there are only 92,000 cultivating owners as compared to 2,22,000 cultivating tenants. The income for the largest class of the rural population is less than Rs. 25 per head per year, while it is between Rs. 50 and Rs. 75 in most other parts of the Presidency. An enormous percentage of the male population migrates annually to Bombay City for industrial labour. And it is well known of course that the relations between tenants and landlords in those districts are anything but amicable. In conditions such as these it is to me at least, I must admit, inconceivable how co-operation—how co-operative credit, that is to say—can be introduced and prove workable. Collective cultivation might indeed conceivably be of advantage, but even for this branch it would appear as if other far wider changes would be a necessary preliminary. Figures are now available which give information for each district in respect of the proportion of tenants to cultivating owners, of cultivated to cultivable area, and of the distribution of population. Other relevant information might also without too great difficulty be made available. It appears to me, therefore, that at this stage, when co-operation has fought its first fight and proved its strength, when expansion is rapid and further consolidation most urgently required, when the movement is undertaking even greater responsibilities such as, long term finance by arrangement with Government for land improvement and out of its own funds for redemption of debt, when intensive action for co-operative marketing and co-operative supply is being pressed, and when we aspire to allure all the healthiest, most productive, and nationally progressive elements of the community into a sort of co-operative commonwealth, it is desirable without delay to make a diligent survey of the ground that is before us to be traversed, and to attempt a sketch map of the route. The Co-operative Conference last year made a tentative move along this road when it resolved that societies should not be organized for the present in tracts habitually exposed to famine. The Central Institute might perhaps institute a further enquiry into the possibilities of co-operation district by district within the Presidency. It is obvious that there are districts, such for instance as East Khandesh or Broach, where co-operation should be almost indefinitely extended, and where there need be no hesitation or restriction. There are others where the large number of small uneconomic holders may make it desirable to limit credit, in its present form, to certain members and, to base co-operative hopes for other classes rather on the preliminary organization of societies for co-operative labour or co-operative cultivation. And perhaps there will remain a few unfortunate tracts where even this may appear impossible without preliminary legislation. At any rate in a Presidency as varied as Bombay in the incidents of climate and soil, custom and tenure, wealth and poverty, it would seem as if the indiscriminate further registration of societies of one type in all circumstances without a general survey and investigation could hardly be expedient.

For the Agricultural Resource Movement, the most pressing task in the immediate future is undoubtedly consolidation and the substitution of what may be called reasoned extension for the rapid and indiscriminate multiplication of societies. The existing societies must, to the utmost extent possible, be made efficient in every sense of the word. They must be consolidated both in the way of increasing their working capital and especially deposits and also by the improvement of all the details of ordinary management. Savings Bank Accounts must be introduced wherever it is safely possible. The habit of societies keeping current accounts with districts banks and drawing against them by cheque must be popularised. Societies must be taught to fix normal credits for their members and to make it easy for them both to deposit and to borrow when and as required within the limits of their normal credits. Intensive instruction must be given in regard to supervision, punctuality of repayment and the general meaning and value of savings and banking. Above all intensive propaganda is required to create side by side with the best credit areas the necessary non-credit institutions to secure the utmost productivity for the land and the best value for its produce. Along with this educative work, however, must be conducted an extension of societies on a systematic and reasoned basis. The movement should extend in concentric rings from the areas already served by good societies to similar areas with good prospects for new societies. Areas, as far as possible, should be demarcated and those in which the opportunities of co-operation from economic or other causes appear to be limited should be postponed to those in which circumstances are favourable and where examples of

flourishing societies are near. With such a scheme in front of workers for the Agricultural and Co-operative Departments, whether the workers are official or non-official, progress may be hoped for which should not merely be in quantity but should also achieve a higher quality and a more pervasive fruitfulness.

The closer co-ordination now attained with the Agricultural Department is indeed one of the features of the year which is most hopeful for the progress of non-credit co-operation and the general prosperity of the people. The subject was under discussion for several months and the final orders of Government were issued during the year. In the past, both the Co-operative and the Agricultural Departments had suffered in results from the dual control then existing. The Co-operative Department had certain agricultural organizers under the orders of the Registrar. The Agricultural Department had other officers with similar duties working under the Director and his Deputies. The work of the two classes of organizing officials constantly overlapped, while both and especially the officials of the Co-operative Department, were apt to work without a definite scheme or in a haphazard fashion. The essential point was to get rid of dual control and to co-ordinate the work of these officials on a systematic basis. Almost equally essential was it to secure non-official guidance and control over the work of both. The rules now framed, it is confidently hoped, will achieve both the purposes, singleness of control and non-official co-operation. The main feature of the new scheme has been the constitution of Boards for each agricultural division of the Presidency. Each Divisional Board is constituted of the Assistant Registrar and the Deputy Director of Agriculture and four non-official gentlemen. These Divisional Boards in turn report to the Director of Agriculture and myself sitting together as a Board and we in turn are directly under the Minister in charge of both Departments. No real distinction is any longer made between the agricultural organizers provided in the Co-operative Department's budget and the similar officers on the Agricultural Budget. Both will be equally under the Divisional Board, whose chairman will be either the Deputy Director or the Assistant Registrar according to seniority. The Board as a whole will scrutinize the diaries, reports and records of organization of these officials by whichever Department they are paid and the Chairman of the Board, whoever he be, will be its executive officer. The other official on the Board as well as the non-official members will of course be entitled to every measure of assistance from the joint staff. The work of all of them will finally be scrutinized by the Director of Agriculture and even those appearing on the budget of the Co-operative Department will be appointed, promoted, or otherwise dealt with by the Registrar solely on the recommendation of the Director of Agriculture; while the Registrar sitting with the Director will equally be in a position to be in touch with the work of the agricultural officials appointed to this type of duty. The Divisional Boards will have control over the grants for loans and discretionary agricultural grants given by the Legislature to the Registrar or the Director and distributed by these officers among the divisions, and will in turn work through Taluka Development Committees obtaining a subvention and trained fieldmen from Government. The Agricultural Department will also devote its work primarily to areas with co-operative societies or unions though it is not precluded from doing work in other areas where co-operative societies have not yet spread sufficiently to form the sole material for their work. The general results of the scheme will, it is believed, be unity and singleness of purpose and control and the devotion of all the best agricultural effort to intensive work through the co-operative societies which ultimately must be responsible for the finance of agricultural improvements in this Presidency. The change is probably the most vigorous measure so far taken for the spread of non-credit agricultural co-operation in this Presidency.

(5) *Non-Agricultural Credit Societies.*

The number of societies of this class again rose during the year. It now stands at 370 compared with 313 in the previous year. Thirty-five of these are formed on an unlimited liability basis, the rest being all limited liability societies.

There is therefore a slight fall in the number of unlimited credit societies. Three in Broach, one in Kaira, one in Satara, one in Poona and one in Dharwar have

ceased to exist, while one new society has come into existence with 75 members in Karachi. These unlimited societies of urban credit exist mainly amongst comparatively small groups of poorer people of the labouring classes. They do not command sufficient capital to be of great importance to the movement as a whole, though they can be, when well managed, of great assistance to the classes among whom they are organized. Unfortunately, however, from their comparative unimportance to the movement, they do not appear to attract much attention from, or arouse much interest in, educated workers in the Co-operative cause and are only too often left without guidance from such sympathizers. The members are frequently too illiterate or too much oppressed by circumstance to have the necessary skill or energy to manage the societies successfully themselves. In consequence the results of the year's working are anything but satisfactory. In several cases their operations resulted in actual loss; in no case did they achieve more than very insignificant profit. Out of Rs. 1,40,000 due to them Rs. 53,500 were overdue. In some cases, as, for instance, in two societies in the Satara District, the overdues were very much above even this exceedingly high percentage. In Bombay city the state of these societies is also extremely unsatisfactory. Unless, however, educated workers can be induced to interest themselves further in the conditions of these societies of their humbler brethren, there is little hope of any improvement. It would be a pity if they failed; for they undoubtedly are valuable for a class whom it is otherwise difficult to reach by co-operative means. It may be hoped that the new Bombay Branch of the Institute at any rate will take up the work of supervising such societies in the city and one would be grateful to workers in other districts who would devote some of their time to those in their jurisdiction.

The number of limited societies rose from 272 to 335 and the membership from 68,503 to 94,569. The most noticeable increases are in the figures of their capital. The working capital rose from 83½ lakhs to 109 lakhs and the reserve fund from 3·78 to 4·61 lakhs. The owned capital of these societies including therein share capital, reserve fund and members' deposits, rose from 50·8 lakhs to 85·4 lakhs. 93 lakhs were lent during the year to individuals or to other societies. 82 lakhs were repaid and a little over 94½ lakhs remained due. The overdues are under 7 per cent. of the total of loans due and under 6 per cent. of the working capital. On the whole the results are distinctly satisfactory, and as the result of the constant propaganda carried on, there appears to be a noticeable change in quality in these societies.

On the system in force in this Presidency, such urban credit societies as have a working capital of Rs. 50,000 or over are required to submit quarterly financial statements to Government and are audited by special auditors with advanced training as accountants. Such societies are classed as urban Banks, and the aim of co-operators in this Presidency is to raise such societies to the category of real People's Banks able to cope with every branch of banking. At the same time it is hoped, year by year, to increase the number of societies falling in this category. Nothing perhaps is so much required in modern India, if the country is quickly to develop to the fullest of its possibilities and to take its place in the line of progressive countries, as a properly developed indigenous banking system. It is felt by co-operators that the co-operative movement is quite as well fitted to meet this need as any system of Joint Stock Banks, and it is obvious that co-operative people's banks will have the further advantages of being democratically managed by the people themselves and of dividing their profits equally among customers as well as shareholders. In order to show the progress of these banks I have again, as in the last two years, appended a special statement A-1 in which all necessary figures are supplied. The number of societies so classed now stands at 21 compared to 18 last year. Their capital has risen from 67 to over 88½ lakhs. Members' deposits have risen from 24 lakhs to more than 52½ lakhs, that is to say considerably more than double. Share capital and reserve funds have risen respectively from 12½ to over 15 lakhs and from 2·8 to 3·3 lakhs. Last year the loans made were 55 lakhs, the receipts from loans were 42 lakhs and the loans due at the end of the year were 58 lakhs. This year, 79 lakhs were lent and 71 lakhs were received; while at the end of the year 68 lakhs were still due from members. These figures show a considerable improvement not only in size but also in the manner of working. One great fault of these societies in this Presidency from their inception

has undoubtedly been the grant of quite a disproportionate amount of long term loans. The main business of people's Banks of this class obviously ought to be short term loans given for three months, six months, and occasionally nine months, to finance industry or craftsmen in the performance of their business. Such loans would be true banking loans repayable within a short period after the articles made have been sold or the transactions successfully completed. Long term loans would also be required but to a smaller proportion—loans for instance for business premises or even for private houses or in certain classes of societies for reasonable domestic requirements such as the expenses of a marriage. But in any soundly conducted business of this kind the majority of transactions must certainly be for short term loans. Such loans not only are more profitable to the society but are also more profitable to the community as a whole; because they assist production and raise the general wealth of the local area. Further they are exposed to much less chance of loss and they are more easily recovered. Comparing last year's and this year's figures, it is clear that there must have been a rise in the proportion of short term loans since receipts are as great as loans made and the proportion of loans due is considerably reduced from what it was last year. Last year the loans due were actually more than the loans made and were by more than one-third in excess of the receipts of the year. This year they are less than either. This is an improvement which, I trust, will be followed with vigour in succeeding years. The percentage of overdue loans at the end of the year was roughly 6 per cent., a figure slightly lower than the percentage of the previous year. If compared to working capital the percentage of overdues as a whole is even better. While these results regarding urban Banks as a whole are sufficiently encouraging, one regrets, however, to observe that they are not equally satisfactory in all individual cases. The Dharwar Urban Co-operative Credit Society, for instance, is one of the most important in the Presidency. Last year certain dangerous practices were noticed in the Bank and persisted in against remonstrance. Drastic action was required. A new directorate took over the management of the society on better lines. One result, however, has been an increase of overdues on paper, as loans, which had formerly been improperly given, were in many cases refused further extension and were not or could not be fully paid up in time by the borrowers. There was also a slight fall in the working capital and profits of the society due to the reaction caused by the necessary changes undertaken. In the Belgaum Pioneer Co-operative Credit Society, also, overdues are unpleasantly large and require careful scrutiny by the Directors. This society has the largest working capital of any in the Presidency, except the two railway societies and the communal Shamrao Vithal Co-operative Society. In the Shamrao Vithal Society also too little attention appears to have been given to the purpose of loans with the result that collections are unpunctually made and overdues are mounting up. In this respect the worst of all the societies classed as banks is the Pandharpur Urban Co-operative Credit Society, a society which unfortunately has in many respects failed to work on satisfactory lines. Unless the Directors of the Pandharpur Society seriously set themselves to following the guidance given them and to improving their methods of management, it is to be feared that regrettable consequences to the shareholders and the members will arise. The overdues in the Chandraseniya Kayastha Prabhu Co-operative Credit Society were due to past mismanagement and are now being vigorously taken in hand by a new directorate. The best of the societies in the Presidency undoubtedly continues to be the Hubli Urban Co-operative Credit Society under the able management of Rao Saheb Walvekar. The loans made and loans received by this Bank in the course of the year were respectively three lakhs. The loans due were $1\frac{1}{2}$ lakhs and there were no overdues at all. The profits in the course of the year were Rs. 14,500 on a share capital of Rs. 55,000. This Bank combines co-operative principle with business capacity in a thoroughly satisfactory fashion. During the course of the year at a conference held in Dharwar terms were agreed on between the urban banks in the South of the Presidency for cashing cheques or bills of exchange drawn by members of one society at other societies. I regret, however, to hear that this agreement has had practically no effect and that the societies have not yet linked up with each other for this purpose. Steps of this kind are urgently required. If these banks are really to take the place they should as people's banks and to open out to the extent required for the prosperity of the Presidency the almost virgin field of banking outside of the Presidency towns, it is necessary not only they should be linked up with the Bombay Provincial Bank as they are now beginning to be, but