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GOVERMENT OF MADRAS

DEVELOPMENT DEPARTMENT.

February, 1938

Report on the Working of the Madras Co-operative Societies Act for 1936-37

Government of Madras

DEVELOPMENT DEPARTMENT

G.O. No. 369, 10th February 1938

Co-operative societies—Administration Report—1936-37—Recorded with remarks.

849

READ—The following paper :—

From the Registrar of Co-operative Societies, dated 27th October 1937, No. A-4360/37.

Order—No. 369, Development, dated 10th February 1938.

Recorded.

2. The potentialities of the Co-operative movement for effecting an all round improvement in the condition of the agricultural community in India has been the subject of considerable attention in recent months. In its triple role of rural reconstruction, encouragement of thrift and provision of credit, the movement supplies an instrument that can be bent to the service of the community as and when circumstances require. The report of the Registrar of Co-operative Societies for the year ending 1936–37 is a record of useful service done both by officials and non-official gentlemen during the last twelve months.

3. The Government note with satisfaction the progressive increase in the loans transactions of the agricultural societies and the progressive improvement in repayments by the societies to Central Banks and by members to societies during the last three years. During the year under review, 11,110 societies with a membership of 575,817 disbursed loans to the extent of Rs. 162 90 lakhs as against Rs. 97·43 lakhs in 1931–32, the first year of the depression and Rs. 163·50 lakhs in 1930–31, the year immediately preceding the depression. The bulk of the loans continue to be i[illegible]ductive purposes. During the year, loans to the extent

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of Rs. 69·13 lakhs were issued for the discharge of prior debts out of which loans for Rs. 38·19 lakhs were issued by land mortgage banks. The Central Banks and ordinary agricultural credit societies thus issued loans to the extent of over 30 lakhs of rupees for the discharge of prior debts. Government have had occasion more than once to call the attention of the authorities of these institutions to the undesirability of tying up their short term deposits in long term loans. They would like once again to make it quite clear that locking up money in this manner is detrimental to the true interests of the institutions and that this should be avoided in the future. Government consider that there is ample scope for these institutions to utilise their resources in short term advances to the agriculturists.

4. The Government are glad to be assured by the Registrar that the first stage of his "rectification" scheme has been practically completed. Loans have been classified with reference to their security and elaborate statistics have been prepared with a view to find out the probable loss to the creditors. Government have no doubt that the Central Banks will follow the advice of the Registrar of Co-operative Societies and devote their attention now to reviving dormant societies which numbered 3,000 on 30th June 1937. The Government are aware that societies have reduced their lending rates and that many of them have deleted the provision in the by-laws relating to the levy of penal interest and thus benefited the members to the extent of over 6 lakhs of rupees. They however consider that Central Banks and Credit Societies should try and fall in line in a general way with the measures taken by Government for the relief of agricultural indebtedness from the purview of which Co-operative Societies are specifically excluded. In their view the financial condition of several Central Banks seems to justify sacrifices on their part in an effort to rescue the borrowers from the burden of their debts.

5. The Government are glad to note that the land mortgage organization has continued to make its contribution to the solution of the problem of rural indebtedness. The Central Land Mortgage Bank had in circulation at the end of the year debentures worth 112 lakhs of rupees. It earned a net profit, exclusive of provisions of Rs. 10,000 for Bad Debt Reserve and Rs. 20,000 for Debenture Redemption Fund, of Rs. 64,422. Two measures taken by the Bank will, it is believed, make its debentures more popular. Debentures have now been made irredeemable for a period of ten years from the date of issue and the Bank has been permitted by the Trustee to purchase its own debentures. The question of transforming the Debt Redemption Fund into a scientifically devised Sinking Fund is under the consideration of the Government. The number of primary banks affiliated to the Central Land Mortgage Bank increased from 80 to 93. The decided improvement in the collections made by the banks during the year is most welcome. The

Government are also glad to note that greater success attended the efforts of the banks to influence creditors to write off loans to the extent of Rs. 1·56 lakhs.

6. The Registrar reports that a new direction is being given to the non-credit side of the movement by the introduction of controlled credit. The linking of credit and marketing is proving a source of great strength to the movement. Central Banks are paying special attention to the development of Loan and Sale Societies which provide them with a vast field for the investment of their short term funds. The absence of storage facilities has been the one great cause in the past for the slow growth of the business of Loan and Sale Societies. These societies have in recent times been coming forward, in a larger measure than before, to take advantage of the offer of Government for a free grant of 25 per cent of the cost of the godowns and for a loan of the balance, the free grant being met out of the Rural Development Fund placed at the disposal of this Government by the Government of India. As many as 22 societies have so far been given grants to the extent of Rs. 46,025 and loans amounting to Rs. 1,10,200. There were 111 of such societies at the end of the year as compared with 74 in the previous year. These societies form a most important link in the system of controlled credit. It is satisfactory to note that the system worked well in South Arcot, Salem and Coimbatore. The Government will watch with interest the extension of the system to Tanjore, Tinnevelly and Chittoor. The Provincial Marketing Society organized to co-ordinate the work of the Loan and Sale Societies has not yet found its feet. The Government, however, hope that it will not be long before it makes its presence felt.

7. It is gratifying to find that the Madras Provincial Handloom Weavers' Society has been able to infuse new life into several weavers' societies. The number of such societies rose from 50 to 80 and there has been considerable expansion in their business. The Government consider that there is vast scope yet left and they hope that the Provincial Society will continue to exert its full influence to better the lot of the weavers. The Government of India have accepted the proposal of this Government to utilise the subsidy from the Sugarcane Excise Fund for the organization of Sugarcane Growers' Co-operative Societies which will be under the administrative control of the Registrar of Co-operative Societies. These societies will be helped with the loan of services, free of charge, of Government staff and an initial grant to meet the cost of implements, apparatus and chemicals. The scheme which was introduced after the close of the year will be in operation for a period of five years. The Government hope that cultivators of sugarcane will take the fullest advantage of the scheme.

8. The Government are glad to note the growth, small though it is, of the thrift aspect of the co-operative movement during the

year under report. The number of thrift societies increased from 11 to 19 during the year. The Government also note the small beginnings made in the organization of Better Living Societies. They are glad to find the Registrar of Co-operative Societies recognize the need for giving impetus and emphasis to these two aspects of the co-operative movement. The Government will watch with close interest the progress of the movement in these fields.

(By order of His Excelleney the Governor)

C. J. Paul,
Secretary to Government.

To the Registrar of Co-operative Societies.
„ the Director of Agriculture.
„ the Director of Industries.
„ the Director of Fisheries.
„ the Board of Revenue.
„ the Director of Veterinary Services.
„ the Director of Town-planning, Madras.
„ the Accountant-General.
„ the Revenue Department.
„ the Finance Department.
„ the Public Department.
„ the Government of India, Department of Education, Health and Lands (with C.L.).
„ the Secretary to Government of Bengal, Agriculture and Industries Department (with C.L.).
„ the Secretary, Madras Legislature.
„ the Secretary, Public Service Commission, Madras (with C.L.).
„ the Secretary, Reserve Bank of India.
Press.

[Number of pages fixed as the maximum limit—55]

ANNUAL REPORT ON THE WORKING OF THE MADRAS CO-OPERATIVE SOCIETIES ACT, 1936-37.

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APPENDICES.

IMPERIAL STATEMENTS.

No. A-4360/37.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
MADRAS,
Dated 27th October 1937.

From

T. AUSTIN, Esq., I.C.S.,
REGISTRAR OF CO-OPERATIVE SOCIETIES,
MADRAS,

To

THE SECRETARY TO GOVERNMENT,
DEVELOPMENT DEPARTMENT,
FORT ST. GEORGE, MADRAS.

Annual Report on the working of the Madras Co-operative Societies Act VI of 1932 *for the year* 1936–37 (1*st July* 1936 *to* 30*th June* 1937).

SIR,

I have the honour to submit the annual report on the working of the Madras Co-operative Societies Act for the co-operative year ending 30th June 1937.

PART I.—GENERAL.

1. *Registrar.*—M.R.Ry. Rao Bahadur M. Giriappa Avargal was in charge of the department from the beginning of the year till the forenoon of 14th October 1936, when I resumed charge on my return from leave.

2. *Joint Registrar.*—M.R.Ry. K. Rangaswami Nayudu Garu acted as Joint Registrar from the beginning of the year till 13th January 1937 when M.R.Ry. Rao Bahadur M. Giriappa Avargal who was on leave from 14th October 1936, rejoined duty.

Mr. G. H. Cooke, I.C.S., on relief from the Labour Department, resumed training in this department on 2nd November 1936, as additional Joint Registrar. He was under training till 30th November 1936, when he was posted as Collector, Vizagapatam. In G.O. No. 564, Public (Special), dated 28th November 1936, Mr. T. L. R. Chandran, I.C.S., was deputed for training in this department as Additional Joint Registrar. He joined duty on 9th January 1937.

3. *Deputy Registrars.*—The number of posts of Deputy Registrars at the beginning of the year was 22. In G.O. Ms. No. 1238, Development, dated 3rd June 1937, Government were pleased to sanction a third Deputy Registrar for Land Mortgage Banks work and the post was filled on 8th June 1937. Thus, at the end of the year there were 23 Deputy Registrars including the supernumerary post of the probationary Deputy Registrar. One post of Deputy Registrar sanctioned in G.O. No. 1409, Development, dated 19th August 1936 for conducting non-credit training classes in the Central Co-operative Training

Institute Madras, was utilised from February to April. During the year one Deputy Registrar retired from service. Two vacancies of Deputy Registrars that arose in the year were filled by the promotion of Sub-Deputy Registrars. Consequent on the regrouping of the districts, Anantapur and Bellary were formed into a Deputy Registrar's Circle with headquarters at Anantapur and Cuddapah and Kurnool into another Deputy Registrar's Circle with headquarters at Cuddapah.

4. *Subordinate Staff.*—There were at the beginning of the year 57 posts of Sub-Deputy Registrars of which 25 were permanent and 32 temporary. Government sanctioned in G.O. No. 1673, Development, dated 28th September 1936, one temporary post of Sub-Deputy Registrar for work as Secretary of the Madras Provincial Co-operative Marketing Society. The temporary posts of 20 Sub-Deputy Registrars for Land Mortgage Banks and one Sub-Deputy Registrar for verification and audit of revenues of the department were also continued. Six posts of Sub-Deputy Registrars for Land Mortgage Banks were sanctioned during the year.

In pursuance of G.O. No. 1409, Development, dated 19th August 1936, eight Sub-Deputy Registrars were trained in the work of Secretaries and Managers of co-operative societies, for a period of three months. Two batches of six Sub-Deputy Registrars were sanctioned for a period of three months for work in districts wherefrom Sub-Deputy Registrars were deputed for training in land acquisition, etc. Thus, at the end of the year, there were 64 posts of Sub-Deputy Registrars of which 25 were permanent and 39 temporary. An independent Sub-Deputy Registrar's Office for Chingleput district with headquarters at Conjeeveram was established from January 1937 as an experimental measure to cope with the increasing work in Chingleput district. During the year, 25 Senior Inspectors were promoted as Sub-Deputy Registrars in acting and temporary vacancies.

The following additional staff was sanctioned during the year :—

(1) Three Senior Inspectors for the audit of the Central Land Mortgage Bank, for the Vuyyur Industrial and Credit Society and as assistant in the Provincial Marketing Society.

(2) One Head Accountant for the Registrar's Office for 5 years (in lieu of a Senior Inspector's post kept in abeyance).

(3) Seven Junior Inspectors, i.e., one for the Registrar's Office to check the loan files of the Central Land Mortgage Bank, four for the Ghee Department of the Milk Supply Union, one for the audit of the societies in Thevaram Audit Union and one for the Coimbatore Audit Union. (The four posts of Junior Inspectors for the Ghee department are now kept under abeyance till the pasteurising scheme is given effect to.)

(4) Three routine clerks, i.e., one for work in the Provincial Marketing Society and two for the Office of the Deputy Registrar for Land Mortgage Banks (these two posts were filled up after the close of the year).

(5) Eleven peons, i.e., six for employment under the six Sub-Deputy Registrars newly sanctioned for Land Mortgage Banks, one for the Probationary Deputy Registrar, two for the Provincial Marketing Society and two for the third Deputy Registrar, Land Mortgage Banks.

One post of Junior Inspector for supervision of depressed classes societies in South Kanara was abolished and one post of Junior Inspector was sanctioned for supervision of Kallar Societies in Madura.

5. The following statement shows the arrangements of the circles and the distribution of the staff :—

Statement showing the distribution of staff as on 30th June 1937.

District.	Deputy Registrars.	Sub-Deputy Registrars.		Senior Inspectors.			Junior Inspectors.								Clerical staff.		Peons.	Remarks.
		General duty.	Execution work.	Credit.	Non-credit.	Concurrent audit.	Audit.	Administration.	Liquidation.	Loan and sale.	Concurrent audit.	Execution.	Depressed classes Societies.	Special staff.	Junior Inspectors.	Routine clerks.		
Vizagapatam ...	1	1	...	2	1	...	11	4	1	...	1	6	...	...	4	5	14	
Godavari, East ...	1	1	1	1	1	1	11	3	2	...	1	4	10	...	4	6	11	
Do. West ...	...	1	...	1	1	...	7	3	1	...	...	2	2	...	2	3	6	
Kistna	1	1	...	1	1	1	9	3	2	...	2	5	4	...	4	5	14	
Guntur	1	1	...	2	1	1	10	3	3	...	...	5	10	...	4	5	15	
Nellore	1	1	...	1	1	...	8	3	2	...	...	2	3	...	3	4	7	
Chittoor	...	1	...	1	...	...	5	3	2	...	1	3	1	...	2	2	6	
Anantapur	1	1	...	1	1	...	8	4	3	...	...	5	2	1	3	4	13	
Cuddapah	1	1	...	1	1	...	5	2	2	...	...	2	4	...	3	5	7	
Bellary	...	1	...	1	1	...	5	4	2	...	...	2	2	1	2	2	6	
Kurnool	...	1	...	1	...	...	5	3	2	...	...	2	2	...	2	3	6	
Madras	2*	2†	...	1	1	5	3	1	1	...	8	1	3	...	3	3	5	* One Probationary. † One for Marketing Society.
Chingleput	...	1	1	1	1	1	17	3	5	...	1	7	6	...	2	3	11	
Arcot, North ...	1	1	1	1	1	...	13	5	4	...	1	4	4	...	4	4	12	
Do. South ...	1	1	...	1	1	1	13	3	5	2	...	7	7	1	4	6	18	
Tanjore	1	1	...	1	1	1	18	3	3	1	2	5	20	...	5	6	14	
Trichinopoly ...	1	1	...	1	1	1	10	3	2	1	4	2	4	...	4	5	8	
Madura	1	1	1	1	1	...	11	3	2	1	...	4	13	...	4	5	12	
Ramnad	...	1	...	1	...	...	7	1	3	...	...	4	1	...	...	...	9	
Tinnevelly	1	1	1	1	1	...	11	3	4	1	...	4	4	...	4	5	12	
Coimbatore	1	1	...	1	1	1	11	4	2	1	...	2	3	...	4	4	13	
The Nilgiris... ...	...	...	...	1	1	...	2	...	...	...	...	...	...	...	...	...	...	
South Kanara ...	1	1	...	1	1	...	8	3	3	...	...	2	2	...	3	4	8	
Salem	1	1	...	2	1	...	11	2	4	3	...	3	3	...	4	4	10	
Malabar	1	1	...	1	1	...	11	4	4	...	...	5	4	1	4	5	15	
Land Mortgage Banks (North) ...	1	12	...	...	...	...	...	...	..	...	...	...	...	...	...	2	14	
Land Mortgage Banks (South) ...	1	14	...	...	...	...	...	...	...	...	...	...	...	...	...	2	16	
Registrar's office ...	1	2‡	...	7	...	...	...	...	...	...	...	...	...	...	15	8‖	18§	‡ One for Audit of departmental revenues. ‖ Includes 1 Head Accountant and 2 typists. § Includes 1 Attender.
Central Co-operative Institute ...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	1¶	¶ Also 1 Lecturer.
Total ...	22	53	5	35	22	13	230	73	64	10	21	88	114	4	93	110	301	

On the 30th of June 1937 there were 61 officers of the department on foreign service, including 14 Sub-Deputy Registrars, 7 Senior Inspectors and 40 Junior Inspectors. They were employed by 15 Central Banks, 23 Urban Banks, 7 Audit Unions and 9 miscellaneous institutions.

6. *Cost of working.*—The total expenditure incurred on the department amounted to Rs. 12·10 lakhs as against Rs. 11·69 lakhs in the previous year, as shown below:—

	RS. (IN LAKHS.)		RS. (IN LAKHS.)
Pay of Registrar	0·25	Allowances	2·43
Pay of Additional Joint Registrar	0·12	Contingencies	0·70
Pay of officers	0·99	Grants-in-aid	0·07
Pay of establishment ...	7·54	Total ...	12·10

Receipts amounted to Rs. 3·54 lakhs. The net expenditure of Rs. 8·56 lakhs represents 0·46 per cent of the total working capital of all societies as compared with 0·50 per cent in the preceding year.

7. *General summary.*—The general summary of progress during the year in respect of share capital, deposits, loans, reserve fund and working capital together with particulars of arrears under principal and interest as compared with the corresponding figures for the previous year is exhibited in Appendix No. 1.

A separate report regarding the working of societies in the area transferred from this Presidency to the Orissa Province will be submitted to the Orissa Government. The transactions relating to those societies have been excluded from this report.

Season.—The south-west monsoon which set in earlier than in the previous two years was defective except in Vizagapatam, East and West Gōdāvari, Chingleput, Chittoor, Coimbatore, Ramnad, Tinnevelly, the West Coast and the Nilgiris. The north-east monsoon was above normal only in the Circars, Bellary, Anantapur, Nellore, Madura, Ramnad, Tinnevelly and South Kanara.

The economic depression persists and the general position of the ryots has not materially improved. The prices of commodities generally remained steady during the year. Relief to borrowers by way of reduction in the rate of interest on loans and the complete waiver of penal interest was in consequence continued.

8. *Societies.*—There were 194 applications for registration of societies pending disposal at the close of the previous year; 774 applications were received during the year; of these 326 were complied with by registration as against 211 in 1935–36. One hundred and thirty societies were registered at the instance of non-officials while in the organization of 196 societies the initiative was taken by departmental officers. Societies were registered in all the districts the greatest number being 28 in Tanjore. The number was less than five only in Anantapur, Kurnool and the Nilgiris. The societies registered were under the following classes:—

Central Bank	1
Land Mortgage Banks	13
Agricultural Credit Societies other than land Martgage Banks	136
Non-agricultural Credit Societies	29
Purchase, Purchase and Sale Co-operative Sccieties ...	81
Production, Production and Sale Co-operative Societies	27
Other types	39
Total ...	326

Of these 326 societies registered, 147 were for non-credit purposes: during 1934–35 and 1935–36 the number of such societies registered was only 50 and 99 respectively. During my recent tour in the Punjab I was impressed with the rural uplift work done in that Province through the Co-operative movement. We have now a few better living societies and women's societies and I propose to examine the possibilities of organizing arbitration, consolidation of holdings and cattle breeding societies. I hope much progress can be made in these directions and am particularly keen in societies for the consolidation of holdings as experience elsewhere has shown how greatly consolidation increases a ryot's income. Two societies have been registered since the close of the year but there is much spade-work to be done.

In pursuance of the policy of weeding out bad societies, the registration of 195 societies was cancelled during the year, as against 334 in 1935–36. This decrease in the number of societies liquidated was due to the fact that dissolution was resorted to only after exhausting all methods of reformation. The system of appointing agents under by-law 62 in bad and dormant societies is becoming increasingly popular. One thousand three hundred and forty societies were under the management of agents on 30th June 1937 as against 1,258 in 1935–36, 992 in 1934–35, 591 in 1933–34 and 396 in 1932–33. The committees of 14 societies were superseded and at the end of the year there were 36 such societies. Out of 195 societies dissolved 23 were in Chingleput, 19 in Malabar, 17 in South Arcot, 15 each in North Arcot, Salem and Tanjore and 12 in Trichinopoly. The number was not more than 10 in any of the remaining districts. No society was liquidated in Bellary and in the Nilgiris In ten cases appeals were preferred to Government against the orders of liquidation. In nine of these cases the appeals were rejected before the end of the year and in the remaining case, after the close of the year. There were at the close of the year 12,927 societies, excluding the societies transferred to the Orissa Province. At the end of the previous year there were 13,330 societies including 535 societies in the area transferred to the Orissa Province.

9. *Loans.*—The loans given by Central Banks to societies and individuals amounted to Rs. 105·88 lakhs and Rs. 10·96 lakhs as against Rs. 109·97 lakhs and Rs. 12·73 lakhs respectively in the previous year. The fall in the loan transactions was not general; while the Coimbatore, South Kanara, Madras District, Salem and Trichinopoly Banks contributed chiefly to the fall, there was a definite increase in the loans issued by the banks at Amalapuram, Ellore, Tenali and Kumbakonam. The overdraft transactions with societies increased during the year from Rs. 70·40 lakhs to Rs. 74·64 lakhs while those with individuals fell from Rs. 4·94 lakhs to Rs. 4·62 lakhs. Central Banks are now paying special attention to the development and financing of loan and sale societies—loans at specially reduced rates and other concessions are given to these societies. The Trichinopoly District Central Bank has purchased a building and placed it at the disposal of the Karur Loan and Sale

Society free of rent for godown and office, and has also lent to the society the services of a supervisor free of charge This is remunerative business and deserves to be copied by other banks. The scheme of controlled credit explained in paragraph 30 of the report offers a vast field for the investment of the short term funds at the disposal of Central Banks. The results obtained in some of the districts where the system was tried on a limited scale are encouraging and warrant the extension of the scheme on a far wider scale. Another profitable mode of investment will be the financing of subsidiary occupations. Subsidiary occupations bring in additional income to the ryot, and fundamentally unless the ryot is able to enhance his income, he will continue to be a debtor and a defaulter.

10. *Demand, collection and balance.*—The following figures show the demand, collection and balance in Central Banks, agricultural societies and non-agricultural societies during the year:—

	Amount due by		
	Societies to central banks.	Members to agricultural societies.	Members to non-agricultural societies.
	RS. (IN LAKHS.)	RS. (IN LAKHS.)	RS. (IN LAKHS.)
Amount overdue on 30th June 1936.	134·91	196·05	64·84
Demand for 1936–37	103·00	113·72	225·15
Total demand ...	237·91	309·77	289·99
Extension	5·73	2·01	2·21
Collection	110·50	125·72	224·27
Total of extension and collection.	116·23	127·73	226·48
Balance ...	121·68	182·04	63·51
Percentage of balance to demand under principal	51·15	58·76	21·90
Percentage of balance to demand under arrear interest	37·82	72·48	60·92
Percentage of balance to demand under current interest	9·40	43·49	19·40
Percentage of balance to demand under principal on 30th June 1936.	57·87	65·35	23·24
Percentage of balance to demand under arrear interest on 30th June 1936	45·33	71·35	61·45
Percentage of balance to demand under current interest on 30th June 1936	10·57	47·62	20·63

During 1935–36 there was a definite improvement in the repayments by societies to Central Banks and by members to agricultural societies. It is gratifying to observe that the progress made last year was maintained during 1936–37. Excepting a slight increase in the overdues under arrear interest in agricultural societies there was a marked fall in overdues in all societies. In Central

Banks the percentage of arrears under principal came down from 61·62 in 1934–35 to 57·87 in 1935–36 and to 51·15 in 1936–37. Similarly in agricultural societies the percentage of arrears fell from 68·12 in 1934–35 to 65·35 in 1935–36 and to 58·76 in 1936–37. In non-agricultural societies, however, the percentage rose from 22·72 in 1934–35 to 23·24 in 1935–36 but it again came down to 21·90 in 1936–37. This definite improvement in collection was largely due to the well planned and sustained efforts of both non-officials and the officers of the department. The progress in collection in each district was reviewed by me every week during the last month of the year.

During the process of collection, coercive action had to be taken in several cases but at the same time Central Banks and other societies did not fail to extend all possible relief to the borrowers consistent with their financial interests. Most of the societies have reduced their lending rate to members to 7½ per cent per annum with retrospective effect and the savings to members owing to this reduction was Rs. 3·49 lakhs during the year 1936–37. Many of the societies have also deleted altogether from their by-laws the provision to levy penal interest, and it is estimated that by this the members were benefited to the extent of Rs. 2·84 lakhs during the year. I have also advised Central Banks to credit towards principal first and interest next payments made by the worst societies and several Central Banks have accepted my suggestion. In view of the continued economic depression it cannot be said that the concessions so far granted are adequate. The question as to what further relief should be given to borrowers is under consideration.

11. *Soundness of Investments in Societies and the Registrar's Scheme of Rectification.*—The Central Banks continued to work the Registrar's scheme of rectification and the progress was reviewed every quarter. The results obtained up to the end of the year are given below. These figures are exclusive of the progress made by the Central Banks transferred to the Orissa Province. They exclude also the figures for societies which were liquidated or which cleared their loans to the Central Banks:—

(1) Number of societies in which the examination was conducted	6,864
	RS. (IN LAKHS.)
(2) Total amount of loans including interest involved in them	298·25
(3) Of the above sum, the amount which stands on adequate security	204·09
(4) The amount which stands on inadequate security.	94·16
(5) (*a*) Of this, the amount for which additional securities have been obtained	10·77
(*b*) Amount collected out of loans on inadequate security	5·69
(6) Balance still ill-secured	77·70
(7) Estimated bad debts in these societies	40·99

	RS. (IN LAKHS.)
(8) Of this, the amount which will affect the Central Banks	8·46
(9) Amount of loans collected during rectification work	43·03
(10) Reserve fund of Central Banks	32·34
(11) Bad debts reserve of Central Banks	18·98

Twenty-one Central Banks have almost completed the examination of loans. The banks at Anantapur, Cuddalore, Hospet, Ellore, Calicut, Salem and Trichinopoly made appreciable progress in this work during the year. Some Central Banks also re-examined and re-classified the loans with reference to their security. It may be said that the first stage in rectification work is over now. Loans have been classified and elaborate statistics have been prepared with a view to find out the probable loss to the creditors. The rectification scheme should now enter the second stage. Central Banks should determine to mend or to end the worst societies. In the process of reviving bad societies, the banks will have to prepare a scheme for repayment and may perhaps have to write off some irrecoverable amounts. But as experience has shown, the surest method of reviving societies and making them more credit worthy is by pursuing steadfastly a policy of consolidation and rectification.

Reserve Funds.—The following statement shows the position of Reserve Funds of agricultural and non-agricultural societies :—

	Agricultural societies. RS. (IN LAKHS.)	Non-agricultural societies. RS. (IN LAKHS.)	Total. RS. (IN LAKHS.)
Total amount that should have been separately invested ...	76·90	39·55	116·45
Of this, the amount that has been seprately invested ...	60·09	36·69	96·78
Balance yet to be invested ...	16·81	2·86	19·67

The percentage of the uninvested portion of reserve funds to the total reserve funds works out to 17 as against 20 in the previous year. Agricultural societies contributed to the bulk of the arrears. In the report submitted to the Government of India, the Reserve Bank suggested that by enhancing the margin between their borrowing and lending rates co-operative societies should earn bigger profits and build up substantial reserve funds. The importance of creating strong reserve funds cannot be denied but under the present conditions it is difficult to enhance the lending rate. I therefore suggested to societies the following methods for adoption: (1) if in any year the overdues under principal exceeded 75 per cent of the demand, the entire profits should be carried to Reserve Fund and (2) the profits after paying the maximum dividend of 5 per cent on share capital should be taken to reserve fund. Central Banks have also been advised to credit with the consent of the societies a certain percentage of collections on every occasion towards the uninvested

Reserve Fund. The progress in the investment during the year under review is largely due to this suggestion.

12. ***Rectification, Consolidation and Classification of Societies.***—The classification of societies audited up to the 10th October 1937 is given in Appendix No. 4, Section II. The classification of credit societies according to their general working during 1934–35 and 1935–36 is given below. The figures for both years are exclusive of the societies transferred to the Orissa Province.

	Year. 1934–35.	Year. 1935–36.
A. Thoroughly good societies	271	282
B. Societies with some defaulters and some mistakes in accounts	1,556	1,499
C. All other societies that do not come under Class D	8,081	8,268
D. Bad societies which probably have to be liquidated should they fail to come under Class C within two years ...	1,727	1,545
Total ...	11,635	11,594

It is satisfactory to note that the number of A class societies has increased while that of D class societies has decreased. Thirty-three A class societies are in the Madras City and there are more than 20 such societies in Coimbatore, Vizagapatam, West Godavari and Tinnevelly. Chingleput and Malabar continued to have the largest number of D class societies, viz., 151 and 143 respectively. Under the scheme of subvention to central banks for carrying on consolidation work, the Madras Provincial Co-operative Bank sanctioned Rs. 12,411 to 21 central banks. The central banks in their turn spent Rs. 2,30,562 on the supervision and rectification of societies.

13. ***Resources.***—The statement given below shows the resources of the various classes of societies on 30th June 1937 :—

Serial number and type of societies.	Working capital. RS. (IN LAKHS.)	Percentage of total working capital derived from: Share capital.	Deposits.	Loans from other societies.	Government.	Reserve fund.	Other funds.
1. Madras Provincial Co-operative Bank	198·91	3·34	45·96	39·60	...	8·04	3·06
2. Central Land Mortgage Bank.	121·46	4·40	93·56	0·63	...	0·93	0·48
3. District Central Banks	499·79	10·09	49·44	28·10	...	6·47	5·90
4. Agricultural Societies	608·07	10·92	6·37	65·38	0·81	12·65	3·87
5. Non-agricultural Societies ...	423·70	23·40	49·52	7·23	3·57	9·39	6·89

The working capital of all societies rose from Rs. 1,763·80 lakhs to Rs. 1,851·93 lakhs. The total working capital employed in the movement exclusive of the investments of one society in another amounted to Rs. 1,114·91 lakhs as against Rs. 1,088·14 lakhs in the previous year; and it is made up of—

	RS. (IN LAKHS.)
Paid-up share capital	227·89
Deposits of individuals and institutions ...	700·77
Reserve Fund	166·18
Loans from Government	20·07
Total ...	1,114·91

The owned capital in the movement was Rs. 394·07 lakhs (i.e., 35·35 per cent of the net working capital).

14. *Disputes, Civil Suits and Decrees.*—The following statement shows the progress in the disposal of arbitration references and civil suits:—

	Arbitration references.	Civil suits.
1. Number pending disposal at the beginning of the year	7,157	784
2. Number filed during the year ...	22,861	510
3. Number in which claims were satisfied before decree	2,302	140
4. Number decreed during the year ...	21,757	558
5. Number pending disposal at the end of the year	5,959	596
	RS.	RS.
6. Amount involved	10,54,731	75,809

Including the decrees obtained during the year, the total number to be executed was 100,265. Of these, 8,155 were satisfied before execution and 8,536 after taking execution proceedings. Of the decrees executed, 445 were through village courts. The number pending execution and the amount involved in them were 83,574 and Rs. 88·15 lakhs respectively. Of these, the decrees relating to civil courts were 3,848 and the amount involved in them was Rs. 4·01 lakhs.

Including the cases pending disposal at the beginning of the year, the total number of applications for the execution of decrees by the department was 42,631, involving Rs. 73·99 lakhs. Of these, 2,021 cases were satisfied before attachment and 7,384 after attachment. The total amount realized in the course of execution was Rs. 17·01 lakhs. The number of applications pending disposal at the end of the year and the amount involved in them were 33,226 and 56·97 lakhs respectively.

The question whether societies should not pay for the services rendered to them by the department in the disposal of their arbitration references was under consideration for some time. It was also felt that with a view to check the increasing number of frivolous

and petty disputes relating to the validity of resolutions, meetings and elections, fee should be levied. The Government have in G.O. Ms. No. 1158, Development dated 25th May 1937, approved the proposal to levy a fee of Re. 1 per plaint relating to monetary disputes, when the amount or the value of the subject-matter in dispute exceeds Rs. 150 and a fee of Rs. 50 on each plaint relating to non-monetary disputes and for each revision petition thereon.

Last year the Government sanctioned five Sub-Deputy Registrars for work in districts where execution work was heavy. It was hoped that with this additional staff, the number of applications pending execution would be greatly reduced. Even though there was an increase both in the number of cases disposed of and in the amount realized during the year the results were not quite satisfactory. The work of execution is becoming increasingly difficult owing to the continued economic depression and the low prices of commodities. All efforts are made to push through the work as expeditiously as possible. In the course of execution of decrees some societies themselves had to purchase the properties of defaulters and on 30th June 1937, they had in their possession immovable properties worth Rs. 15·66 lakhs as against properties valued at Rs. 13·84 lakhs on 30th of June 1936. They purchased the properties in lieu of loans due to them to the extent of Rs. 16·88 lakhs. The income realized from these properties in the year was Rs. 49,008 while the expenses incurred on their maintenance was Rs. 26,175. The amount realized by sale of some of the properties was Rs. 26,509 as against Rs. 1·25 lakhs in the preceding year.

15. *Liquidation.*—195 societies were dissolved in the year; of these, one was a District Federation, one an Audit Union, 10 supervising unions, 153 agricultural societies and 30 non-agricultural societies. This excludes 38 societies actually dissolved in the year under report but whose liquidation work could not be taken up as the statutory period of appeal was not over by the 30th of June 1937. There were in all 1,636 societies under liquidation. Of these, 270 societies were finally closed as against 247 in the previous year. Thus, there were 1,366 societies under liquidation on the last day of the year. This excludes the number of societies under liquidation in the area transferred to the Orissa Province. Of the 1,366 societies 181 have been under liquidation for over three years, 285 for over 4 years and 374 for over five years. The total collections in all the liquidated societies amounted to Rs. 13·3 lakhs of which Rs. 6·9 lakhs represented assets written off. The collections in the previous year amounted to Rs. 11·45 lakhs including Rs. 4·51 lakhs written off. The assets to be collected in the societies under liquidation at the end of the year amounted to Rs. 69·71 lakhs, while the liabilities to be discharged were Rs. 46·77 lakhs. The liquidators held Rs. 2·04 lakhs in cash on hand on 30th June 1937.

In 547 societies loans due from members to the extent of Rs. 5,97,411 were written off. By this, the creditors suffered to the extent of Rs. 85,582. Amongst the creditors were the Madras Provincial Co-operative Bank, the Madras Christian Co-operative

Central Bank and the Central Banks at Anantapur, Cuddapah, Tenali, Mangalore, Nellore, Coimbatore and Tinnevelly. To enforce unlimited liability contribution orders were passed against 2,287 persons for Rs. 4·75 lakhs of which only Rs. 43,964 were collected during the year. Liquidators purchased properties to the value of Rs. 2·10 lakhs against Rs. 5·55 lakhs to be collected. Properties to the value of Rs. 22,087 were sold during the year. Liquidators have been instructed generally to avoid taking immovable properties at auction sales. To stimulate bids at the auctions they were asked to give due notice to Central Banks so that they might bid and break any combination in the village. Liquidators have also been instructed to send notices to prominent members so that they may help the liquidator in the disposal of the property and escape the enforcement of unlimited liability against themselves.

The system of reviewing every month the progress of collections in liquidated societies is being continued and quarterly reviews on the progress in liquidation work are submitted to Government.

Supersession of Committees.—At the close of the previous year there were 37 societies whose committees were superseded under section 43 of the Act. Fourteen societies were superseded during the year as against 17 in the previous year. The committees of nine societies were restored during the year, the registration of three societies was cancelled and in three cases agents were appointed under by-law 62. Thus, there were 36 societies under supersession at the end of the year, including the two central banks at Tenali and Vizianagram. Out of these, 10 societies were in the Guntur district alone. Twenty-seven of the superseded societies were in charge of departmental officers, five in charge of non-officials and the remaining four in charge of non-official committees. Reports received show that the process of supersession is effective in practice and that the general tone of working of the societies under supersession is definitely improving.

The total assets to be collected in the societies under supersession were Rs. 14·43 lakhs under principal and Rs. 2·39 lakhs under interest. Out of this, Rs. 9·00 lakhs under principal and Rs. 2·23 lakhs under interest were collected by the end of the year. These figures exclude the transactions of the two Central Banks under supersession.

Appointment of Agents under By-law 62 of Village Credit Societies.—There were 1,340 societies under the management of agents appointed under by-law 62 as against 1258 societies at the end of the previous year. The assets to be collected in these societies as on the date of replacing the panchayat amounted to Rs. 60·99 lakhs under principal and Rs. 21·47 lakhs under interest. During the year, the agents collected Rs. 8·22 lakhs under principal and Rs. 4·20 lakhs under interest and the balance to be collected at the end of the year amounted to Rs. 42·29 lakhs under principal and Rs. 15·69 lakhs under interest, including the amounts accrued during the year.

The appointment of agents has been found useful in several cases where the only other alternative was the cancellation of the

registration of the societies. The system is being tried now in almost all the districts; it is popular particularly in Chingleput, Malabar, South Arcot, North Arcot and Tanjore.

16. ***Audit of*** 1935–36.—Four societies in Madras City were audited by certified auditors recognised by the Registrar, and 115 by the staff of audit unions, while 39 societies were under the audit schemes obtaining in Madras and Salem. The remaining societies were audited by the departmental staff. Out of the 115 societies affiliated to the audit unions 85 again were audited by Inspectors of the department whose services were lent to the unions; the audit of the remaining 30 was conducted by private auditors recognised by the Registrar. 290 societies were levied audit fees of Rs. 78,856 for the year 1935–36. Out of this, remissions were granted to the extent of Rs. 1,546. The entire balance was paid by societies before the close of the year. The contributions under the audit schemes were Rs. 9,841 of which a sum of Rs. 265 due from two societies in Madras was pending collection at the end of the year. Three Senior Inspectors and five Junior Inspectors were employed for the audit schemes.

Audit for 1935–36 was completed and certificates issued in respect of all societies before the close of the year under report. Special summaries of defects were also issued in all cases where defects were noticed. 12,362 societies were marked for interim audit and of these, 12,305 societies were audited before the close of the year. Summaries of defects were issued in respect of 11,999 societies so audited. The system of concurrent audit of central banks and big urban banks was continued by the special staff of Senior and Junior Inspectors sanctioned for the purpose.

The figures furnished in the Administration Report are audited figures for 3,048 societies out of 12,867 societies for audit on 30th June 1937. The figures relating to the Provincial and Central Banks are all audited figures.

In G.O. No. 1792, Development, dated 18th December 1935, the Government reduced with effect from the co-operative year 1935–36, the scale of audit fees by 12½ per cent and gave power to the Registrar to grant remission not exceeding 2½ per cent at his discretion in deserving cases. Representations were made that this reduction did not afford adequate relief, especially to urban banks and the question of further revision is under the consideration of Government. It is proposed that the fees should be based on the actual time taken to audit the accounts of each society and not on its working capital, as hitherto. The Government have invited the societies' opinions on this matter.

There were nine audit unions at the end of last year. The registration of two unions was cancelled but the cancellation order of one did not take effect by the end of the year, as the statutory period for appeal was not over by then. The question of cancelling the registration of some more of the audit unions which are not financially sound is under consideration.

17. *The Act, the Rules and Manuals.*— Sections 3, 51 (1) (*c*) and 57-A of the Madras Co-operative Societies Act were amended during the year and a new section 57-B was inserted in the Act. The amendment to section 3 was necessary to enable the Government to delegate to the Registrar, the power to appoint Sub-Deputy Registrars. The object of amending section 51 (1) (*c*) was to extend the scope of section 51 to disputes between a society and its past committee or past officer. This amendment was subjected to severe criticism both in the Legislative Council and elsewhere on the ground that it would deter men of means and position from accepting honorary offices in co-operative societies, although it was agreed that the amendment was passed to meet an admitted evil. The question of providing sufficient safeguards in the rules under the Act in order to prevent any possible abuse of powers conferred by the amendment is under the consideration of Government. The amendment to Section 57-A of the Act and the insertion of new Section 57-B were intended to remove certain practical difficulties experienced in the execution of decrees by the Department. Rules XIII to XVI, XVIII and XXII issued under the Madras Co-operative Societies Act were also amended.

The revised edition of the Land Mortgage Banks Manual was published during the year. The revision of Volume I of the Madras Co-operative Manual was completed and the new edition will be issued shortly. Volume II of the Manual is now under revision.

18. *Criminal Prosecutions.*—Twenty-nine cases were pending disposal at the beginning of the year excluding four cases relating to societies transferred to the Orissa Province. Twenty prosecutions were launched during the year at the instance of the department as against 25 in the previous year. Four prosecutions were launched at the instance of societies. Of the 53 cases 25 were disposed of before the close of the year, 15 resulting in conviction, 6 in acquittal, one in discharge, one in dismissal, one in withdrawal and one in closure of the prosecution as the accused could not be arrested even after nine years. There were thus 28 cases pending disposal at the end of the year. Two cases which ended in conviction and one which ended in acquittal are pending on appeal. The accused persons in 17 cases are reported to be absconding. Sixty-six persons were or are involved in the 53 cases referred to above. Of these men 40 are office-bearers of societies and five are employees of societies.

19. *Miscellaneous.*—I attended the Twelfth Conference of Registrars of Co-operative Societies of India at New Delhi from 3rd to 9th December 1936. The Government were pleased to depute M.R.Ry. Diwan Bahadur T. M. Narayanaswami Pillai Avargal, President of the Trichinopoly Central Bank and M.R.Ry. K. Deivasikhamani Mudaliyar Avargal, Retired Joint Registrar of Co-operative Societies, to attend the conference as non-official delegates from this Province. The resolutions passed at the conference are now under the consideration of Government. A conference of select Deputy Registrars was held in September 1936 to chalk out the future programme of

work of departmental officers. The Sixteenth Central Banks' Conference was held in April 1937. A conference of select urban banks was held in the Registrar's Office in September 1936 at which several problems relating to the working of urban banks were discussed. A conference of the representatives of land mortgage banks was held in October 1936 and was opened by the Hon. Sir Geoffrey Bracken, the Finance Member. The first Handloom Weavers' Conference was held in December 1936 at the premises of the Madras Handloom Weavers' Provincial Co-operative Society. District Conferences were held at Conjeeveram (Chingleput), Pasivedala (West Gōdāvari), Mallur (Salem) and Karur (Trichinopoly). The Fifth Andhra Provincial Co-operative Conference was held at Pasivedala (West Gōdāvari) in May 1937.

During the year, U. Kyin, M.SC., I.C.S., Joint Registrar of Co-operative Societies, Burma, visited this Presidency to study the working of land mortgage banks. Rai Sahib S. C. Roy, Deputy Registrar of Co-operative Societies, Cuttack, was deputed by the Orissa Government for a fortnight to acquaint himself with important questions of procedure and policy in this department. In February 1937 the Government permitted me to proceed to the Punjab for a fortnight to study the co-operative movement in that Province. I found my tour in the Punjab most interesting and profitable.

PART II.—DETAILED WORKING OF SOCIETIES.

20. *The Madras Provincial Co-operative Bank.*—The Madras Provincial Co-operative Bank continued to make steady progress as may be seen from the following comparative statement for the last three years:—

	1934–35.	1935–36.	1936–37.
1. Number of individual members	184	184	184
2. Number of society members	58	56	57
	RS. (IN LAKHS.)	RS. (IN LAKHS.)	RS. (IN LAKHS.)
3. Share capital paid-up ...	6·59	6·59	6·64
4. Deposits and other borrowings including overdrafts	160·65	168·23	170·18
5. Working capital	186·76	195·65	198·91
6. Net profits	2·04	2·02	1·98
7. Reserve fund after audit.	15·01	15·76	16·49

Though there was an increase in the total deposits held by the bank those from individuals fell from Rs. 61·89 lakhs to Rs. 57·06 lakhs and those from joint stock and other institutions from Rs. 15·75 lakhs to Rs. 15·16 lakhs. The deposits from Local Boards, Municipal and Government contractors, however, rose from Rs. 17·16 lakhs to Rs. 19·19 lakhs. The bank has invested Rs. 142·30 lakhs in Government promissory notes as against Rs. 144·20 lakhs in the previous year.

Loans.—There was a fall in the loans issued by the bank to Central Banks—only Rs. 9·23 lakhs as against Rs. 11·95 lakhs in the previous year. The loans outstanding at the end of the year amounted to Rs. 7·32 lakhs of which Rs. 2·20 lakhs were under long term. Among the Central Banks that at Aska alone failed to meet its obligations to the Provincial Bank—Rs. 46,867 were overdue from it on 30th June 1937. There has been a continuous fall in the loans issued to individuals. Loans to the extent of only Rs. 7·80 lakhs were issued to individuals as against Rs. 10·43 lakhs in 1935–36, Rs. 17·32 lakhs in 1934–35 and Rs. 31·57 lakhs in 1933–34. At the close of the year the amount outstanding against individuals was Rs. 2·51 lakhs. The bank continued to finance the Vuyyur Co-operative Industrial and Credit Society. The loan outstanding at the end of the year was Rs. 15·61 lakhs and the society was in default to the Bank.

Overdraft and Fluid Resources.—The Bank continued to have the overdraft accommodation of Rs. 37 lakhs from the Imperial Bank of India on the security of Government promissory notes. The bank maintained throughout the year the necessary standard of fluid resource.

During the year the Bank paid out of its common good fund a sum of Rs. 11,000 to the Madras Provincial Co-operative Union for expenditure on co-operative education. It gave also subsidies and subventions to the extent of Rs. 29,200 for the development of non-credit activities and for rectification work in societies.

21. *The Madras Co-operative Central Land Mortgage Bank.*—The Madras Co-operative Central Land Mortgage Bank completed one more year of steady and satisfactory progress. The following comparative statement shows the growth of the bank for the past three years:—

	1934-35.	1935-36.	1936-37.
1. Number of members—			
Individuals	190	198	457
Primary land mortgage banks	71	79	90
	RS.	RS.	RS.
2. Share capital	2,38,400	3,58,900	5,34,300
3. Borrowings—			
Debentures	50,92,700	79,44,400	1,11,84,400
Deposits	...	4,80,112	2,50,754
Overdraft	1,56,648	...	5,115
4. Loans outstanding against primary land mortgage banks	51,04,426	78,66,231	1,12,85,968
5. Investments in Government promissory notes, etc.... ...	4,58,516	6,35,045	6,92,426
6. Overdues from members ...	...	...	...
7. Net profits	69,327	46,765	64,422
8. Reserve fund after audit ...	61,660	1,12 376	1,28,821
9. Bad debts Reserve ...	...	10,000	20,000
	PER CENT.	PER CENT.	PER CENT.
10. Dividend declared	6	6	5

The profits of Rs. 64,422 in 1936–37 were exclusive of Rs. 10,000 carried to Bad Debt Reserve and of Rs. 20,000 carried to Reserve for Debenture Redemptions.

The money market continued to be easy throughout the year and the bank was able to float debentures at low rates of interest. Debentures of Rs. 37,21,000 were floated of which debentures of Rs. 6,08,900 were at $3\frac{1}{2}$ per cent while the remaining were at 3 per cent per annum. The bank's decision that the interest on loans, including past loans, to the primary land mortgage banks should be only one per cent above the rate of interest paid by it on its debentures and that the primary land mortgage banks should not charge interest on loans to their members at more than one per cent over the rate at which they themselves borrowed was referred to in the last year's Administration Report. As there are now no debentures carrying more than 4 per cent interest, there are no loans with interest at more than 6 per cent to ultimate borrowers. During the year, debentures of Rs. 4,81,800 were redeemed. This is exclusive of the debentures for which drawal of lots took place in June 1937 and which were redeemed after the close of the year. The holders of the redeemed debentures were given the option of taking new debentures bearing interest at 3 per cent and a major portion of the amount was re-invested. The debentures of the bank continued to enjoy the confidence of the public. This is evident from the fact that the major portion of the amount of redeemed debentures was re-invested, and that the bank found no difficulty in getting subscribers for the issues floated in the year. These debentures are now quoted and are sold at a premium in the market.

Debenture-holders have objected to the system of drawing lots for redemption of debentures, which is a cause of some uncertainty. With the approval of Government that clause will no longer appear and was deleted in the XXIV series of debentures floated after the close of the year. According to the conditions of issue of this series, the debentures are now irredeemable for a period of ten years from the date of issue, and thereafter only the bank reserves to itself the right to redeem them after giving three months' notice to the debenture-holders. As a sequel to dispensing with the drawal of lots for redemption, the bank is contemplating the purchase of its own debentures and has obtained the general permission of the Trustee. It is hoped that these two measures will make the debentures more popular and more marketable. The question of obtaining all the funds required by the bank by the issue of debentures once or twice a year when the money market is most favourable instead of floating them all through the year is still under consideration. The Reserve Bank of India has suggested the constitution of a Sinking Fund and if need be, the raising of the rate of interest. The question was discussed at an informal conference at Ootacamund in May last, but no definite decision was reached. The matter is still engaging the attention of the Central Land Mortgage Bank, the Registrar and the Government. As the transactions of the bank developed, it approached Government for the enhancement of their guarantee on the debentures. In their Order No. 756, Mis., Development, dated 31st March 1937, Government were pleased to increase the maximum of their guarantee under Section 6 of the Madras Land Mortgage Banks' Act X of 1934 from Rs. 100 lakhs to 125 lakhs. This maximum will be reached in the course of a few months. The bank, after the close of the year, applied for a further enhancement by Rs. 50 lakhs. The Legislatures in their sittings in the last week of September have agreed to a further enhancement by Rs. 25 lakhs, the guarantee to be given by Government after deciding upon the scheme to be adopted for ensuring repayment of debentures. The question of enhancing the limits fixed in G.O. No. 2171, L. and M., dated 8th June 1937 permitting local bodies to invest their Provident Fund and Railway Cess Funds in the 20 year debentures of the Central Land Mortgage Bank without reference to Government is pending consideration with Government.

During the year, Government were pleased to lend free of cost for a period of one year the services of a Deputy Collector to work as the Secretary of the Madras Central Land Mortgage Bank and he joined duty on 29th May 1937.

22. *Central Banks.*—Excluding the Aska Central Bank and the Ganjām District Co-operative Banking Union which were transferred to the Orissa Province, there were 30 Central Banks at the beginning of the year. The Ganjām District Co-operative Banking Union was bifurcated during the year and a new Central Bank was started at Chicacole to finance the societies of the old Ganjām district remaining in this Presidency. There were thus 31 Central Banks at the end of the year. The number of individual members in the banks rose from 4,216 to 4,248 while the number of society members fell from 11,724 to 11,244. The increase in the number of individual members is mainly due to the allotment of fresh shares to individuals by the Chicacole Central Bank. The decrease in the number of society members is due to the exclusion of the societies affiliated to the Central Banks transferred to Orissa and also to the cancellation of registration of some societies. The society members consisted of 205 central societies, 9,835 agricultural credit societies, 900 non-agricultural credit societies and 304 societies of other types.

The Hospet and the Guntūr Central Banks were under supersession at the beginning of the year. On the expiry of the period of supersession of the Hospet Central Bank in February 1937, its normal constitution was restored. The period of supersession of the Guntūr Central Bank expired by March 1937. There was perceptible improvement in its affairs after it was superseded and placed in charge of a Sub-Deputy Registrar, but as much remained still to be done the period of supersession was extended by one year. The question of entrusting the management of this bank to a small committee of non-officials was engaging my attention ever since the committee was superseded, and in March 1937 I appointed a committee of 5 non-official gentlemen under section 43 of the Act. The committee assumed office on 1st April 1937 and is assisted in its work by the departmental manager.

The Co-operative Central Bank, Vizianagram, was not working satisfactorily, and as the attempts made to ensure the smooth working of the bank were of no avail, the committee of the bank was superseded for one year from September 1936. The period of supersession expired since the close of the year and its normal constitution has been restored. A departmental officer, however, continues as the secretary of the bank.

Working Capital.—A comparative statement showing some of the important financial particulars of Central Banks is given below :—

	1934–35.	1935–36.	1936–37.
	RS. (IN LAKHS.)	RS. (IN LAKHS.)	RS. (IN LAKHS.)
1. Paid-up share capital ...	54·53	53·55	50·41
2. Deposits and other borrowings including overdrafts.	402·10	389·08	387·56
3. Working capital	511·13	501·43	499·79
4. Net divisible profits ...	4·21	5·43	4·40
5. Reserve fund after audit of 1936–37	31·33	32·74	33·45

The fall in the paid-up share capital is due to the exclusion of the figures of the Central Banks transferred to Orissa and to the liquidation of societies. A few Central Banks which were over-capitalised also allowed withdrawals of excess share capital to living societies under certain conditions. Under deposits and borrowings and working capital, though the figures show a fall, there was actually a slight increase as the amounts shown against this year are exclusive of the figures of Central Banks transferred to Orissa. Increase was however restricted by the cautious acceptance of deposits of local bodies. These deposits amounted to Rs. 35·03 lakhs at the end of the year as against Rs. 36·34 lakhs on 30th June 1936. During the year Government permitted Central Banks to accept deposits of local bodies up to the extent of their paid-up share capital. This limit was found inadequate and was exceeded by 11 Central Banks. With a view to provide adequate margin to Central Banks and to enable those really in need to accept the deposits without delay, I have recommended to Government a relaxation of the limit and am awaiting orders.

Out of the working capital of Rs. 499·79 lakhs on 30th June 1937 a sum of Rs. 82·75 lakhs represented the owned capital of the banks, namely, the paid-up share capital plus the reserve fund. The owned capital amounted to 16·6 per cent of the working capital on 30th June 1937 as against 11·5 per cent on 30th June 1927 and 14·3 per cent on 30th June 1932. There has thus been a steady increase in the ratio of the owned capital to the working capital.

The following rough balance sheet shows the financial position of the Central Banks as a whole on 30th June 1937 :—

Assets.	Rs. (IN LAKHS)
1. Cash on hand and in Bank.	36·32
2. Investments	133·63
3. Loans due from—	
(a) Individuals—	
Long Term	1·76
Short Term	5·45
(b) Societies—	
Long Term	227·13
Short Term	93·99
4. Interest due	13·85
5. Other items	10·89
Total ...	523·02

Liabilities.	Rs. (IN LAKHS)
1. Loans and deposits from—	
(a) members and non-members—	
Long Term ...	119·18
Short Term ...	127·94
(b) Provincial and Central Banks—	
Long Term ...	1·63
Short Term ...	8·32
(c) Societies—	
Long Term	105·52
Short Term	24·97
2. Share capital paid up ...	50·41
3. Interest due	5·85
4. Cost of management due.	0·14
5. Other items	5·36
6. Reserve Fund	32·34
7. Other Funds	29·63
Total ..	511·29

Excluding the paid-up share capital, Reserve fund and other funds amounting in all to Rs. 112·38 lakhs, the total outside liabilities of all the Central Banks amounted to Rs. 398·91 lakhs. Against this, the assets held by the banks came to Rs. 523·02 lakhs. Out of the assets, nearly one-third was in the form of cash and investments, the actual amount being Rs. 169·65 lakhs. The total short-term liabilities of all the banks were Rs. 161·23 lakhs and against this, the cash on hand and in banks and short-term assets amounted to Rs. 135·76 lakhs besides other investments of Rs. 133·63 lakhs.

The following statement shows the liabilities falling due in the four quarters commencing from 30th June 1937 and the estimated repayment of loans by societies during the respective quarters :—

	Liabilities falling due.	Estimated repayments.	Actuals in 12 months preceding.
	RS. (IN LAKHS)	RS. (IN LAKHS)	RS. (IN LAKHS)
1st quarter	28·82	38·95	...
2nd do.	22·48	25·99	...
3rd do.	20·86	28·14	...
4th do.	19·73	28·36	...
Total ...	91·89	121·44	140·09

These figures indicate that the financial position of the Central Banks continues to be sound.

Net Profits.—Excepting the Madras District Bank and the Madras Christian Central Bank all the Central Banks worked at a profit. These two banks sustained a net loss of Rs. 1,806 and

Rs. 23,586 respectively. The total net divisible profits of all Central Banks for the year amounted to Rs. 4·40 lakhs as against Rs. 5·43 lakhs for the previous year. Apart from the fact that the profits of this year exclude the figures for the two central banks transferred to Orissa, the drop is partly due to the further reduction in lending rates by some Central Banks. It is also to some extent due to the extension of concessions such as the collection of interest at reduced rates on outstanding loans, the scaling down of debts under the Agriculturists Loans (Amendment) Act and the crediting of collections from bad societies first towards principal instead of the interest. As in the previous years, the policy of providing for bad and doubtful debts by retrenchment of the profits was pursued and the amount so carried to the Bad Debt Reserve was Rs. 2·65 lakhs. The total to the credit of the Bad Debt Reserve on the last day of the year was Rs. 18·98 lakhs as against Rs. 17·35 lakhs at the end of the previous year. It is an extremely short-sighted policy to disburse dividends without creating adequate reserves and I hope that all Banks realise this now.

The total cost of management incurred by all the Central Banks was Rs. 5·03 lakhs and this was nearly 1 per cent of their total working capital. The cost of management incurred by the Central Banks at Vellore, Chittoor, Cocanada, Rajahmundry, Ramachandrapuram, Tenali, Masulipatam, Nellore, Salem, Kumbakonam, Tanjore and Tinnevelly and the Christian Central Bank, slightly exceeded this ratio.

Borrowings from the Provincial Co-operative Bank.—The Central Banks borrowed Rs. 9·23 lakhs from the Provincial Bank during the year as against Rs. 11·95 lakhs in the previous year. The amount outstanding at the end of the year was Rs. 6·85 lakhs. No Central Bank was in default to the Provincial Bank on the last day of the year.

Loans.—Rs. 10·96 lakhs were advanced to individuals and Rs. 11·54 lakhs were recovered. The outstandings against individuals at the end of the year were Rs. 6·00 lakhs.

The loans issued to societies amounted to Rs. 105·88 lakhs as against Rs. 109·97 lakhs in the previous year. Rs. 115·99 lakhs were recovered. The loans outstanding against societies at the end of the year amounted to Rs. 280·62 lakhs.

Out of the loans issued Rs. 58·06 lakhs were short term and the balance of Rs. 47·82 lakhs was long term. The ratio of short-term to long-term loans issued was 1 : 0·82 and that of the outstandings at the end of the year was 1 : 2·4. The Central Banks at Hospet, Cocanada, Ramachandrapuram, Amalapuram, Ellore, Tenali, Mangalore, Masulipatam, Madras, Bezwada, Nellore, Srivilliputtur, Tanjore, Tinnevelly and Vizianagram issued more short-term than long-term loans. The short-term loans issued exceeded Rs. 2 lakhs in the Central Banks at Coimbatore, Ramachandrapuram, Amalapuram, Ellore, Mangalore, Masulipatam, Bezwada, Salem, Tinnevelly and Vizianagram. In 16 Central Banks, the long-term loans issued exceeded the short-term loans. I have drawn the attention of all

Central Banks to the recent recommendation of the Reserve Bank of India and have impressed upon them the need for developing more short term business.

Fifteen Central Banks lend at a rate above 6 per cent. The Central Banks at Anantapur, Cuddalore, Chittoor, Coimbatore, Rajahmundry, Ellore, Masulipatam, Bezwada, Nellore, Salem, Tanjore and Trichinopoly lend at favourable rates to loan and sale societies. Of these, the Central Banks at Chittoor, Coimbatore, Rajahmundry, Masulipatam, Bezwada, Nellore, Salem, Tanjore and Trichinopoly lend at less than 5 per cent to them.

Including the sums due by the societies cancelled during the year, a sum of Rs. 33·30 lakhs was recoverable from the societies under liquidation. Of this, a sum of Rs. 3·97 lakhs was recovered leaving a sum of Rs. 29·33 lakhs outstanding against them at the end of the year.

Arrears.—Section II of Appendix No. 3 shows the percentage of balance to demand for principal, arrear and current interest due to Central Banks. The Presidency average of arrears under principal was 58·91 per cent for long term and 34·30 per cent for short term as against 62·81 per cent and 38·78 per cent respectively in the previous year. The Presidency average of balance to demand under interest was 37·60 per cent for arrear interest and 10·13 per cent for current interest as against 31·44 per cent and 13·02 per cent for arrear and current interest respectively in the last year. Except under arrear interest, the percentages have gone down. The Central Banks at Anantapur, Vellore, Cuddalore, Hospet, Cuddapah, Cocanada, Ellore, Tenali, Kurnool, Calicut, Srivilliputtur, Kumbakonam and Chicacole had arrears both under long term and short term above the Presidency average. Under long term the percentage of arrears exceeded the Presidency average in the Central Banks at Conjeeveram, Chittoor, Masulipatam, Nellore and Tanjore while under short term the percentage was above the Presidency average in the Central Banks at Amalapuram and Madura and in the Christian Central Bank. In ten Central Banks there was an improvement over last year both under long term and under short term.

In respect of arrear interest, the percentage was far above the Presidency average in the Central Banks at Cuddalore, Conjeeveram, Cuddapah, Rajahmundry, Ellore, Calicut, Kumbakonam, Tanjore and Trichinopoly.

Under current interest, the Central Banks at Coimbatore, Rajahmundry, Amalapuram, Tenali, Mangalore, Masulipatam, Bezwada, Salem, Tinnevelly, Trichinopoly and Vizianagram made good collections. The collections were also satisfactory in the Central Banks at Anantapur, Vellore, Cuddalore, Ramachandrapuram, Kurnool, Madras, Srivilliputtur and Kumbakonam, the percentage in all these banks being below the Presidency average.

Fluid Resources.—Eleven Central Banks as against 19 in the previous year failed to maintain the required standard of fluid

resources on certain days. While all the banks defaulted in Statement A, 9 banks defaulted in Statement B also. The Chittoor and Kurnool District Banks had deficits for only 2 days during the year. The Srivilliputtur Co-operative Banking Union failed to maintain the prescribed standard of fluid resources throughout the first half-year and for several days during the second half-year. The main reasons adduced for the default were the exclusion of the undrawn cash credit allowed by the Madras Provincial Central Bank on co-operative paper or the heavy withdrawal or maturity of deposits. I have impressed upon the Central Banks concerned the necessity and importance of maintaining fluid resources according to the standards prescribed.

Overdrafts.—All the Central Banks except the Madras Christian Central Bank continued to enjoy overdraft accommodation with the Madras Provincial Co-operative Bank. The total amount sanctioned was Rs. 25·66 lakhs as against 25·18 lakhs last year. Of the overdrafts sanctioned, Rs. 13·05 lakhs were on the security of the pro-notes of co-operative societies, Rs. 2·57 lakhs on Government Promissory-notes, Rs. 9·19 lakhs on fixed deposits and Rs. 0·85 lakh on the security of the debentures of the Madras Central Land Mortgage Bank. Of this amount, only Rs. 0·79 lakh was actually drawn on the last day of the year. In addition to the overdrafts allowed by the Madras Provincial Co-operative Bank 27 Central Banks had overdraft accommodation with the Imperial Bank of India. The total amount sanctioned was Rs. 26·33 lakhs and the amount drawn on 30th June 1937 was Rs. 1·17 lakhs.

The main items to be suggested in the programmes of all Central Banks during the current year are the following :—

(1) Collection of overdues should be undertaken on systematic lines.

(2) All unwanted deposits, particularly of local bodies, should be returned as and when funds permit.

(3) The rate of interest on loans should be further reduced so that 5 per cent should be the rule.

(4) Societies should be strongly advised to invest their uninvested Reserve Fund.

(5) Central Banks should now seriously address themselves to the task of reviving dormant societies. It is most disconcerting to know that there were as many as 3,000 societies on 30th June 1937 that had not borrowed for three years and more. Nearly a fourth of these societies must have cleared all their loans to the financing bank, while the rest are unable to borrow fresh loans as they have failed to repay the old ones. It is obvious that the utility of the banks will be greatly curtailed if they have within their area a large number of such societies in a state of suspended animation. The rectification programme should therefore be carried to its second stage with a view to rehabilitate these dying societies. The special staff should pick out all the "D" class societies and make a fairly accurate estimate of their good assets and liabilities. On the basis of this investigation a scheme of relief to the borrowers should be drawn up.

It may be laid down that no member shall be asked to pay more than double the principal; or that no member shall pay more than the principal plus interest at 6¼ per cent from the date of the original loan; or again, that 25 per cent of the amount outstanding may be remitted. Each society will have to be dealt with according to its peculiar difficulties. But if with a generous measure of remission it will be possible to collect the balance, the Central Banks will be well advised to revive societies in this manner. With the clearing up of the debris, new members can be admitted and fresh loans advanced to creditworthy members.

23. *The Madras Provincial Co-operative Union and Language Federations.*—The Madras Provincial Co-operative Union continued to do useful work. On 30th June 1937 it had 427 members on its rolls as against 416 members at the close of the previous year. The Union continued to publish the Madras Journal of Co-operation in English. Several books were added to its library and the reading room run by it continued to be popular. The Union paid subsidies to the extent of Rs. 1,250 to the Tamil Nadu Federation, the Nellore District Co-operative Central Bank, the Andhra Sahakara Sammelanam and the South Kanara District Co-operative Central Bank for the publication of the Tamil, Telugu and Kanarese Co-operative Journals. The President and other Executive Committee members of the Union inspected societies and did propaganda work in Madras City and in the districts during their tours. Fifty-nine magic lanterns and 11 sets of slides prepared by the Union were sold. The Union was in charge of the training of panchayatdars and education of members of societies under the scheme of co-operative education sanctioned in G.O. Nos. 1409, Development, dated 19th August 1936 and 2338, Development, dated 22nd December 1936. An account of the classes held is given in paragraph 26 of this report. The Union withdrew its support from the six rural re-construction centres which it was running in the past years. Five of these centres are continuing to function.

The Tamil Nadu Federation at Coimbatore continued the publication of its journal "Kootturavu" in Tamil.

The Andhra Sahakara Sammelanam at Rajahmundry continued its existence for one more year and the chief item of work it turned out was the publication of the Co-operative journal in Telugu. Its financial position continued to be unsatisfactory during the year.

24. *District Co-operative Federations.*—There were two federations one at Conjeeveram and another at Vellore, at the beginning of the year. The registration of the federation at Conjeeveram was cancelled during the year and the registration of that at Vellore was cancelled since the close of the year.

25. *Supervision.*—For purposes of supervision primary societies were grouped as follows:—

1. Affiliated to Local Supervising Unions	8,191
2. Affiliated to District Federations directly	16
3. Affiliated to Central Banks	1,545
4. Under the Fisheries Department	50
5. Under the Special Police Officer for Kallars ...	254

Excluding the societies in the Ganjam district there were 272 unions at the beginning of the year. The registration of ten of them was cancelled and at the end of the year, there were 262 supervising unions. The supervising staff consisted of 432 hands. The total amount spent on supervision was Rs. 3·54 lakhs while the total income from supervision fund, grants from Central Banks and other miscellaneous items was Rs. 4·17 lakhs including the balance available at the beginning of the year. Including the arrears of previous years Rs. 2·59 lakhs had to be collected in all districts from primary societies towards supervision fund. Of this, Rs. 1·69 lakhs were collected and Rs. 0·90 lakh was left in arrears at the end of the year.

The Supervising unions continue to be the chief agency for supervision but it cannot be said that their supervision has really been very effective in recent years. The economic depression has curtailed the working capital of the societies and the funds of the unions have suffered in consequence. The last of the Federations was dissolved after the close of the year, and all the unions are now under the direct control of Central Banks. The administrative sections of these financing banks control the supervisors and direct the supervision. The banks make up from their general funds the deficits in the supervision fund collected from societies. In certain districts, the unions have suspended their activities and the Central Banks exercise direct control over societies. This can only be a temporary arrangement as the financing banks need the advice of a local body of co-operators which the local supervising union alone can furnish. The officers of the department should also keep in personal touch with the unions and persuade them to exercise vigorous supervision. I have therefore issued instructions that either the Deputy Registrars or the Sub-Deputy Registrars should be present at the annual general meetings of unions to help them in drawing up their programme of work. During 1936–37 the Deputy Registrars and Sub-Deputy Registrars attended 244 meetings of unions. I return from every tour more convinced than ever that all societies need efficient and constant supervision and control and that most of them soon become dormant without it.

26. *Training Institutes and Co-operative Education.*—The third session at the Central Co-operative Institute, Madras, for the training of Junior Inspectors of Co-operative societies began in July 1936 with 55 students of whom 19 were from Indian States and one from Ceylon; the Travancore Government sent for the first time two women candidates. Of the 55 students 48 appeared for the Government Technical examinations in Co-operation, 47 in Banking and Auditing and 45 in Book-keeping. The results were fairly satisfactory. The theoretical instruction given in the Institute was supplemented by visits to a few typical societies in and around the City of Madras.

The scheme of training and education of the staff and members of co-operative societies, as outlined in G.O. No. 1409, Development, dated 19th August 1936, was put into operation during the year with the aid of the Government of India grant of Rs. 2·95 lakhs to this province. The training classes for secretaries and managers of Central and Urban Banks were started on the 15th November 1936. Eight Sub-Deputy Registrars and 20 non-official staff deputed from co-operative institutions were trained for a period of three months in Banking, Auditing and Co-operation. To give a more practical bias to the course, arrangements are being made with a few prominent joint stock and co-operative banks in the city to provide facilities for the students to study their routine and business methods. By the middle of February 1937 another part of the education scheme namely training in co-operative non-credit activities was taken up. Ten departmental Inspectors and 19 persons deputed by co-operative institutions were given training. A senior Deputy Registrar was posted to coach the students. All types of non-credit societies in the city were shown to the students and their detailed working explained. The training classes for Junior Inspectors in accordance with the new scheme will be taken up from the current year. To meet the increased work in the conduct of the training classes the staff in the Institute was strengthened by the addition of a tutor for a period of three months, one more clerk and two peons.

The course of training of supervisors outlined in G.O. No. 1409, Development, dated 19th August 1936 was started in May 1937. The students were given preliminary training in the principles and practice of co-operation for two months in the districts under senior supervisors and were thereafter admitted for theoretical training into the peripatetic classes at Coimbatore and Anantapur. The classes are now in progress. One Sub-Deputy Registrar has been deputed since the close of the year to each Institute to work as Superintendent and the Provincial Co-operative Union has appointed two instructors to each Institute. The cost of the staff will be met from the Government of India grant.

In modification of the original scheme, Government in their Order Ms. No. 2338, Development, dated 22nd December 1936, were pleased to permit the Provincial Co-operative Union to conduct the classes for the training of panchayatdars and members of societies and sanctioned a subsidy of Rs. 22,236 per annum from the Government of India grant. The Provincial Co-operative Union, with the aid of district committees and Central Banks, conducted the training classes in all districts. Classes were held in 454 centres and 21,436 members attended them.

During the year the refresher course for departmental inspectors was revived and conducted for a week in all the districts; many of the problems and practical difficulties confronting the inspectors in their daily work were discussed and lectures were delivered to them in law, economics and allied subjects. Some of the Central Banks conducted refresher courses for their supervisors and other staff. District officers are unanimous in saying that the refresher courses for the staff were extremely useful.

Agricultural Societies.

27. *Progress.*—There were 11,110 agricultural societies at the end of the year as against 11,029 at the end of the previous year excluding the societies in the Ganjam district. Out of the total number, 93 were land mortgage banks, 10,502 ordinary credit societies, 129 purchase, purchase and sale societies, 31 production, production and sale societies and 355 other types of societies. Forty-two societies had not started work by the close of the year. The membership in the societies fell from 5,85,401 to 5,75,817 including 1,774 society members. The fall is due to the exclusion of the societies transferred to the Orissa Province which had a membership of 23,349 on 30th June 1936.

Loans.—These societies advanced loans to their members to the extent of Rs. 162·90 lakhs as against Rs. 148·22 lakhs in 1935–36. Rs. 124·73 lakhs in 1934–35 and Rs. 92·16 lakhs in 1933–34. A classification of the loans with reference to their purpose is given below:—

Year.	Number of members.	Working capital.	Loans for productive purposes. Number.	Amount.	Percentage.
(1)	(2)	(3)	(4)	(5)	(6)
		RS. (IN LAKHS.)		RS. (IN LAKHS.)	
1930-31	714,820	669·11	118,870	112·97	69·10
1931-32	674,417	592·80	63,979	64·88	66·59
1932-33	627,088	545·41	59,766	59·35	64·25
1933-34	597,606	519·96	52,927	51·02	55·37
1934-35	584,201	547·01	61,672	72·75	58·32
1935-36	585,401	584·50	73,878	80·90	54·58
1936-37	575,817	608·07	82,404	91·95	56·44

Year.	Loans for redemption of prior debts. Number.	Amount.	Percentage.	Loans for non-productive purposes. Number.	Amount.	Percentage.	Total loans. Number.	Amount.
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
		RS. (IN LAKHS.)			RS. (IN LAKHS.)			RS. (IN LAKHS.
1930–31 ...	22,683	48·22	29·49	2,367	2·31	1·41	143,920	163·50
1931–32 ...	13,473	31·10	31·93	1,477	1·45	1·48	78,929	97·43
1932–33 ...	12,310	31·68	34·30	1,484	1·34	1·45	73,560	92·37
1933–34 ...	14,158	39·39	42·74	1,725	1·75	1·89	68,810	92·16
1934–35 ...	15,648	50·12	40·19	1,597	1·86	1·49	78,917	124·73
1935–36 ...	18,507	65·38	44·11	1,873	1·94	1·31	94,258	148·22
1936–37 ...	17,535	69·13	42·44	1,804	1·82	1·12	101,743	162·90

From the time the economic depression set in there was a gradual contraction in the loan transactions of societies and in 1933–34 the minimum of Rs. 92·16 lakhs was reached. From 1934–35 there has been a steady increase and in the year under review the loans issued amounted to Rs. 162·90 lakhs. We have now come to the 1930–31 level and I hope that before long the level of pre-depression days will be reached. The bulk of the loans continue to be issued for productive purposes. During the year, loans to the extent of Rs. 69·13 lakhs were issued for the discharge of prior debts out of which loans for Rs. 38·19 lakhs were issued by land mortgage banks. I have advised both the Central Banks and the ordinary credit societies to desist from the issue of loans for the discharge of prior debts and to leave it to land mortgage banks. Out of the total loans for Rs. 162·90 lakhs issued by societies Rs. 78·84 lakhs were for short term purposes and Rs. 84·06 lakhs for long term, the ratio between short term and long term being 13 : 14. If the loans issued by land mortgage banks are excluded from long term loans, the ratio will be about 13 : 8. The amount of loans due by agricultural societies to Central Banks was Rs. 397·23 lakhs of which Rs. 81·73 lakhs were for short term and Rs. 315·50 lakhs for long term. The long term loans include Rs. 112·28 lakhs outstanding against land mortgage banks. The loans due from members to societies were Rs. 460·37 lakhs of which Rs. 110·22 lakhs were for short term and Rs. 350·15 for long term. The long term loans were 76 per cent of the total loans outstanding on the 30th of June 1937 as against 75 per cent in the previous year. If the loans outstanding from members of land mortgage banks are excluded the percentage will still be 68. Societies should reduce their long term transactions and do more short term business.

Kist loans.—In my report for 1935–36 I referred to my advice to Central Banks and societies to issue loans to members for the payment of kist. It is regrettable to find that this scheme which forms an integral part of controlled credit has not been tried during the year with any enthusiasm in most districts. Out of Rs. 13·02 lakhs issued during 1936–37 as loans for the payment of Government kist only Rs. 0·72 lakh was paid by societies direct to village headmen on behalf of their members. I hope that better progress will be made in the future.

28. *Primary Land Mortgage Banks.*—At the beginning of the year there were 80 primary land mortgage banks. During the year 13 banks were registered raising the total number of banks on 30th June 1937 to 93. One more bank was registered after the close of the year.

Transactions.—The details of the transactions of these banks for the past three years are furnished below :—

	1934-35.	1935-36.	1936-37.
1. Number of banks	76	80	93
2. Number of members	16,086	22,502	29,248
	RS.	RS.	RS.
3. Share capital	4,92,973	6,51,977	8,63,407

	1934-35.	1935-36.	1936-37.
	RS.	RS.	RS.
4. Borrowings—			
(*a*) Loans from the Central Land Mortgage Bank	51,04,225	78,66,231	1,12,27,657
(*b*) Deposits...	47,000	8,898	...
(*c*) Debentures—			
Public	5,58,000	4,66,300	3,88,600
Government	74,800	39,500	24,000
5. Reserve fund	34,935	54,535	77,562
6. Other funds	16,539	31,227	24,759
7. Working capital	63,28,472	91,18,668	1,26,05,985

65 banks earned a profit of Rs. 65,920 and 27 banks sustained a loss of Rs. 9,225 while the remaining bank neither worked at a profit nor incurred a loss.

No primary land mortgage bank floated fresh debentures of its own. The policy of retiring debentures of primary land mortgage banks was continued and debentures of Rs. 15,500 in A series purchased by Government and of Rs. 77,700 in B series purchased by the public were redeemed leaving in circulation debentures of Rs. 24,000 in A series and Rs. 3,38,600 in B series.

Out of the loans obtained from the Central Land Mortgage Bank Rs. 112·28 lakhs were outstanding on 30th June 1937. Rs. 4·98 lakhs under principal and Rs. 4·15 lakhs under interest were due towards the instalments of this year. The land mortgage banks paid the whole amount.

Demand, Collection and Balance.—The percentages of arrears to demand under principal, arrear and current interest are shown in Appendix 4, Section I (*a*). During the year, the banks had to collect from their members Rs. 4·81 lakhs under principal and Rs. 5·66 lakhs under interest. They collected Rs. 4·13 lakhs under principal and Rs. 5·44 lakhs under interest leaving a balance of Rs. 0·68 lakh and Rs. 0·22 lakh respectively. The percentage of arrears under principal and interest at the end of the year were 14·15 and 3·85 as against 20·64 and 4·33 in the previous year.

The banks have been urged to reduce the overdues and it is hoped that they will be substantially reduced. During the year the revised Co-operative Land Mortgage Banks Manual was published. Under by-law 18 (*a*) of the model by-laws for land mortgage banks, nominations were made in most of the banks before the close of the year and in the remaining banks steps have been taken for nomination. The nominated directors are keen and I hear no objection to them during my tours. The enhancement of the individual maximum borrowing power to Rs. 10,000 was permitted in cases where land mortgage banks developed a lakh of rupees transactions, where the area comprised rich lands and where the management was good. Out of Rs. 39·18 lakhs sanctioned by the Central Land Mortgage Bank Rs. 29·47 lakhs were composed of loans of Rs. 5,000 and below.

There was a demand for the organization of new banks in 1937–38, but my proposals were deferred by Government for consideration as a Part II scheme for 1938–39. There are now land mortgage banks in all districts except Malabar and South Kanara. The peculiar land tenures and the personal laws prevailing in these districts appeared to be a bar to the organization of land mortgage banks. On representations made, Government appointed two small committees to examine the question. The committees finished their work in June and recommended the organization of three banks in Malabar and one or two banks in South Kanara without waiting for legislation which they suggested to ensure the greater safety of the loans. The committees' recommendations are under consideration by Government. At the instance of the Executive Committee of the Central Land Mortgage Bank, I have submitted proposals since the close of the year for the organization of four banks, one in each of the districts of Chittoor, Cuddapah, Anantapur and Salem during the current year, in addition to three banks for Malabar and one for South Kanara. Orders of Government are awaited.

Nine thousand seven hundred and thirty-nine villages are covered by existing land mortgage banks and loans have been issued in 2,974 villages. The total number and amount of loans issued by primary land mortgage banks up to 30th June 1937 were 7,983 and Rs. 141·24 lakhs respectively. There is very great room for expansion in the areas of all banks and much propaganda might usefully be done. To supplement the work of land mortgage banks, Government have been advancing loans under the Agriculturists' Loans (Amendment) Act, 1935, in ten districts, generally in areas not served by land mortgage banks. Co-operative societies and Central Banks were advised to accept the offers of the Special Loans Officers wherever possible and help the scheme of debt relief. The power of approval of the amounts fixed by Special Loans Officers in respect of co-operative debts exercised by me was delegated during the year to Deputy Registrars in charge of districts. The amount of co-operative debts scaled down in 1936–37 was Rs. 62,796 under principal and Rs. 5,681 under interest. The total loss incurred by societies on this account was Rs. 19,733. The question of co-ordinating the activities of land mortgage banks and of the Special Loans Officers under consideration at the time of submission of my report last year was dropped this year. Land mortgage banks were advised to scale down debts of their members. Reports received show that banks were able to influence creditors to write off loans due to them to the extent of Rs. 1·56 lakhs as against 0·55 lakh in the previous year. The efforts made to scale down debts vary with the personnel of the directorate, but in many banks genuine attempts are made in this direction.

The Madras Co-operative Central Land Mortgage Bank and the primary land mortgage banks were exempt in full till 27th April 1937 from payment of fees for registration of documents and for encumbrance certificates. In their Order No. 1081, Development, dated 13th May 1937, Government ordered that the Central Land Mortgage Bank and such of the primary land mortgage banks as had been in existence for more than three years from the date of their registration should, like other co-operative societies, pay half the

fees. Requests have been received from many primary land mortgage banks for total exemption. The question of exemption in full as before or at least of full remission of the fees for encumbrance certificates is under the consideration of Government. In G.O. No. 914, Development, dated 29th June 1935, Government agreed to bear the cost of Sub-Deputy Registrars for land mortgage banks till 31st March 1937. The question of recovery or otherwise of the cost after this period is also under consideration.

During the year, I inspected many land mortgage banks and kept myself in close touch with their working. One noticeable feature was the delay in granting loans. My Deputy Registrars for Land Mortgage Banks and myself during our tours strongly urged on directors the need for speedy disposal of loan applications. I believe that with the co-operation of all concerned the delay can be reduced to at least three months.

29. *Credit Societies (excluding Primary Land Mortgage Banks).*—The number of agricultural credit societies fell from 10,989 at the beginning of the year to 10,502 at the end of the year. The fall was mainly due to the exclusion of 476 societies in the Ganjām district. Twenty-eight societies had not started work by the end of the year. Of the total number of societies 19 were on the basis of limited liability, namely, 11 grain banks, 3 seed societies, 4 agricultural banks and one rural reconstruction society.

Members.—The total number of members in these societies fell from 526,062 to 510,561. The fall was due to the exclusion of the societies in the Ganjām district which had a membership of 17,699 on the 30th of June 1936. The following statement shows the financial particulars of the credit societies :—

	1934–35.	1935–36.	1936–37.
	RS. (IN LAKHS.)	RS. (IN LAKHS.)	RS. (IN LAKHS.)
1. Paid-up share capital ...	58·33	55·96	52·01
2. Deposits by members ...	9·37	8·49	8·01
3. Do. from non-members.	20·44	16·00	17·11
4. Loans from financing banks and other societies ...	281·04	279·62	252·72
5. Loans from Government ...	4·66	3·95	3·32
6. Reserve fund	70·31	73·63	75·09
7. Other Funds	13·52	16·30	21·98
8. Total working capital ...	457·67	453·95	430·24
9. Net profit	9·30	7·23	6·37
10. Loss	23·48	21·01	19·01

A comparative study of the figures for the last three years shows that there has been a steady fall in the transactions of agricultural credit societies. The exclusion of the societies in the Ganjām district, which had a working capital of Rs. 12·78 lakhs on the 30th of June 1936 contributed to the bulk of the fall in the working capital during 1936–37.

Profits.—The total divisible profits earned by some societies and the unrecouped loss of the remaining societies fell from Rs. 7·23 lakhs to Rs. 6·37 lakhs and from Rs. 21·01 lakhs to Rs. 19·01 lakhs respectively.

Forty-nine per cent of the societies accounts for the loss, all the districts contributing.

Arrears.—A statement showing the percentage of balance to demand for the last five years is given below :—

Year.		Principal. Demand.	Principal. Balance.	Principal. Percentage.	Interest. Demand.	Interest. Balance.	Interest. Percentage.
		RS. (IN LAKHS.)	RS. (IN LAKHS.)		RS. (IN LAKHS.)	RS. (IN LAKHS.)	
1932-33	...	391·46	264·41	67·55	122·10	77·09	63·14
1933-34	...	356·24	251·89	70·71	123·30	83·73	67·91
1934-35	...	324·06	225·84	69·65	120·28	83·72	69·60
1935-36	...	300·58	205·30	68·30	101·80	68·41	67·20
1936-37	...	277·70	176·15	63·43	83·36	55·11	66·11

Appendix 4, section I (*b*), gives details of overdues by districts and the percentage of balance to demand under principal, arrear interest and current interest. Under long-term loans, the arrears were below 50 per cent of the demand in Coimbatore and South Kanara and they were above 80 per cent in Anantapur, South Arcot, Bellary, Chingleput, Chittoor, Cuddapah, Kurnool and Malabar. Under short-term the arrears were below 33 per cent in Coimbatore, the Nilgiris, Salem, Tinnevelly and Trichinopoly and above 66 per cent in Anantapur, North Arcot, Bellary, Chittoor, Cuddapah, Kurnool and Malabar. The maximum was in Chittoor where 87·20 per cent of the demand was in arrears.

30. *Purchase, Purchase and Sale Societies.*—There were 93 societies at the beginning of the year. Forty-four societies were registered during the year, six were added by transfer from other classes, the registration of four was cancelled, one was transferred to another class and nine were transferred to the Orissa Province; thus, there were at the end of the year 129 societies. These are classified as follows :—

	NO.
1. Loan and sale societies ...	111
2. Stores and trading unions.	6
3. Marketing societies ...	2
4. Agricultural improvement societies	5
5. Milk-supply union ...	1
6. Surgarcane growers' union	1
7. Others	3
Total ...	129

The value of goods bought or received on pledge by these societies amounted to Rs. 55·71 lakhs while their sales amounted to Rs. 34·93 lakhs. Some of these societies worked at a profit of Rs. 36,609 while the others incurred a loss of Rs. 11,336. Three societies had not started work by the end of the year.

Loan and Sale Societies.—There were 111 societies of this type at the end of the year as against 74 at the end of the previous year. They had a membership of 10,583 individuals and 1,432 societies

and their paid-up share capital amounted to Rs. 1·62 lakhs. They advanced loans to members to the extent of Rs. 26·16 lakhs of which Rs. 15·16 lakhs were outstanding at the end of the year. The total value of the stock on hand at the beginning of the year and of that received during the year, either on pledge or for sale, was Rs. 70·72 lakhs of which stock of the value of Rs. 18·56 lakhs was released during the year without sale and produce of the value of Rs. 31·27 lakhs was sold. Some of these societies worked at a net profit of Rs. 27,503 while others incurred a loss of Rs. 7,082. The transactions of a few societies which did substantial work are furnished on page 34.

In my report for 1935-36 I referred to the Government's offer to loan and sale societies of a free grant of 25 per cent of the estimated cost of godowns, provided the remaining 75 per cent of the cost was either taken as a loan from Government or met from the society's own funds. Thirteen societies have so far been given free grants to the extent of Rs. 34,150 by the District Economic Councils out of the subsidy of the Government of India. During 1936-37 loans to the extent of Rs. 12,000 were granted by Government to four societies for the construction of godowns. Since the close of the year seven more societies were granted loans amounting to Rs. 66,200. Recently the Rasipuram Trading Society in the Salem district completed the construction of its godown which was declared open by the Hon. Mr. C. Rajagopalachariar, the Premier.

An interesting experiment undertaken by the Madura Loan and Sale Co-operative Society needs special mention. It obtained a contract from the Madura Municipality for its night-soil and rubbish for disposal as manure to the ryots in the neighbouring villages. The contract is for Rs. 25,000 for the period April 1937 to March 1938. The society made an initial deposit for Rs. 8,250 with the municipality by borrowing from the Central Bank as a short-term loan. The advantage to the ryots is that while formerly they had to pay up to Rs. 2-8-0 for every cartload of night-soil and annas twelve for a cartload of rubbish they have to pay now only Rs. 1-12-0 and annas nine respectively. Another advantage is that even the smallest ryot now gets a due share of the manure, which was not the case formerly. Up to 30th June 1937, 17,929 cartloads of rubbish and 3,042 cartloads of night-soil were sold in this manner. The society has also undertaken composting of night-soil and rubbish in order to remove the bad smell. The experiment is proving successful and it is hoped that other loan and sale societies in municipal areas will follow the lead given by the Madura society. The Nilgiris District Potato and Agricultural Produce Sale Society registered in December 1935 did good business by way of distribution of manure to the members of affiliated societies. It purchased and supplied 8,517 bags of manure worth Rs. 91,427 and thereby effected savings to members to the extent of Rs. 17,034. The society earned a net profit of Rs. 4,592 for the year.

On the non-credit side a new direction is being given to the movement by the introduction of controlled credit. According to

3

Transactions of a few Loan and Sale Societies.

Name of district.	Name of society.	Produce dealt with.	Number of members. Indivi-duals.	Number of members. Societies.	Paid-up share capital.	Borrowings from the Central Bank on the security of produce.	Repay-ments.	Advances to members.	Paid out of advance.	Value of goods received on pledge or for sale.	Value of stock sold as agent or owner.	Net profit.
					RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Coimbatore.	Tiruppur Trading Society.	Cotton, kappas, lint and cotton seeds.	1,176	75	18,722	1,60,538	2,54,359	3,44,426	4,16,814	2,31,664	3,62,683	3,590
West Gōdāvari.	Bhimavaram crop Loan and Sale Society.	Paddy	233	20	1,275	1,92,763	2,06,268	1,89,856	2,00,552	2,63,780	...	409
South Kanara	South Kanara Agriculturists' Wholesale Society.	Arecanut, pepper and cardamom.	116	13	2,175	98,937	88,897	1,16,169	1,02,767	2,57,789	2,28,143	224
Kistna ...	Viziavada crop Loan and Sale Society.	Paddy, tobacco and turmeric.	132	24	3,516	2,55,738	2,35,701	1,31,545	1,14,393	2,18,096	2,040	241
Madura.	Dindigul Loan and Sale Society.	Cotton, groundnut and paddy.	235	38	5,727	25,933	16,060	1,27,284	1,24,913	1,19,090	1,15,230	1,008
Do.	Madura District Sale Society.	Paddy	283	35	3,565	44,080	31,276	43,298	30,245	77,747	56,077	400
Tinnevelly.	Tuticorin crop Loan and Sale Society.	Kappas, cotton, cotton seeds and coriander.	269	35	9,370	1,03,322	1,09,387	4,11,603	4,01,964	8,27,647	8,18,604	3,129
South Arcot.	South Arcot Central Loan and Sale Society.	Groundnut	59	146	4,711	5,000	2,495	...	368	4,06,893	4,06,893	160
Salem ...	Tiruchengodu Cotton Sale Society.	Cotton and groundnut...	112	40	1,507	61,527	65,393	3,805	8,466	1,68,816	1,75,845	1,005
Do. ...	Salem Sale Society ...	Groundnut, cotton, castorseeds, etc.	188	49	2,175	26,272	21,272	...	...	1,41,590	1,39,838	1,902

this scheme, the requirements of the ryots are classified into three distinct stages:—

(1) Loans for cultivation expenses.
(2) Loans on standing crops.
(3) Loans on the pledge of produce.

Loans for cultivation expenses are given by the village credit society on condition that the borrower agrees to sell the produce through the Panchayat of the loan and sale society to which the society is affiliated. Out of the sale proceeds the loan amount will be recouped. In the second stage, the loan is given by the village society only for payment of kist—preferably directly into the Treasury by the society itself—and for other similar urgent expenses. The loan, in this case, is advanced, on the security of standing crops. All loans given for cultivation expenses and on the pledge of standing crops should be recovered at the next harvest. As far as possible these self-liquidating loans are arranged according to a forecast system, prepared well in advance. Loans on the pledge of produce are granted when it is advantageous to hold up the produce for a better market. Such loans are either disbursed outright or the existing loans on standing crops are automatically converted into loans on the pledge of produce. The produce loans may be given either by village societies (wherever they have facilities for arranging for the safe custody of produce) or by such sale societies as have godowns. The existence of a land mortgage bank near the headquarters of a sale society will carry this process of controlled credit a step further. The land mortgage bank clears the ryot's prior debts with a long term loan for twenty years. The ryots thus redeemed is given loans by the rural credit society for agricultural operations and other domestic expenses. Later, when the produce is harvested, it is taken into the sale society's warehouse where it may be sold at once or held up for a better market. The sale proceeds are devoted firstly to the discharge of the loans given by the village society and secondly to the payment of the loan instalment due to the land mortgage bank. The surplus will be handed over to the ryot. If the produce cannot be sold owing to unfavourable prices prevaling at the time of harvest the sale society advances a loan on the security of the produce kept in its godowns. Out of this loan, the sale society discharges the rural credit society's loans and the land mortgage bank loan instalment and gives the balance to the ryot. The entire produce loan should be recovered by the sale society when the produce is sold. This scheme is designed to link up the land mortgage bank, the rural credit society and the neighbouring sale society and secure for the ryot the best price for the proceeds of his harvest and independence from harassing middlemen.

The system of controlled credit has been tried in South Arcot, Salem and Coimbatore with success. Steps are being taken to try the scheme in other districts such as Tanjore, Tinnevelly and Chittoor. The 12th Conference of the Registrars of Co-operative

Societies held at New Delhi in December 1936 considered that the linking of credit and marketing wherever possible was of great importance and suggested that the Madras scheme of controlled credit might be examined carefully in each Province with a view to its adaptation to local conditions. To take the case of Salem district, membership in rural societies is increasing rapidly and every taluk is clamouring for a sale society. Under the scheme, Rs. 26,357 were disbursed in 75 rural societies for the cultivation of cotton, in shape of cash credit loans. 66 societies cleared their loans in full though the due date for their re-payment was only 30th September 1937. Nearly all the loans were cleared by sale of cotton through the three sale societies in the district. During the current year, 74 rural societies have so far been given Rs. 47,431 for the cultivation of groundnuts. It is estimated that the gains to ryots in the shape of true weights and measures, competitive prices in public auctions and better prices come to 10 per cent of the sale price. It is reported that on a rough basis the total savings to the ryots were somewhere in the neighbourhood of half a lakh of rupees.

Sale societies have not actually marketed the members' produce to any large extent and this problem awaits solution. I am inclined to think that we shall have to abandon, temporarily, the theories of pure co-operation and invoke the help of expert business-men. In some societies sale by auction is being done, but most societies are content with advancing money on the pledge of produce only. The chief reason for this has been the absence of a central agency to co-ordinate the activities of the various loan and sale societies. A Provincial Marketing Society has therefore been started during the year to meet this need. Its activities are described in the paragraph below.

Marketing Societies.—There were two societies in Madras City. The Madras Sugar Marketing Society formed to sell the sugar produced by its members, did not do much business during the year. With the starting of the Provincial Marketing Society there is no need for its continuance.

In my report for 1935–36 I referred to the starting of the Madras Provincial Co-operative Marketing Society. The Government sanctioned a staff of one Sub-Deputy Registrar to act as its Secretary, a Senior Inspector as outdoor assistant, a typist and two peons. They sanctioned also for a period of three years a cash subsidy of Rs. 2,800 per annum to meet the expenditure on rent and the pay of godown-keepers and other servants. The Madras Provincial Co-operative Bank also sanctioned a subsidy of Rs. 3,000 to meet items of expenditure not provided for in the Government grant. At the end of year the society had on its rolls 68 members of whom 42 were societies. The Marketing Society has so far dealt with potatoes, oranges, plantains, mangoes, onions, garlic, eggs, honey, ghee, handpounded rice, tamarind and jaggery. The value of such goods sold was Rs. 8,979. The society has a separate godown in the marketing quarters for the sale of fruits. A weekly bulletin is issued by the society showing the prices at which the chief primary products of the Presidency are sold in Madras and copies of it are communicated to all Deputy Registrars and loan and sale societies. The society attends also to trade enquiries regarding prices and possibilities of marketing. It has undertaken to sell through Messrs. Volkart Brothers, Madras, the sugar produced by the Vuyyuru Industrial and Credit Society. The value of sugar so disposed of was Rs. 1·75 lakhs. The successful working of this central society will be conditioned by the unflinching loyalty of primary societies affiliated to it, the volume of business that they supply and the business integrity that they display in their transactions. So far the Provincial Society is still feeling its way.

The Madras Co-operative Milk-Supply Union.—The Union continued to make steady progress. It had on its rolls at the end of year 13 societies and 13 individuals with a total paid-up share capital of Rs. 16,908. The Union purchased during the year 581,911 measures of milk for Rs. 1,87,141 and sold 548,350 measures of it to the public and to the State hospitals for Rs. 2,25,123. The unsold milk was converted into by-products and sold for Rs. 14,067. The average daily purchases of milk during the year were 1,594 measures as against 1,119 measures in the previous year and the daily sales went up from 1,042 to 1,502 measures. The number of depots for sale of milk increased from 34 to 43. Cream got from societies is converted into ghee sold to the public. There is an increasing demand for the ghee sold by the Union. The net profit earned by the Union during the year was Rs. 7,004. The question of purchasing a pasteurising plant has been under consideration for a long time and the fund created by the Union for the purpose amounted to Rs. 26,957. The Government have recently sanctioned a loan of Rs. 25,000 to meet the cost of the plant and the scheme for pasteurising the milk purchased will soon be put into operation. The Union purchased cattle food of the value of Rs. 41,019 at wholesale prices and sold it to affiliated societies. Another line of activity was the granting of loans to societies to the extent of Rs. 10,000 for purchase of good milch cows. The Milk Supply Union has thus been progressing from strength to strength. What is possible in the city of Madras should be feasible in the big towns of Coimbatore, Trichinopoly, Madura, Rajahmundry, etc., and I confidently hope that similar milk supply unions on co-operative lines will be started in the mufassal at no distant date. An attempt is actually being made in Coimbatore.

The Puthur Division Mahali Prevention Co-operative Society.—This is a special type of society in the South Kanara district classified under "purchase, purchase and sale" and its organization was due to the widespread attack of "Mahali" pest in the vast areas under arecanut cultivation in the district which resulted in heavy losses to the ryots. The society was therefore started for the joint purchase and distribution of sprayers and chemicals recommended for use by the Agricultural Department. The society had at the end of the year 443 members on its rolls with a paid-up share capital of Rs. 4,535. It distributed 147 sprayers of the value of Rs. 9,632 and chemicals worth Rs. 13,662. It is estimated that about 4,000 acres of garden land were sprayed during the year with the materials supplied by the society. This is yet another example of the efficacy of co-operation for men of limited means confronted with specific local difficulties.

31. *Production and Sale Societies.*—Including 18 societies registered during the year there were 31 societies at the end of the year. Of these, 25 were milk supply societies in the Chingleput district, 2 agricultural and industrial societies, 2 sugarcane growers' societies, one fruit growers' society and one salt licensees' society.

Milk Supply Societies.—Fifteen societies were registered during the year, of which 6 did not start work by the close of the year. The remaining 20 societies had on their rolls 745 members with a paid-up share capital of Rs. 4,164. The societies supplied to the Madras Milk Supply Union milk of the value of Rs. 1,92,401. Bonus was paid to members to the extent of Rs. 4,001.

Excepting the Kodur Fruit Growers' Co-operative Society in the Cuddapah district the other societies under this class did not do much work. The Kodur Society started work in April 1937. Within two months it sold through the Madras Provincial Marketing Society nearly 500 baskets of oranges and more than 500 baskets of mangoes and limes. It worked at a small profit during the year. The society has vast scope for development.

32. *Other forms.*—At the beginning of the year there were 340 societies. Twenty societies were registered and 2 societies were received by transfer while the registration of 6 was cancelled and 1 was removed by transfer to another class. There were thus 355 societies at the end of the year. Of these, 12 were Kudimaramat and irrigation societies, 9 Agricultural Demonstration Societies, 15 Agricultural Improvement Societies, 11 Land Reclamation Societies, 1 Arbitration Union, 4 Better Living Societies, 2 Industrial and Credit Societies, 11 for sugarcane growers, 1 for cotton growers, 2 for fruit growers and 287 for tenants and field labourers. A brief account of the working of some of these societies is given below.

Kudimaramat and Irrigation Societies.—There were 12 societies of this type at the end of the year as at the beginning, three in each of the districts of South Arcot, Tanjore and Tinnevelly and one each in Guntūr, Kistna and Malabar. These societies helped to bring under cultivation 4,327 acres of land, the total number of members and non-members benefited being 764 and 251 respectively. The number of members of all the societies was 930. Their paid-up share capital was Rs. 4,090 and their working capital, Rs. 12,578. The 3 societies in South Arcot and 2 of the societies in Tanjore undertook kudimaramat work by the removal of silt and the maintenance of irrigation channels. The societies in South Arcot brought under cultivation 1,522 acres of land with the water supplied by the channels maintained by them. The societies in Tanjore did earth work to the value of Rs. 416 to facilitate irrigation of 631

acres of wet land. These societies are not able to show better progress owing to the opposition from non-member pattadars to the payment of their contributions.

Agricultural Demonstration and Agricultural Improvements Societies.—There were 24 societies at the end of the year. Excepting the Lalgudi Sivagnanam Agricultural Society in Trichinopoly and the Dimili Agricultural Demonstration Society in Vizagapatam, the remaining societies did no work worth mention The Lalgudi Society continued to maintain the demonstration farm covering an area of 9½ acres of wet lands. The society distributed manure and seeds of the value of Rs. 1,37,140 and it issued loans to members on the pledge of produce. The Dimili society selected 2 acres of lands for demonstration purposes and sowed paddy and onions partly under the old and partly under the improved methods. The results could not be estimated by the end of the year as the crops were not yet ripe.

It is desirable to have at every district headquarters or other suitable centre a central society to demonstrate the advantages of improved seed, manure and agricultural improvements.

Land Reclamation Societies.—There were 4 societies in Tanjore and 7 in Trichinopoly. They had on their rolls 620 members with a paid-up share capital of Rs. 18,072. The Government loans outstanding against these societies amounted to Rs. 1,28,631, as against Rs. 1,47,659 last year. The overdues to Government amounted to Rs. 1,952. The extent of land reclaimed up to the beginning of the year was 1,717 acres. No land was reclaimed during the year while 810 acres remained to be reclaimed on the last day of the year.

The Arbitration Union in North Arcot did no work during the year. The Tiruppur cotton growers' society in Coimbatore advanced loans to its members to the extent of Rs. 9,560. It worked at a net profit of Rs. 372. The Kottayam Taluk Fruit Growers' Society in Malabar was started mainly for encouraging pineapple cultivation. Owing to the lack of marketing facilities, the society was not able to do any good business during the year. Efforts are made to find a good market for the fruits of the society. There is a demand for fruit canning on the West coast and possibly elsewhere and I am examining its possibilities in consultation with the Agricultural Department. When one sees the luxuriant crops of pineapples, it seems absurd that India should import annually lakhs of tinned pineapples from Singapore.

The working of "Better Living Societies" is reported in paragraph 41. The transactions of "Industrial and credit" and "Sugarcane Growers" societies are given in paragraph 38. The transactions of tenants and field labourers societies are shown with the transactions of other societies for depressed classes in paragraph 42.

Non-Agricultural Societies.

33. *Progress.*—At the end of the year there were 1,505 societies with a membership of 304,105 as against 1,443 societies with a

membership of 295,462 at the beginning of the year. Eighteen of these societies did not start work before the close of the year. The paid-up share capital and the working capital amounted to Rs. 99·13 lakhs and Rs. 423·70 lakhs respectively. Loans to the extent of Rs. 253·49 lakhs were advanced for the purposes set forth in Appendix No. 2. Of the total amount of loans issued, Rs. 181·96 lakhs were given on long term and Rs. 71·53 lakhs on short term. Their indebtedness to Central Banks on 30th of June 1937 was Rs. 30·49 lakhs of which Rs. 10·33 lakhs represented short term loans.

Appendix No. I, section II, gives the demand, collection and balance of principal, arrear and current interest due by members to these societies. For amounts due by these societies to their creditors they were in arrears to the extent of Rs. 8·08 lakhs against a demand of Rs. 300·56 lakhs under principal which works out to a percentage of 2·68 as against 2·66 in the previous year. The percentage of overdue interest was 5·24 as against 6·60 in the previous year. During the year there was some improvement in principal as well as interest collections compared with the recoveries of previous years. The net divisible profit earned by some of these societies was Rs. 9·52 lakhs and the loss incurred by the remaining societies was Rs. 2·87 lakhs.

34. *Credit Societies.*—The progress made by non-agricultural credit societies is exhibited below :—

	1935–36.	1936–37.
Number of societies	1,063	1,057
Number of members	264,858	264,665
	RS. (IN LAKHS.)	RS. (IN LAKHS.)
Paid-up share capital	84·71	85·57
Reserve fund	33·13	34·98
Deposits by members	98·55	91·92
Deposits from non-members ...	102·76	113·81
Loans from Government	0·20	0·30
Loans from Central Banks and other societies	19·49	24·87
Other funds	8·16	19·91
Total working capital	347·00	371·36
Divisible profits	9·73	8·11

Arrears.	Percentage.	
	1935–36.	1936–37
Principal	22·76	21·59
Interest	35·21	34·57

The figures for 1936–37 do not include those of the 24 societies in the area transferred to the Orissa Province. The 1,057 societies

under this class at the end of the year can be further classified as follows :—

Government servants ...	213	Factory employees ...	16
Municipal, Local Board, Railway Employees, etc., Superior ...	77	Thrift societies	11
Municipal, Local Board, Railway Employees, etc., Inferior	56	Others	684
		Total ...	1,057

Four Municipal Employees (Inferior) societies, one each in the districts of Anantapur, Chingleput, Coimbatore and Kistna made wholesale purchases of cloth and foodstuffs to the value of Rs. 20,450 and the savings effected by members in this way are estimated at Rs. 600.

Loans.—During the year these societies disbursed loans amounting to Rs. 247·81 lakhs of which Rs. 71·12 lakhs were on short term. The arrears under principal and interest due to and due by these credit societies are shown in Section I(*b*) of Appendices Nos. 4 and 3 respectively. Most of the societies kept their obligations to the depositors and the financing banks, the percentage of overdues in the Presidency being 5·32 under long term and 1·62 under short term as against 5·66 and 1·72 respectively in the previous year. Out of a total demand of Rs. 201·17 lakhs under long term and Rs. 82·55 lakhs under short-term loans outstanding against members, there was a balance of Rs. 43·46 lakhs and Rs. 17·80 lakhs under long-term and short-term loans respectively, the percentage of arrears working out to 21·60 and 21·56 as against 14·17 and 16·47 in the previous year. The percentages of overdues under arrear and current interest were 61·52 and 19·62 as against 62·43 and 20·40 respectively in the previous year. The loss sustained by 203 societies was Rs. 1·04 lakhs; the remaining societies earned a net divisible profit of Rs. 8·11 lakhs.

Fluid Resources.—The number of societies and banks which had to maintain fluid resources ranged from 163 to 170. Of these, 13 to 32 banks failed to maintain them during the four quarters. The importance of maintaining the required standard of fluid resources was brought home to the societies concerned.

At the Urban Banks' Conference held in August 1936 it was agreed that each urban area should have only one Urban Bank so that the banks might be able to afford a competent and well paid staff. The necessity for such a staff needs no emphasis. It is hoped that urban banks will avail themselves of the present opportunity to get their staff properly trained at the Central Co-operative Institute, Madras, where special classes are held for the purpose.

During the year the Government were pleased to permit the Commissioners of Municipalities to take up the presidentship of the societies for municipal employees. There is bound to be a definite improvement in the working of these useful institutions under the guidance of these officers.

35. *Societies for Purchase, Purchase and Sale and Production, Production and Sale.*—The total number of societies at the beginning of the year was 216 excluding nine societies transferred to the Orissa Province. Forty-six were registered during the year, two brought in by transfer, the registration of nine was cancelled and seven were removed by transfer to other classes. There were thus at the end of the year 248 societies under this class. Of these, eight societies had not started work by the close of the year. The classification of the 248 societies is as shown below :—

Stores	58	Fishermen's society ...	7
School and college societies	85	Coir workers' society ...	1
Weavers' societies ...	80	Miscellaneous	14
Milk-supply society in Madras... ...	1		
Industrial and credit societies	2	Total ...	248

These societies had on their rolls 24,322 members (inclusive of 175 society members) with a paid-up share capital of Rs. 3·33 lakhs. The net profits earned by some of the societies amounted to Rs. 66,241 and the loss sustained by the rest was Rs. 1,58,708. A short account of the work done by some of the important classes of societies is given below.

36. *Stores.*—The 58 stores societies had a working capital of Rs. 7·51 lakhs. The value of the stock on hand at the beginning of the year and of the goods bought during the year amounted to Rs. 20·03 lakhs. They sold goods of the value of Rs. 18·91 lakhs and made a gross profit of Rs. 1·67 lakhs. The net profit earned by some societies was Rs. 48,160 while the loss incurred by the rest was Rs. 12,531 as against Rs. 49,305 and Rs. 39,118 respectively in the previous year. All store societies have been advised to become members of the Madras Provincial Co-operative Marketing Society and to arrange for their purchases through it. The provincial society should prove a useful link between the several producers' and consumers' societies in the Presidency.

The Triplicane Urban Co-operative Society with its 26 branches in the Madras City and 5,658 members with a paid-up share capital of Rs. 82,561 still holds the first place. It sold goods to the value of Rs. 8·82 lakhs and earned a net profit of Rs. 17,524. The profit earned last year was Rs. 16,913. In view of its unwieldy size, the society changed the constitution of its general body and under the revised by-laws, the general body will consist of only representatives elected by the several branches of the society.

The Aravangadu Cordite Factory Stores, the Madras Government House Stores and the Pykara Power House Stores in the Nilgiris did good business during the year. They sold goods of the value of Rs. 1·72 lakhs and made a net profit of Rs. 8,373. There is no doubt that these stores do considerably reduce the cost of domestic requirements.

The Kodaikanal Stores, Madura City Stores and the Madura Meenakshi Stores sold goods of the value of Rs. 2·92 lakhs and earned a net profit of Rs. 11,971. Other stores which did appreciable business were the Pudupalaiyam and Manjakuppam Stores in South Arcot, the Chingleput Stores, the Tirupati Stores in Chittoor, the Kasargod Stores in South Kanara, the Pappinisseri Stores in Malabar and the Rameswaram stores in Ramnad.

School and College Societies.—Excluding six societies transferred to the Orissa Province there were 85 students' stores at the end of the year. The following figures indicate the progress made by these societies :—

	1935–36.	1936–37.
1. Members	3,925	3,996
2. Associate members	8,446	7,822
	RS.	RS.
3. Paid-up share capital	7,956	8,212
4. Value of articles sold	99,735	1,20,553
5. Stock on hand at the close of the year	21,917	23,650
6. Savings effected	8,754	7,326
7. Bonus distributed from the profits of the previous year	2,406	2,348

Most of the societies earned good profits. The profit earned by some of them was Rs. 11,647 while the loss incurred by the remaining societies was Rs. 459 as against Rs. 6,970 and Rs. 772 respectively in the previous year. It is gratifying to note that these stores run by students who are to be the co-operators of the future are working satisfactorily. I am trying to get such stores started in every school and college in consultation with the Director of Public Instruction. I have also under contemplation the starting of a Central Students' Store at Madras.

37. *Weavers' Societies.*—There were 80 societies as against 50 in the previous year. Out of the 80 societies, 66 are classed under "Purchase and Sale" and 14 under "Production and Sale." The working capital of these societies excluding the Provincial Society amounted to Rs. 1·49 lakhs. With the starting of the Madras Handloom Weavers' Provincial Co-operative Society there has been an increased activity in the primary societies. Raw materials and prepared goods of the value of Rs. 1·54 lakhs were purchased by the societies during the year as against Rs. 1,13,350 last year and finished products of the value of Rs. 1·60 lakhs were sold as against Rs. 76,199 last year. The net profits earned by some of the societies amounted to Rs. 9,596 and the loss incurred by the rest was Rs. 8,046 as against Rs. 2,290 and Rs. 9,943 in the previous year. The bulk of the loss sustained was contributed by the Devanga Weavers' Co-operative Society in Coimbatore. Reports received show that the members of most of the societies got employment throughout the year. The number of credit societies in which weavers contributed more than 60 per cent of the membership was 71 at the end of the year. They had a paid-up share capital of Rs. 39,012 and

a working capital of Rs. 2·45 lakhs. The profit and loss made by these societies were Rs. 4,735 and Rs. 8,811 respectively as against Rs. 4,996 and Rs. 13,052 respectively in the previous year.

In my report for 1935–36 I referred to the starting of the Madras Handloom Weavers' Co-operative Society for co-ordinating the activities of the several weavers' societies in the Presidency. During 1936–37, the Government of India allotted a subsidy of Rs. 68,800 for the development of the handloom industry in Madras. Out of this amount Rs. 44,260 were disbursed to the society. A loan of Rs. 30,000 was also given to the society for working capital: the loan is to be repaid before March 1940. The society is granting from this amount cash credit loans to primary societies for the purchase of yarn and for payment of wages to members. The Government granted Rs. 675 to the Provincial Society for payment of subsidy to the bigger primary societies at Madura, Salem and Coimbatore which deal in finer counts of yarn, silk and other fabrics. The Provincial Society subsidized during the year 52 societies to the extent of Rs. 16,596. Yarn of the value of Rs. 27,298 was supplied to societies by mills on the guarantee of the Provincial Society. The value of goods received from the primary societies was Rs. 33,413. Cash credits were advanced to societies to the extent of Rs. 21,450. The Presidency was divided into six circles and a supervisor was appointed to each. Sales depots were opened at Madura, Bellary, Calicut and Bezwada. The Provincial Society participated in three exhibitions during the year. The society felt that a merchant with business experience would be more useful for doing marketing work and a merchant was therefore appointed as Marketing Officer. The services of the Sub-Deputy Registrar originally placed at the disposal of the society were withdrawn, but a Senior Inspector is doing duty as Executive Officer to control the work of the supervisors and to inspect the societies. The society will be installing a calendering plant shortly. A hand-sizing machine to supply ready-made warps has been installed in Melappalaiyam in Tinnevelly district. The initial expenses and also the recurring charges for the first six months will be met by the Provincial Society. After watching its work for some time, four more machines will be installed at four different centres. The society earned a net profit of Rs. 1,747 during the year 1936–37.

38. *Industrial and Credit Societies.*—There were four societies at the close of the year as at the beginning. Two of these were classed under "Agricultural" and were in Kistna. The remaining two societies were in the Vizagapatam district.

The Vuyyur Industrial and Credit Society in Kistna had on its rolls 514 members with a paid-up share capital of Rs. 1,62,037 as against 515 members with a share capital of Rs. 1,54,491 in the previous year. The supply of sugarcane was not adequate and the factory could therefore work only for 79 days during the year. The quantity of cane crushed was 30,923 tons as against 34,340 tons in the previous year. 2,472 tons of sugar were manufactured of which 2,222 tons were sold for Rs. 4,20,155. The sugar was marketed by the Madras Provincial Marketing Society through the agency of Messrs. Volkart Brothers. The Madras Provincial Co-operative Bank continued to give financial accommodation to the society. The loans due to the Madras Provincial Co-operative Bank at the close of the year were Rs. 15·97 lakhs. The short supply of cane, the enhancement of excise duty on sugar and the fall in the price of sugar, all contributed to the heavy loss of Rs. 4·11 lakhs sustained by the society during the year. The management of the affairs of the society was not satisfactory during the year, and I had therefore to issue a notice to the directors to show cause why the committee should not be superseded under section 43 of the Madras Co-operative Societies Act. The Committee was, however, not superseded but was allowed to continue provided that the directors cleared a major portion of their arrears under share capital dues. An officer of the Agricultural Department was appointed General Manager and to collect the growing overdues in the society, a Senior Inspector was appointed towards the close of the year as Special Officer.

The Chellapalli Industrial and Credit Society in Kistna did no work during the year. The two societies at Etikoppaka and Thummapala in Vizagapatam district had a membership of 194 with a share capital of Rs. 1·41 lakhs. Out of the borrowings of the societies from the Vizianagram Central Bank Rs. 3·18 lakhs were outstanding at the close of the year. The total loss incurred by the societies amounted to Rs. 1·36 lakhs as against Rs. 1·03 lakhs in the previous year. The quantity of sugarcane crushed by the society at Etikoppaka was 5,910 tons. The 9,042 cwt. of sugar manufactured were of the value of Rs. 80,781. The society at Thummapala did not work independently during the year. The management of the society was transferred to the Vizagapatam Sugar Refineries, Limited, for working the factory and liquidating the liabilities. The members of the Etikoppaka society cultivated 280 acres of land at a cost of Rs. 35,340.

Sugarcane Growers' Societies.—There were 14 societies at the end of the year, all registered as "Agricultural" societies. One of them was classed under "Purchase and Sale", two under "Production and Sale" and the rest under "Others." The new scheme for the utilization of the subsidy from the Sugar Excise Fund of the Government of India is pending the sanction of Government.

The Bobbili Sugarcane Growers' Society in Vizagapatam had on its rolls 852 members with a share capital of Rs. 4,267 as against 670 and Rs. 3,640, respectively, in the previous year. The society advanced 734 loans to its members to the extent of Rs. 21,746 to meet cultivation expenses. The members cultivated about 800 acres of land and got a net yield of Rs. 60 per acre. The society has extended the area of its demonstration farm from 4 to 16 acres and is experimenting on different varieties of sugarcane with a view to select the cane best suited to the locality. The farm is distributing good varieties of seedlings to its members. The society worked at a net profit of Rs. 306 during the year.

The Vuyyur Sugarcane Growers' Union and the Gudivada Sugarcane Growers' Society in Kistna distributed during the year manure of the value of Rs. 29,973 to its members. It is reported that by the use of the manure supplied, the yield of sugarcane per acre rose to 40 tons and that the members secured an extra profit of Rs. 75 for every acre cultivated.

The Coimbatore Sugarcane Growers' Society disbursed during the year loans to the extent of Rs. 5,760. Five members of the society supplied cane to the Mills to the value of Rs. 2,459. The society sustained a net loss of Rs. 80 for the year. The Hospet Sugarcane Growers' Society had 558 members on its rolls with a paid-up share capital of Rs. 14,488. It advanced loans to members during the year to the extent of Rs. 29,736 for sugarcane cultivation. The loans outstanding against members amounted to Rs. 49,763 of which Rs. 37,103 were overdue. The society worked at a loss of Rs. 3,921 during the year. The heavy preliminary expenses incurred contributed to the loss. The remaining societies for sugarcane growers did no appreciable work.

39. *Insurance societies.*—The two societies in this class at the beginning of the year continued to work.

The South India Co-operative Insurance Society, Madras.—This is the fifth year of working of the society. The steady progress made in previous years was maintained. At the end of the year there were 4,672 members on the rolls composed of 35 societies and 4,637 individuals. The paid-up share capital of the society members amounted to Rs. 37,050 and that of individuals to Rs. 6,529. Including 19 proposals for Rs. 19,500 pending acceptance at the beginning of the year 1935 policies for Rs. 15,92,450 were received. At the close of the year there were 9 policies for Rs. 5,450 pending acceptance. 1,477 policies for Rs. 12·04 lakhs were issued as against 1,357 policies for Rs. 10·99 lakhs in the previous year. Ten claims for Rs. 8,750 were pending payment at the beginning of the year; 16 claims for Rs. 13,143 were intimated during the year, excluding three claims not admissible. Ten claims for Rs. 7,893 were paid off, leaving at the close of the year 16 claims for Rs. 14,000 pending settlement. The total Life Assurance business in the books of the society as on the 30th June 1937 amounted to Rs. 44·66 lakhs in respect of 5,354 policies as against Rs. 32·62 lakhs relating to 3,877 policies at the end of the previous year. The society collected premia to the extent of Rs. 1·59 lakhs as against Rs. 1·22 lakhs in the previous year. The Life Assurance Fund which was Rs. 1,24,368 at the beginning of the year rose up to Rs. 1,83,988 by the close of the year. During the year the first valuation of the society as on 30th June 1936 was done and bonus was declared at the rate of Rs. 15 per thousand on whole life policies and Rs. 10 per thousand on endowment policies. Since the close of the year the society raised its statutory deposit of Government securities with the controller of currency to Rs. 2 lakhs. This testifies to the soundness of the society.

The Postal and R.M.S. Co-operative Benefit Fund, Madras.—This society had on its rolls 2,455 members with a paid-up share capital of Rs. 29,407 as against 2,585 members with a paid-up share capital of Rs. 32,060 in the previous year. The society realized premia of Rs. 1·18 lakhs as against 1·43 lakhs realized in the previous year. Claims under policies paid and outstanding on account of death amounted to Rs. 30,071 and on maturity to Rs. 48,517. The total Life Assurance Fund at the end of the year was Rs. 4·35 lakhs as against Rs. 4·60 lakhs in the previous year. Claims admitted or intimated to the extent of Rs. 21,661 remained unpaid on the last date of the year. Investments by way of deposits of Government promissory notes, etc., with the Controller of Currency amounted to Rs. 1·84 lakhs and loans on the mortgage of the property were Rs. 1·78 lakhs. The reserve fund of the society amounted to Rs. 25,694.

40. *Other forms (Building societies).*—Of the 197 societies of this type, 119 were building societies. Their progress is shown in the following statement:—

	1935–36.	1936–37.
Number of members	4,040	4,207
	RS. (IN LAKHS).	RS. (IN LAKHS).
Paid-up share capital	8·75	9·09
Net profit or loss ...	+0·58 / −0·06	+0·69 / −0·09
Loans outstanding to Government	14·92	15·33
Number of houses (completed).	1,809	1,906
	RS. (IN LAKHS).	RS. (IN LAKHS).
Estimated value	58·17	66·41
Number of houses (under construction)	129	109
	RS. (IN LAKHS).	RS. (IN LAKHS).
Estimated value	4·05	4·34

Rs. 4,614 under principal and Rs. 2,274 under interest were overdue in respect of Government loans as against Rs. 3,274 and Rs. 2,053 respectively in the previous year. The societies in Guntūr and Vizagapatam contributed to the bulk of the overdues. Loans to the extent of Rs. 26·39 lakhs were outstanding against members. Of this, Rs. 1·99 lakhs under principal and Rs. 0·69 lakh under interest were overdue at the close of the year as against Rs. 2·12 lakhs and Rs. 0·76 lakh respectively in the previous year. The collections were good in Chittoor, Cuddapah, Kurnool, Madras, Madura, Malabar, Nellore, Tinnevelly and Trichinopoly while less than half the amount due was collected in North Arcot, Bellary, West Gōdāvari, Guntūr, South Kanara, the Nilgiris and Salem. Monthly reviews were issued on the progress of collections and Deputy Registrars were asked to pay close attention to bad societies. With a view to enhance the borrowing power of members and thereby to enable them to avail themselves of Government loans to a larger extent, the rules in regard to the issue of these loans were revised by Government during the year. Members of societies in the Madras City and in the mufassal can now hold shares of the value of Rs. 2,000 and Rs. 1,500 respectively as against Rs. 1,250 and Rs. 1,000 respectively under the old rules. The rate of interest on Government loans was also reduced to 4 per cent per annum with effect from 1st October 1936.

There are now several municipalities in the Presidency without building societies. Deputy Registrars have therefore been asked to investigate the possibilities of organizing societies in all such areas. These societies should be very helpful for relieving congestion and for working out extension schemes in municipal areas.

I may here mention a scheme under contemplation for providing the labourers of the Mills at Coimbatore with decent houses. The idea is that the mill-owners are to contribute 1/5th of the money as share capital and borrow 4/5ths from Government. The houses will be built by one or more co-operative societies to be formed and will be let out to members on the hire-purchase system. The tenant who pays the hire charges regularly and punctually for a period of 20 years will eventually become the owner of the dwelling occupied by him. It is also proposed to provide the members with other amenities such as playgrounds, clubs, etc.

41. *Other forms (other societies).*—Excluding the building societies there were 76 societies at the end of the year and they were made up of the following :—

1. Labour contract societies and Forest coupe societies	16	5. Societies for the purchase of house-sites	2
2. Printing societies	3	6. Better living societies ...	28
3. Fishermen's societies ...	20		
4. Thrift societies... ...	7	Total ...	76

A brief account of the working of some of these societies is given below :—

Labour Contract Societies and Forest Coupe Societies.—There were 16 societies of this type. Of these, 10 did not work during the year. The total number of members of all societies was 976 of whom 105 were helpers and the rest were actual workers. They had a paid-up share capital of Rs. 5,403 and a reserve fund of Rs. 7,995. The total value of the work pending execution at the beginning of the year and that received during the year was Rs. 70,504. Of this, the societies executed work to the value of Rs. 48,106 during the year. Members derived Rs. 12,914 as wages and non-members were paid Rs. 5,102. Excepting one society in North Arcot which worked at a loss of Rs. 975, the rest earned a net profit of Rs. 1,059. The bonus paid to members was Rs. 43.

In this connection I must make prominent mention of the Madras District Labour Society which did very good work during the year, and will do better if it can only get some help for establishment charges. It had on its rolls 89 members of whom 78 were actual workers. The society executed work to the extent of Rs. 35,433 and at the end of the year work of the value of Rs. 17,350 was pending execution. The society completed the construction of 47 houses. The members got wages to the extent of Rs. 3,738 and non-members were paid Rs. 4,076. The society earned a net profit of Rs. 354 for the year. There is scope for the successful working of such societies in all big towns, provided they get support from the public and from local authorities.

Printing Societies.—The three Printing societies, one in each of the districts of Coimbatore, Tanjore and Madras continued to work during the year. Their transactions were as shown below :—

	1935–36. RS.	1936–37. RS.
1. Paid-up share capital	25,557	26,342
2. Reserve fund	8,245	9,344
3. Borrowed capital	4,757	6,500
4. Value of business done ...	31,389	47,363
5. Working expenses	20,114	12,160
6. Net profit	+3,399	+2,614
7. Loss	−2,290	−1,372

All the societies worked at a profit during the year but the profit earned by the Central Co-operative Printing Works, Madras, went towards the reduction of the losses incurred in previous years. The society continued under supersession and was managed by a special committee, with a departmental Inspector as manager. Suitable by-laws for the better working of the society have been framed and it is proposed shortly to hand over the management to a committee elected according to the by-laws.

Thrift Societies.—There were 11 thrift societies at the beginning of the year; nine were registered and one credit society was added to the list as it had no outside borrowings. During the year, the registration of two societies was cancelled and at the close of the year there were 19 societies of this type. Of these, 6 societies were exclusively for women. Eleven of the societies were classed under "Credit" and eight under "Other Forms." The societies had a paid-up share capital of Rs. 3,165. The savings of members in these societies are shown below :—

	1935–36. RS.	1936–37. RS.
1. Recurring deposits	106	2,153
2. Savings deposits	676	2,102
3. Provident deposits	26,530	30,885
4. Fixed deposits	6,497	7,897
5. Other deposits	16,581	13,428
Total ...	50,390	56,465

Co-operation has been so much associated with credit for over two decades in this Presidency, that the thrift aspect has received only slow recognition although the by-laws of all societies mention it as one of their objects. For this, as for other defects education in the principles of co-operation is the proper remedy. The results will be by no means spectacular. But I trust that in spite of the small beginning made now, thrift will receive greater impetus and emphasis in the years to come.

During the year Rule XIII of the rules under the Madras Co-operative Societies Act was so amended as to permit purely thrift societies to utilise their entire reserve fund in their own business.

Fishermen's Societies.—At the end of the year there were 27 societies—seven classed under "purchase and sale" and twenty under "Other forms"—for the benefit of the fishermen community. The four societies in Kurnool had a total membership of 99 with a paid-up share capital of Rs. 192. Of these, the society at Nandyal took a 3-year lease to fish in the tank at Nandyal for an annual rental of Rs. 325. Another society which held a lease disposed of fish to the value of Rs. 760. Three out of the four societies in the district earned a net profit of Rs. 271. The Blangad purchase and sale society for joint fishing in Malabar purchased fishing materials for Rs. 315 and made a gross profit of Rs. 209. Allowing for depreciation, etc., the net profit was only Rs. 5. Seven societies in Kistna had a total membership of Rs. 369 with a paid-up share capital of Rs. 413. The societies took on lease Zadas and Gunnamas in the Kollair lake of the Kaikalur taluk for fishing and collected a lease amount of Rs. 1,568 from members and paid it to Government.

Some of the remaining societies in Nellore, Tanjore and Coimbatore—had also leases for fishing.

Better Living Societies.—There were 21 societies of this type at the beginning of year excluding one society in Ganjām and eleven were registered during the year. Some of these 32 societies did useful work. One society in East Gōdāvari conducted a night school for its adult members and a day school for the children of members. A society in Tinnevelly deputed one of its directors to every religious or other ceremony performed by its members to see that the members did not spend more than the amount fixed by the general body for the purpose. It is estimated that as a result of this supervision the net savings of members were Rs. 5,586 in twenty-two cases. Similarly a society in South Kanara effected retrenchment in the expenditure on ceremonies to the extent of Rs. 1,005. The curtailment of expenditure on marriages and ceremonies is a very good line of activity which every Better Living Society may take up. During 1936–37 co-operative societies granted loans to members to the extent of Rs. 37·51 lakhs for expenditure on marriages, etc., which was about 9 per cent of the total loans issued by co-operative societies during the year. The settlement of a Civil suit between two members was effected by a society in Chingleput. The Mangalapuram Better Living Society in Madras City assigned house-sites to its members on condition that they conformed to the rules and regulations laid down by the society for better living. These societies are new to the Presidency and are very slowly feeling their way. But it should be possible to run them on successful

lines if there are in each society at least a few ardent spirits who can infect others with their love of discipline and enthusiasm and show by example as well as by precept how the society's objects can be achieved. There is no reason, however, why Better Living by-laws should not be introduced in all societies. Co-operation can touch every activity of men and women.

42. *Depressed and Backward Classes Societies.*—Excluding the societies in the area transferred to Orissa there were at the end of the year 2,714 societies formed specially for Adi-Dravidas, Adi-Andhras, Fishermen, Kallars and other backward classes as against 2,713 societies last year, including 24 societies in Ganjām. The transactions of these societies were as shown below :—

Particulars.	Societies under the Co-operative Department.	Kallars Societies under the Special Police Officers.	Societies under the Fisheries Department.
Number of societies ...	2,410	254	50
Number of members ...	99,812	15,925	2,184
	RS.	RS.	RS.
Paid-up share capital ...	7,56,968	83,316	40,334
Deposits from members.	81,021	443	2,050
Deposits of non-members and loans from Central Banks ...	10,80,229	1,555	10,640
Loans from Government.	2,52,150	79,604	...
Reserve fund	4,74,902	1,17,118	29,076
Other funds	1,38,474	...	...
Working capital ...	27,83,744	2,82,036	82,100
Divisible profits ...	78,638	19,784	1,822
Loss	2,17,747	4,151	5,923

At the end of the year Rs. 1,08,695 under principal and Rs. 45,202 under interest were overdue to Government from the societies in charge of this department. The societies for Kallars in charge of Special Police Officers were in arrears to Government to the extent of Rs. 22,397, out of Rs. 79,604 outstanding against them. The overdues in respect of loans granted by the Madras Christian Co-operative Central Bank and other Central Banks were Rs. 3,12,428 and Rs. 1,30,942 respectively under principal and Rs. 26,958 and Rs. 29,477 under interest. In spite of special efforts made to recover the loans the overdues continue to be heavy. The question of reducing the rates of interest at which loans are given in depressed classes societies is under consideration. During the year the Government delegated power to the Registrar to write off in the case of depressed classes societies arrears of loans for the acquisition of house-sites to the extent of Rs. 2[illegible]0 for each society and to waive the interest on the principal amount written off. The financial position of each society is being examined to see whether it deserves the remission of any amount due to Government. The waiver of interest as an encouragement to the repayment of principal was sanctioned in a few cases where the arrears under interest were very heavy.

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The members of depressed classes societies do not generally possess any valuable property except perhaps the lands or house-sites assigned to them by societies. The loans granted have therefore to be recovered from the daily or weekly wages earned by them. Very often the members quit the area of operations of their societies in search of employment. Unless sufficient employment is provided to the members, it is difficult to induce them to remain on their lands and repay the loans advanced to them. Steps are therefore being taken to provide them with subsidiary occupations such as duck farming, the cultivation of figs, cashewnut, grape vine, etc. A good portion of the capital required for taking up these occupations can be contributed by the members themselves in the form of labour. The question of assigning waste-lands to the depressed classes and the formation of colonies for them on a co-operative basis is under the consideration of certain District Economic Councils.

During the years 1931 and 1932 the depressed classes societies in charge of the Labour Department were transferred to this Department for supervision. Reports received show that the general working of the societies in Cuddapah, Guntūr, Kurnool and Nellore continued to be satisfactory after the transfer. Owing to the economic depression and the consequent curtailment of fresh credit the main work done in the remaining societies was the collection of loans already granted to members. It has been suggested that these societies may be handed back to the Labour Department. This subject is now under consideration.

43. *Societies for Hill Tribes.*—There were 102 societies, one in North Arcot, one in Kurnool, 12 in Salem, 73 in the Nilgiris and 15 in the Vizagapatam and East Gōdāvari Agencies. The society in North Arcot had 21 members on its rolls with a paid-up share capital of Rs. 337 and earned a net profit of Rs. 40 for the year. The society in Kurnool started for the benefit of the Chenchus worked as a thrift society during the year. The paid-up share capital was Rs. 187 and the members' savings invested as fixed and thrift fund deposits amounted to Rs. 445. A sum of Rs. 48 was invested as loans to members and Rs. 591 were deposited in other societies. The society worked at a net loss of Rs. 62. The 73 societies in the Nilgiris started for the benefit of Badagas and Kotas had on their rolls 4,182 members with a paid-up share capital of Rs. 24,659 and a working capital of Rs. 4·25 lakhs. Some of the societies earned a net profit of Rs. 5,877 while the rest incurred a loss of Rs. 9,323. The societies in the East Gōdāvari and Vizagapatam Agencies had a membership of 938 with a paid-up share capital of Rs. 14,111 as against a membership of 7,231 and a share capital of Rs. 54,159 in the previous year. The societies made joint purchases of the requirements of members of the value of Rs. 397. The fall in the transactions of these societies was due to the transfer of 17 societies to the Orissa Province.

44. *Societies for Joint or Individual Cultivation of Land and Purchase of House-sites.*—The total number of societies for joint cultivation by members and for purchase of house-sites was 793 as against 772 in the previous year. Their membership was 32,734. They obtained during the year 550 acres of land for joint cultivation in addition to 31,874 acres held at the beginning of the year. The societies gave up 318 acres of land during the year, and there were 32,106 acres of land in the enjoyment of members at the close of the year. Land revenue collected from members and that paid to Government were Rs. 1,36,023 and Rs. 1,36,323 respectively. A sum of Rs. 261 was collected from members and paid to owners of land towards the lease amount. The members of these societies had in their enjoyment on the last day of the year 12,112 house-sites and 10,308 houses constructed on them. The societies advanced loans to members to the extent of Rs. 55,605 during the year and collected Rs. 42,480 as against Rs. 15,526 and Rs. 35,876 respectively in the previous year. A sum of Rs. 5·43 lakhs was outstanding against members at the close of the year.

The question of forming co-operative colonies for depressed classes to cultivate and own lands is under consideration.

45. *Women's Societies.*—There were two societies for women at the beginning of the year and 10 were registered during the year. Of these 12 societies, three did not start work before the close of the year. As most of the societies were started late in the year much progress has not yet been made. The Calicut Women's Thrift and Loan Society had a membership of 41 and a paid-up share capital of Rs. 177. The savings of members invested in the society were Rs. 109. The society purchased articles of the value of Rs. 64 for the domestic use of members and sold them for Rs. 67. The society worked at a small profit for the year. The Calicut Cottage Industries Society sold the envelopes made by members and realized Rs. 78. The question of starting a dairy farm on a small scale is under the consideration of this society. The Cannanore Women's Store in Malabar made a good start during the year. It sold articles of the value of Rs. 1,853 and made a net profit of Rs. 91. The Mangalore Ladies' Thrift and Loan Society had 21 members on its rolls with a paid-up share capital of Rs. 28. The members invested in the society Rs. 64 as thrift deposits and also purchased through the society cloth of the value of Rs. 31. The two women organisers sanctioned in G.O. No. 147, Dev., dated 1st February 1936 attended to the organisation and supervision of the societies in Malabar and South Kanara. Since the close of the year a woman organiser for the Madras City has been appointed.

The 12th Conference of Registrars of Co-operative Societies held at New Delhi in December 1936 considered that there was a great need for spreading the co-operative movement amongst women for the encouragement of thrift and their general welfare and that necessary steps should be taken in the matter. The progress so far made in this Presidency in popularising the movement amongst women is inadequate. I have asked the Deputy Registrars to explore all possibilities of organising women's societies in their districts. Investigations are being made to see whether any of the cottage industries now carried on by women can be done through the help of co-operative societies. I am sure that women's societies will not flourish if organised for thrift alone. After a tour of the West Coast I was convinced that women's societies would flourish there and I have asked Government for a full-time Inspectress in place of the woman organiser who cannot do enough in her spare time.

46. *General.*—There is a certain amount of criticism against the movement that it has not been helpful to the poorer people. In a sense this may be true, as co-operation is not charity but business. But put in this extreme form, the charge cannot be sustained for the following reasons:—

(*a*) During 1936–37, 1,90,995 loans aggregating Rs. 50 lakhs were issued for Rs. 50 and less and 63,489 loans for a total sum of Rs. 54 lakhs for sums between Rs. 50 and Rs. 100. Thus, a crore of rupees was disbursed as small loans. It is generally the poorer members who require such small amounts. These small loans formed a tenth of the total amount disbursed in agricultural societies and one-eighth in non-agricultural societies.

(*b*) It may be safely presumed that the members of depressed classes societies are very poor. There were 117,921 members in such societies on 30th June 1937 in depressed classes societies only.

(*c*) Yet another proof of the fact that societies do not neglect the poorer class of citizens is afforded by the fact that on 30th June 1937 there were 55,764 tenants and 43,430 field labourers in agricultural societies.

(*d*) Four municipal societies exclusively for inferior employees bought on the whole cloth and foodstuffs for Rs. 20,457 and effected a saving Rs. 597.

(*e*) It must not be difficult for the poorer members to join societies as the share capital in primary societies is payable only in small instalments and this has been purposely done from the earliest days.

47. *Conclusion.*—Before I conclude I wish to offer my remarks on the agitation that is going on in some quarters against the so-called increasing officialisation of the movement. The Co-operative Movement is essentially a non-official movement and this ideal is always held prominently in view, and I for one shall welcome the day when it will be possible to entrust supervision to non-officials entirely. But I do not see any contradiction between non-official control and the existence of a paid executive staff to carry on the day-to-day routine business of a bank A recognition of this principle should easily disarm a great deal of adverse criticism against the appointments of departmental officers as Secretaries or Executive Officers of a bank. The department has been deputing officers only when requests are received for deputation, and where the banks were not disposed to take in men, the point has never been pressed. The deputation of officers has resulted in all cases in a better systematisation of routine work, stricter control over the office and executive staff and improved collections. Exception is also taken to certain recent amendments of the Act like the amendment of

Section 51 providing for disputes between societies and ex-office-bearers. While there has been strong opposition to this amendment, it must be remembered that it was introduced to meet an admitted evil. Irresponsible panchayatdars have in some cases disbursed loans in contravention of all by-laws and the result has been the liquidation of the society, the enforcement of unlimited liability and sufferings for the solvent few. The section is a wholesome corrective against reckless and irresponsible management and should be welcomed by all co-operators. We have to conserve our strength and energy for such important problems as rural reconstruction, controlled credit, marketing and co-operative education, and here there is more than enough room for officials and non-officials to work side by side.

In conclusion, I wish to express my thanks to co-operators all over the Presidency for their unfailing courtesy extended to me and all my officers. I would particularly thank the leading journals and newspapers for their kind and helpful criticism of the movement and the department. The staff worked in general with commendable loyalty and enthusiasm.

During the year under review Government were pleased to confer the title of Rao Bahadur on my Joint Registrar M.R.Ry. M. Giriappa Avargal, B.A., in recognition of his services to the movement. The title of Rao Bahadur was conferred on M.R.Ry. P. N. Marthandam Pillai Avargal also, President of the Triplicane Urban Co-operative Society, as a fitting tribute to the head of that unique institution of Madras.

The relations with the other departments continued to be cordial.

I have the honour to be,

Sir,

Your most obedient servant,

T. AUSTIN,

Registrar.

APPENDICES

APPENDIX No. 1.—*General Summary of Progress of Co-operative Societies in* 1936-37.

SECTION I.—WORKING CAPITAL OF SOCIETIES ON 30TH JUNE 1937.

—	The Madras Provincial Co-operative Bank. (1).	The Madras Co-operative Central Land Mortgage Bank (1).	Central Banks (31).	Societies affiliated to Supervising Unions (279) (c).	Agricultural societies. Land Mortgage Banks (93).	Credit societies (other than Land Mortgage Banks) (10,471) (d).
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	RS.	RS.	RS.	RS.	RS.	RS.
Share capital	6,63,950 (a)	5,34,300	50,40,658 (a)	..	8,63,407	52,01,381
Deposits from members ..	91,42,035		2,47,12,463		99,418	8,00,447
Loans from other societies.	78,75,666	76,875	1,40,43,497	..	1,12,46,806	2,52,71,840
Loans and deposits of non-members (individuals) ...		(b) 1,13,63,394	...	...	2,70,033	17,10,368
Loans from Government .	..	...		.	24,000	3,32,283
Reserve fund	16,00,000	1,12,715	32,34,279	...	77,562	75,09,334
Other funds	6,09,304	58,204	29,48,519	...	24,759	21,98,312
Total working capital on 30th June 1937	1,98,90,955	1,21,45,188	4,99,79,416	4,92,60,937	1,26,05,985	4,30,23,965
Total working capital on 30th June 1936	1,95,64,979	89,09,463	5,01,42,835	4,91,09,825	91,18,668	4,53,95,361
Divisible profits	1,97,722	64,422	4,39,934	..	65,920	6,36,777
Loss unrecouped	...	...	25,392	..	9,225	19,00,922
Reserve fund including additions to be made as per account of 1936-37 ...	16,49,430	1,28,821	33,41,509	...	93,730	78,33,752
Value of goods purchased as owner	...	...	...	...	...	...
Value of goods sold as owner	...	...	...	...	...	...
Value of goods purchased as agent	...	...	...	...	...	...
Value of goods sold as agent	...	...	...	...	...	...

—	Agricultural societies. Purchase and production (150) (e).	Others (351) (f).	Total of Agricultural societies.	Non-agricultural societies. Credit (1,050) (g).	Purchase and production (240) (h).	Others (197). (i)	Total of Non-agricultural societies.	Total, 1936-37	Total, 1935-36.
(1)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Share capital	2,75,929	2,96,442	66,37,159	85,56,843	3,32,919	10,23,190	99,12,952	2,27,89,019	2,29,33,147
Deposits from members	29,973	8,42,552	17,72,390	91,91,881	61,935	97,307	93,51,123	4,49,78,011	4,68,23,443
Loans from other societies.	15,74,710	16,62,057	3,97,55,413	24,86,730	3,97,562	1,77,947	30,62,239	6,48,13,690	6,15,51,762
Loans and deposits of non-members (individuals)	1,10,760	13,389	21,04,550	1,13,80,951	1,20,710	1,29,316	1,16,30,977	2,50,98,921	2,08,95,679
Loans from Government	10,000	1,28,785	4,95,068	30,775	...	14,80,995	15,11,770	20,06,838	21,01,248
Reserve fund	65,747	37,830	76,90,473	34,97,743	2,40,368	2,42,288	39,80,399	1,66,17,866	1,60,59,649
Other funds	74,177	54,868	23,52,116	19,90,746	1,47,704	7,82,019	29,20,469	88,88,612	60,15,217
Total working capital on 30th June 1937	21,41,296	30,35,923	6,08,07,169	3,71,35,669	13,01,198	39,33,062	4,23,69,929	18,51,92,957	...
Total working capital on 30th June 1936	12,03,414	27,32,685	5,84,50,128	3,47,00,163	15,47,616	30,64,961	3,93,12,740	...	17,63 80,145
Divisible profits	39,599	10,108	7,52,404	8,11,127	66,241	74,826	9,52,194	24,06,676	26,90,217
Loss unrecouped	20,328	4,24,989	23,55,464	1,04,013	1,58,708	24,622	2,87,343	26,68,199	25,03,557
Reserve fund including additions to be made as per account of 1936-37	77,433	41,366	80,46,281	37,02,299	2,52,275	2,64,650	42,19,224	1,73,88,265	1,69,12,050
Value of goods purchased as owner	2,53,052	..	2,53,052	...	20,80,431	..	20,80,431	23,33,483	27,01,160
Value of goods sold as owner	2,98,108	.	2,98,108	...	22,15,527	...	22,15,527	25,13,635	26,35,851
Value of goods purchased as agent	35,71,114	...	35,71,114	...	1,32,365	...	1,32,365	37,03,479	1,74,757
Value of goods sold as agent	32,34,951	...	32,34,951	...	1,49,766	..	1,49,766	33,84,717	17,15,846

(a) Includes deposits of non-members.
(b) Includes debentures.
(c) Includes the Madras Provincial Co-operative Union, 2 Language Federations, 5 Training Institutes. 8 Audit Unions and 1 Federation of Unions.
(d) Excludes 28 societies not started.

(e) Excludes 10 societies not started.
(f) Excludes 4 societies not started.
(g) Excludes 7 societies not started.
(h) Excludes 8 societies not started.
(i) Excludes 3 societies not started.

SECTION II.—DEMAND, COLLECTION AND BALANCE OF PRINCIPAL AND INTEREST DUE TO SOCIETIES IN 1936-37.

1936-37.	Demand. Provincial and Central Banks.	Demand. Agricultural.	Demand. Non-agricultural.	Demand. Total.	Collection. Provincial and Central Banks.	Collection. Agricultural.	Collection. Non-agricultural.	Collection. Total.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Principal including arrears	2,70,33,322	3,09,76,472	2,89,99,113	8,70,08,907	(a) 1,47,98,332	(b) 1,27,72,636	(c) 2,26,48,512	5,02,19,480
Interest due in previous years (arrear interest).	3,85,882	57,53,881	13,11,346	74,51,109	2,40,014	15,83,575	5,12,517	23,36,106
Interest due in 1936-37 (current interest) ...	23,59,421	33,19,370	23,78,638	80,57,429	21,53,375	18,75,879	19,17,212	59,46,466

1936-37.	Balance. Provincial and Central Banks.	Balance. Agricultural.	Balance. Non-agricultural.	Balance. Total.	Percentage of balance to demand. Provincial and Central Banks.	Percentage of balance to demand. Agricultural.	Percentage of balance to demand. Non-agricultural.
(1)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RS.	RS.	RS.	RS.			
Principal including arrears	1,22,34,990	1,82,03,836	63,50,601	3,67,89,427	45·26	58·76	21·90
Interest due in previous years (arrear interest).	1,45,868	41,70,306	7,98,829	51,15,003	37·80	72·48	60·92
Interest due in 1936-37 (current interest)	2,06,046	14,43,491	4,61,426	21,10,963	8·73	43·49	19·40

(a) Includes extension for Rs. 5,73,510. (b) Includes extension for Rs. 2,00,646. (c) Includes extension for Rs. 2,21,220.

SECTION III.—DEMAND, COLLECTION AND BALANCE OF PRINCIPAL AND INTEREST DUE TO SOCIETIES IN 1935-36.

1935-36.	Demand.				Collection.			
	Provincial and Central Banks.	Agricultural.	Non-agricultural.	Total.	Provincial and Central Banks.	Agricultural.	Non-agricultural.	Total.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal including arrears ...	2,86,16,553	3,20,59,084	2,91,85,402	8,98,61,039	1,38,53,316(*a*)	1,11,07,987(*b*)	2,24,03,327(*c*)	4,73,64,630
Interest due in previous years (arrear interest) ...	5,14,109	75,54,042	13,74,678	94,42,829	2,81,012	21,64,026	5,29,965	29,75,003
Interest due in 1935-36 (Current interest) ...	22,60,944	31,98,435	25,33,482	79,92,861	20,34,247	16,75,281	20,10,737	57,20,265

1935-36.	Balance.				Percentage of balance to demand.		
	Provincial and Central Banks.	Agricultural.	Non-agricultural.	Total.	Provincial and Central Banks.	Agricultural.	Non-agricultural.
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Rs.	Rs.	Rs.	Rs.			
Principal including arrears ...	1,47,63,237	2,09,51,097	67,82,075	4,21,96,409	51·59	65·35	23·24
Interest due in previous years (arrear interest) ...	2,33,097	53,90,016	8,44,713	64,67,826	45·34	71·35	61·45
Interest due in 1935-36 (Current interest) ...	2,26,697	15,23,154	5,22,745	22,72,596	10·03	47·62	20·63

Includes extension (*a*) for Rs. 4,89,807, (*b*) for Rs. 2,65,904 and (*c*) for Rs. 1,79,617.

APPENDIX No. 2.

Synopsis of Loans in Agricultural and Non-Agricultural Societies (other than Central Banks) in 1936-37 *and* 1935-36.

APPENDIX No. 2.—*Synopsis of Loans in Agricultural and Non-*

Loans.	Agricultural, 1936-37. Amount.	Agricultural, 1936-37. Percentage.	Agricultural, 1935-36. Amount.	Agricultural, 1935-36. Percentage.	Non-agricultural, 1936-37. Amount.	Non-agricultural, 1936-37. Percentage.	Non-agricultural, 1935-36. Amount.	Non-agricultural, 1935-36. Percentage.
A.—LOANS ISSUED DURING THE YEAR CLASSIFIED ACCORDING TO (1) PURPOSE AND (2) VALUE.								
(1) PURPOSE.	RS.		RS.		RS.		RS.	
For cultivation expenses.	28,82,702	17·70	21,42,264	14·45	3,75,065	1·48	7,10,219	2·74
For purchase of cattle ...	8,07,958	4·96	8,28,738	5·50	1,40,602	0·55	1,41,523	0·55
For payment of kist ...	12,25,279	7·52	9,52,763	6·40	76,767	0·30	1,47,295	0·57
For improvement of lands	6,36,032	3·90	7,22,806	4·81	1,50,853	0·60	2,30,061	0·89
For purchase of raw materials ...	1,33,921	0·82	80,788	0·54	1,96,586	0·78	1,49,503	0·58
For trade	16,19,173	9·94	16,58,998	11·19	33,01,626	13·02	33,55,172	12·94
For education	14,011	0·09	25,331	0·17	3,43,692	1·36	2,14,838	0·83
For building, buying or repairing of houses	4,31,875	2·67	4,47,910	3·22	20,10,202	7·93	20,98,373	8·09
For manufacture and purchase of country carts	30,936	0·19	56,720	0·38	28,619	0·11	90,063	0·35
For purchase of lands ...	3,62,222	2·22	3,54,147	2·39	3,21,570	1·27	3,01,401	1·16
For purchase of food and necessaries of life .	10,47,444	6·43	8,19,614	5·53	54,96,822	21·69	54,15,983	20·89
Total, loans for productive purposes ...	91,94,553	56·44	80,90,079	54·58	1,24,42,404	49·09	1,28,54,434	49·59
For paying off prior debts	69,13,083	42·44	65,38,021	44·11	85,28,578	33·64	91,65,277	35·35
For marriages	1,03,315	0·64	1,06,765	0·72	31,61,482	12·47	26,61,171	10·27
For other ceremonies ...	23,426	0·14	21,803	0·15	4,62,965	1·83	4,70,748	1·82
For litigation and other non-productive purposes	55,394	0·34	65,343	0·44	7,53,595	2·97	7,71,166	2·97
Total, loans for non-productive purposes.	1,82,135	1·12	1,93,911	1·31	43,78,042	17·27	39,03,085	15·06
Grand total ...	1,62,89,771	100·00	1,48,22,011	100·00	2,53,49,024	100·00	2,59,22,796	100·00
(2) VALUE.								
Loans not exceeding Rs. 50	17,39,629	10·68	15,85,341	10·70	32,91,082	12·98	30,40,084	11·73
Loans exceeding Rs. 50, but not exceeding Rs. 100	17,63,546	10·83	17,01,040	11·48	36,74,777	14·50	38,72,935	14·94
Loans exceeding Rs. 100, but not exceeding Rs. 250	28,30,439	17·37	26,77,008	18·06	55,00,316	21·70	56,76,794	21·90
Loans exceeding Rs. 250.	99,56,157	61·12	88,58,622	59·76	1,28,82,849	50·82	1,33,32,983	51·43
Total ...	1,62,89,771	100·00	1,48,22,011	100·00	2,53,49,024	100·00	2,59,22,796	100·00

Agricultural Societies (other than Central Banks) in 1936-37 *and* 1935-36.

Loans.	Agricultural, 1936-37. Amount.	Agricultural, 1936-37. Percentage.	Agricultural, 1935-36. Amount.	Agricultural, 1935-36. Percentage.	Non-agricultural, 1936-37. Amount.	Non-agricultural, 1936-37. Percentage.	Non-agricultural, 1935-36. Amount.	Non-agricultural, 1935-36. Percentage.
B.—LOANS OUTSTANDING AGAINST MEMBERS AT THE END OF THE YEAR CLASSIFIED ACCORDING TO (1) SECURITY AND (2) PERIOD.								
(1) SECURITY.	RS.		RS.		RS.		RS.	
1. Loans on security of deposits	43,369	0·09	56,879	0·13	12,23,196	3·87	10,87,178	3·47
2. Loans on pledge of movables—								
(a) Jewels ..	3,266		6,204		1,17,726		1,09,665	
(b) Standing crops.	74,295		1,20,979		1,350		6,500	
(c) Produce and finished products	20,33,042		13,16,764		21,837		3,99,448	
Total movables (a + b + c)	21,10,603	4·59	14,43,947	3·22	1,40,913	0·45	5,15,613	1·65
3. Loans on mortgage of immovable properties .	2,98,20,211	64·78	2,73,24,323	61·08	1,08,55,107	34·32	1,07,13,965	34·24
4. Loans on the joint security of one or more members ..	1,38,39,364	30·06	1,56,74,474	35·03	1,81,94,955	57·53	1,79,04,761	57·21
5. Loans on simple bond of borrowers.	2,22,984	0·48	2,41,102	0·54	12,11,851	3·83	10,72,447	3·43
Total (1 + 2 + 3 + 4 + 5)	4,60,36,531	100·00	4,47,40,725	100·00	3,16,26,022	100·00	3,12,93,964	100·00
(2) PERIOD.								
Loans not exceeding one year	1,10,20,409	23·94	1,12,09,665	25·06	55,72,961	17·62	55,38,355	17·70
Loans exceeding one year, but not exceeding two years ..	18,71,322	4·07	22,81,874	5·01	90,17,228	28·51	91,71,549	29·31
Loans exceeding two years, but not exceeding five years ...	1,59,71,979	34·69	1,66,59,908	37·24	1,21,29,593	38·36	1,13,97,514	36·42
Loans exceeding five years	1,71,72,821	37·30	1,45,89,278	32·69	49,06,240	15·51	51,86,546	16·57
Total ...	4,60,36,531	100·00	4,47,40,725	100·00	3,16,26,022	100·00	3,12,93,964	100·00

Appendix No. 3—Section I (*a*).—*Demand, Balance and Percentage of Loans due by land mortgage banks to the Madras Co-operative Central Land Mortgage Bank and others*, 1936–37—Nil.

Appendix No. 3—Section I (*b*).—*Demand, Balance and Percentage of Loans due by Agricultural credit (excluding land mortgage banks) and Non-agricultural credit societies to Central Banks and others*, 1936–37.

District.	Principal. Long term. Demand.	Principal. Long term. Balance.	Principal. Long term. Percentage.	Principal. Short term. Demand.	Principal. Short term. Balance.	Principal. Short term. Percentage.	Interest. Demand.	Interest. Balance.	Interest. Percentage.
	RS.	RS.		RS.	RS.		RS.	RS.	
Agricultural Societies.									
Anantapur	8,90,129	7,52,279	84·51	73,376	57,916	78·93	86,261	9,768	11·31
Arcot, North	12,54,402	9,36,629	74·67	1,44,117	83,640	58·04	1,35,025	15,175	11·24
Do. South	10,80,553	9,54,311	88·32	83,115	38,708	46·57	1,19,554	45,060	37·69
Bellary	7,04,291	6,05,719	86·00	95,253	63,469	66·63	1,00,917	36,849	36·52
Chingleput	14,18,447	11,32,708	79·85	1,47,807	16,641	11·26	1,41,984	32,782	23·09
Chittoor	4,93,621	4,26,478	86·39	19,370	10,836	55·94	50,099	14,531	29·00
Coimbatore	7,67,033	1,35,885	17·72	4,85,116	53,237	10·97	1,68,105	4,518	2·69
Cuddapah	3,94,632	3,64,550	92·38	34,313	29,102	84·81	75,035	47,833	63·74
Gōdāvari, East	4,09,410	1,96,425	47·99	13,22,476	5,71,321	43·20	1,42,133	16,338	11·48
Do. West	3,01,536	1,83,561	60·87	9,56,529	3,81,511	39·88	94,434	15,154	16·05
Guntūr	3,65,725	2,45,817	67·21	3,10,679	1,53,380	49·37	61,116	5,263	8·61
Kanara, South...	1,87,709	7,332	3·90	4,23,163	53,278	12·59	50,513	6,269	12·41
Kistna	2,90,212	1,64,171	56·57	7,65,151	2,11,859	27·68	73,561	1,865	2·53
Kurnool	5,10,470	4,36,827	85·57	32,563	18,149	55·73	57,921	22,530	38·90
Madras	...	...		...	...	...	...	...	...
Madura	5,41,301	2,44,815	45·22	1,72,180	16,106	9·35	77,959	14,817	19·00
Malabar	5,71,393	4,86,359	85·12	77,915	49,274	63·24	84,280	36,313	43·09
Nellore	3,21,690	2,37,830	73·93	4,19,711	2,01,474	48·00	65,676	22,783	34·69
Nilgiris, The	76,785	16,678	21·72	1,46,674	10,939	74·58	17,722	...	...
Ramnad	4,37,962	3,03,161	69·36	1,19,836	44,660	37·27	56,430	12,714	22·53
Salem	9,31,257	3,92,402	42·14	3,18,270	14,206	4·46	1,37,500	6,688	4·86

District.	Principal. Long term. Demand.	Principal. Long term. Balance.	Principal. Long term. Percentage.	Principal. Short term. Demand.	Principal. Short term. Balance.	Principal. Short term. Percentage.	Interest. Demand.	Interest. Balance.	Interest. Percentage.
Tanjore	11,60,365	8,59,987	74·11	3,11,966	57,270	18·36	1,68,823	55,675	32·98
Tinnevelly	1,83,730	84,153	45·80	3,12,635	42,906	13·72	45,827	2,315	5·05
Trichinopoly	10,09,894	4,06,010	40·20	4,54,417	12,195	2·68	1,43,770	10,564	7·35
Vizagapatam	2,66,570	1,91,402	71·80	9,04,279	4,20,707	46·52	1,14,739	13,011	11·34
Total ...	1,45,68,217	97,65,489	67·03	81,31,041	26,12,784	32·13	22,69,384	4,48,815	19·78
Non-agricultural Societies.									
Anantapur	2,02,198	6,545	3·24	5,34,004	868	0·16	31,214	197	0·63
Arcot, North	1,55,018	5,883	3·79	10,89,176	664	0·06	29,935	946	3·16
Do. South	2,11,060	40,725	19·29	7,05,180	3,241	0·46	32,564	1,904	5·85
Bellary	84,905	12,844	15·13	51,609	5,748	11·14	12,845	2,179	16·97
Chingleput	5,35,791	21,572	4·03	1,78,736	...	...	40,116	533	1·33
Chittoor	15,690	6,751	43·03	16,57,107	1,540	0·09	33,949	459	1·06
Coimbatore	3,07,562	5,123	16·07	37,94,618	8,920	0·24	58,425	371	0·64
Cuddapah	90,335	21,141	23·40	3,53,641	3,611	1·02	15,235	2,127	13·96
Gōdāvari, East	23,029	5,968	25·92	2,80,234	14,326	5·11	20,306	2,070	10·19
Do. West	21,025	120	0·57	59,449	4,616	7·76	5,447	528	9·69
Guntūr	46,288	3,781	8·17	2,58,858	30,617	11·83	13,662	2,808	20·55
Kanara, South	98,174	2,037	2·07	8,93,911	12,303	1·38	37,958	1,608	4·24
Kistna	65,580	789	1·20	4,66,613	8,741	1·87	6,910	228	3·29
Kurnool	49,923	5,158	10·33	46,274	4,268	9·15	14,075	4,997	35·50
Madras	10,84,898	57,312	5·28	29,19,074	1,541	0·05	2,75,849	8,784	3·18
Madura...	1,88,393	2,593	1·38	25,95,967	2,27,198	8·75	73,325	12,626	17·22
Malabar	23,261	10,860	46·68	60,435	2,949	4·88	12,827	3,594	28·02
Nellore	59,101	30,783	52·08	1,90,679	2,390	1·25	15,368	2,097	13·65
Nilgiris, The	20,828	2,995	14·38	2,17,417	6,940	3·19	11,444	949	8·29
Ramnad	2,85,835	7,848	2·74	12,69,310	984	0·08	27,127	1,523	5·61
Salem	1,82,444	7,483	4·10	20,61,547	10,405	0·50	69,031	461	0·67
Tanjore	3,29,902	3,657	1·10	9,46,063	1,656	0·17	57,912	561	0·97
Tinnevelly	1,30,035	1,584	1·22	9,80,183	5,265	0·54	28,706	888	3·09
Trichinopoly	8,10,914	3, 05	0·39	11,53, 63	67	0·01	76,219	...	...
Vizagapatam	1,36,784	7,649	5·59	11,28,887	29,369	2·60	42,023	1,601	38·10
Total ...	51,58,973	2,74,406	5·32	2,38,92,265	3,88,207	1·62	10,42,522	54,039	5·19

Appendix No. 3—Section II.—*Percentage of overdues by primary societies to individual Central Banks towards principal, arrear interest and current interest for* 1936–37.

Serial number.	Name of the Bank.	Percentage of principal overdue to demand. Long term.	Short term.	Percentage of overdue arrear interest to demand.	Percentage of overdue current interest to demand.
1	Anantapur District Co-operative Central Bank, Anantapur.	81·26	35·67	32·99	5·81
2	Arcot (North) District Co-operative Central Bank, Vellore.	72·14	48·53	25·38	6·73
3	Arcot (South) District Co-operative Central Bank, Cuddalore.	86·19	40·59	61·70	9·17
4	Bellary District—Hospet Co-operative Central Bank.	73·07	56·91	18·40	10·79
5	Chingleput District—Co-operative Central Bank, Conjeeveram.	82·59	9·08	70·46	10·86
6	Chittoor District — Co-operative Central Bank, Chittoor.	83·13	29·16	52·26	17·29
7	Coimbatore District Urban Bank, Coimbatore.	17·04	8·06	37·45	1·48
8	Cuddapah District Co-operative Central Bank, Cuddapah.	78·76	69·11	68·69	25·85
	Gōdāvari, East District—				
9	District Co-operative Bank, Cocanada.	79·07	52·48	9·32	17·90
10	Rajahmundry Co-operative Central Bank, Rajahmundry.	43·91	15·03	66·14	2·39
11	Ramachandrapuram Co-operative Central Bank, Ramachandrapuram.	38·40	18·52	2·36	9·33
12	Sree Konaseema Co-operative Central Bank, Amalapuram.	47·87	39·94	...	0·90
13	Gōdāvari, West District Co-operative Central Bank, Ellore.	66·31	38·49	87·50	17·90
14	Guntūr District Co-operative Central Bank, Tenali.	63·04	48·63	46·35	0·12
15	Kanara (South) District Central Co-operative Bank, Mangalore.	8·56	18·78	2·02	1·36
	Kistna District—				
16	Krishna Co-operative Bank, Masulipatam.	62·10	18·57	2·60	1·84
17	Viziavada Co-operative Central Bank, Bezwada.	22·52	15·31	...	0·22
18	Kurnool District Co-operative Central Bank, Kurnool.	77·63	34·83	17·43	8·56
	Madras District—				
19	Christian Central Co-operative Bank.	58·45	58·69	50·00	50·00
20	District Co-operative Central Bank.	17·83	1·35	44·00	3·80
21	Madura-Ramnad Central Co-operative Bank, Madura.	50·87	59·69	37·77	13·59
22	Malabar District Co-operative Bank, Calicut.	79·64	57·31	67·07	23·58
23	Nellore District Co-operative Banking Union, Nellore.	67·78	30·46	28·69	17·37

Appendix No. 3—Section II.—*Percentage of overdues by primary societies to individual Central Banks towards principal, arrear interest and current interest for* 1936–37—*cont.*

Serial number.	Name of the Bank.	Percentage of principal overdue to demand. Long term.	Short term.	Percentage of overdue arrear interest to demand.	Percentage of overdue current interest to demand.
	Ramnad District—				
24	Srivilliputtur Banking Union, Srivilliputtur.	71·98	70·66	40·18	7·84
25	Salem District Urban Bank, Salem.	42·40	8·84	11·92	0·44
	Tanjore District—				
26	Co-operative Central Bank, Kumbakōnam.	65·48	36·12	63·27	7·68
27	Co-operative Central Bank, Tanjore.	84·08	12·98	81·29	20·58
28	Tinnevelly District Co-operative Banking Union, Tinnevelly.	43·15	12·72	17·42	1·66
29	Trichinopoly District Urban Bank, Trichinopoly.	45·74	4·40	63·65	2·35
	Vizagapatam District—				
30	Co-operative Central Bank, Vizianagaram.	36·89	32·87	24·58	0·06
31	Chicacole Co-operative Central Bank, Chicacole.	78·68	79·62	34·69	16·56

APPENDIX No. 4—SECTION I (*a*).—*Demand, balance and percentage of loans due by members to Land Mortgage Banks*, 1936–37.

District.	Principal. Demand.	Balance.	Percentage of balance to demand.
	RS.	RS.	
Anantapur	1,219	389	31·91
Arcot, North	15,195	418	2·95
Do. South	11,455	508	4·43
Bellary	836	...	...
Chingleput	31,508	6,563	20·83
Coimbatore	62,302	2,630	4·22
Cuddapah	26	...	...
Gōdāvari, East	82,732	14,921	18·34
Do. West	46,955	73	0·16
Guntūr	11,273	...	...
Kistna	95,313	30,941	32·46
Kurnool	49	...	...
Madura	9,626	429	4·46
Nellore	13,989	280	2·00
Ramnad	1,973	...	...
Salem	3,022	...	...
Tanjore	59,735	9,249	15·48
Tinnevelly	955	...	...
Trichinopoly	22,810	1,302	5·71
Vizagapatam	10,415	360	3·46
Total ...	4,81,388	68,093	14·15

APPENDIX No. 4—SECTION I (*a*).—*Demand, balance and percentage of interest due by members to Land Mortgage Banks*, 1936–37—cont.

District.	Interest. Arrear. Demand.	Arrear. Balance.	Arrear. Percentage of balance to demand.	Current. Demand.	Current. Balance.	Current. Percentage of balance to demand.
	RS.	RS.		RS.	RS.	
Anantapur	...	...	...	2,075	...	...
Arcot, North	64	...	...	25,407	522	2·05
Do. South	259	...	...	17,505	447	2·55
Bellary	...	...	...	1,715	...	...
Chingleput	3,568	...	...	25,469	5,393	21·17
Chittoor	..	...	...	238	2	0·85
Coimbatore	1,871	...	...	91,381	2,347	2·57
Cuddapah	...	...	...	154	...	...
Gōdāvari, East	398	398	100·00	91,468	2,417	2·64
Do. West	114	...	...	67,276	1,126	1·67
Guntūr	.	...	...	18,773	...	...
Kistna	7,549	1,562	20·69	57,671	3,124	5·42
Kurnool	...	...	...	654	...	...
Madura	49	...	...	18,048	272	1·51
Nellore	...	...	...	14,254	35	0·25
Ramnad	...	...	...	1,360	...	...
Salem	...	...	...	5,764	...	...
Tanjore	3,074	...	...	64,794	3,186	4·92
Tinnevelly	...	...	...	2,096	...	...
Trichinopoly	1,861	110	5·90	21,449	184	0·87
Vizagapatam	50	50	100·00	19,719	645	3·27
Total ...	18,857	2,120	11·24	5,47,270	19,700	3·60

APPENDIX No. 4—SECTION I (*b*).

Demand, balance and percentage of loans due by members to Agricultural credit (excluding land mortgage banks) and Non-agricultural credit societies, 1935–1936 *and* 1936–37.

APPENDIX NO. 4—SECTION I (*b*).—*Demand, balance and percentage of loans due by members to Agricultural credit (excluding land mortgage banks) and Non-agricultural credit societies, 1935–36 and 1936–37.*

District.	Out of principal.											
	1935–36.						1936–37.					
	Long term.			Short term.			Long term.			Short term.		
	Demand.	Balance.	Percentage of balance to demand.	Demand.	Balance.	Percentage of balance to demand.	Demand.	Balance.	Percentage of balance to demand.	Demand.	Balance.	Percentage of balance to demand.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Agricultural Societies.	RS.	RS.		RS.	RS.		RS.	RS.		RS.	RS.	
Anantapur	9,84,898	8,56,313	87·93	1,28,175	1,10,506	86·11	9,75,710	8,09,426	82·96	1,14,599	92,449	80·67
Arcot, North	15,08,493	12,58,666	83·43	3,11,283	2,57,316	82·66	14,79,452	11,36,841	76·84	3,13,838	2,28,886	72·93
Do. South	12,26,920	10,88,284	88·74	1,53,055	97,798	63·89	11,13,497	9,63,946	86·57	1,37,790	83,080	60·29
Bellary	7,89,140	7,23,448	91·76	1,00,235	71,185	71·18	7,31,508	6,60,892	90·35	78,448	60,170	76·70
Chingleput	19,14,802	15,73,935	82·19	1,39,725	87,600	62·69	17,72,476	14,62,203	82·49	1,31,867	78,551	59·57
Chittoor	5,06,809	4,48,905	88·57	37,445	32,376	87·49	4,83,727	4,07,467	84·23	36,862	32,144	87·20
Coimbatore	9,85,047	4,84,762	49·11	3,88,135	1,31,867	34·44	11,64,012	5,14,100	44·17	5,71,216	1,72,566	30·21
Cuddapah	3,88,466	3,56,886	91·84	64,734	51,678	79·83	3,84,139	3,40,125	88·54	58,459	48,328	82·67
Ganjām	6,07,492	4,86,934	81·54	4,62,712	3,86,865	83·68	...	...	...	...	...	...
Gōdāvari, East	6,62,843	4,31,348	65·08	14,97,043	9,54,534	63·76	5,86,643	3,91,154	66·68	14,73,738	8,37,089	56·80
Do. West	4,09,844	2,67,894	65·38	11,07,421	5,33,851	48·26	3,17,970	2,06,929	65·08	11,29,475	5,18,921	45·94
Guntūr	5,27,521	3,79,209	71·88	7,65,944	3,75,214	51·62	4,17,669	2,83,825	67·95	4,31,089	2,70,383	62·72
Kanara, South	1,69,840	63,460	37·36	6,72,066	2,64,117	39·29	1,80,505	65,031	36·03	6,91,287	2,43,326	35·20
Kistna	4,37,099	3,06,577	71·39	9,38,558	4,42,087	47·12	3,62,337	2,37,170	65·46	9,50,214	3,77,266	39·70
Kurnool	5,56,208	4,61,013	83·64	77,986	63,641	81·65	5,07,952	4,34,116	85·46	61,556	51,490	83·65
Madras	...	...	...	...	...	...	...	...	...	...	...	...
Madura	8,67,386	5,85,266	67·46	2,32,221	78,838	33·94	8,44,158	5,21,854	61·82	2,24,927	75,473	33·55
Malabar	4,35,951	3,79,236	86·99	5,52,805	4,57,550	82·72	4,11,850	3,49,452	84·85	5,20,184	4,20,166	80·77
Nellore	3,42,347	2,61,240	76·35	5,11,324	2,91,900	57·87	3,22,368	2,44,113	75·72	5,52,915	3,10,231	56·11
Nilgiris, The	1,03,518	63,329	51·11	1,51,580	31,781	20·96	1,28,812	65,257	50·66	1,61,258	30,710	19·04
Ramnad	5,26,507	4,19,000	79·13	87,777	58,509	66·65	4,91,556	3,55,683	72·36	1,03,260	62,019	60·06
Salem	12,23,369	7,83,255	64·14	2,85,312	1,20,242	42·14	12,64,499	7,29,203	57·67	3,04,201	99,302	32·64
Tanjore	16,62,844	12,84,454	77·24	3,98,460	2,25,056	56·48	14,72,539	11,60,951	78·84	4,15,266	2,13,503	51·41
Tinnevelly	2,84,195	1,66,274	58·57	2,77,541	99,217	35·64	2,82,321	1,48,562	52·60	3,36,502	1,03,335	30·71
Trichinopoly	17,67,472	10,37,663	58·79	4,85,390	1,57,495	32·44	13,89,110	7,89,383	56·83	4,79,687	1,32,854	27·69
Vizagapatam	3,30,124	2,45,277	74·29	12,11,760	7,36,240	60·76	3,13,934	2,19,154	69·81	10,92,301	5,75,920	52·73
Total ...	1,92,18,935	1,44,12,628	74·99	1,08,38,717	61,17,463	56·44	1,73,98,744	1,24,96,777	71·83	1,03,70,939	51,18,162	49·35
Non-agricultural Societies.												
Anantapur	3,73,690	1,37,723	36·86	1,51,308	14,046	9·28	4,34,477	1,77,924	40·95	2,05,592	20,398	9·92
Arcot, North	5,78,987	1,16,595	20·14	1,51,295	5,840	3·86	6,22,846	1,18,841	19·08	2,23,998	6,692	2·99
Do. South	5,22,219	2,30,258	44·09	97,752	16,188	16·56	4,79,660	2,03,460	42·42	88,329	12,216	13·83
Bellary	2,73,189	1,10,077	40·29	42,933	8,000	18·60	2,70,330	1,14,777	42·46	48,176	8,958	18·59
Chingleput	7,53,012	3,16,833	42·98	1,02,803	8,700	8·46	7,09,891	2,79,260	39·34	86,566	12,291	14·20
Chittoor	5,51,007	2,81,836	51·15	1,92,893	23,122	11·90	6,04,850	2,58,145	42·68	1,99,924	32,626	16·32
Coimbatore	7,47,218	1,76,414	23·61	4,85,090	1,01,457	20·92	8,17,183	2,16,369	26·48	4,04,876	74,282	18·35
Cuddapah	2,72,361	1,01,632	37·31	1,00,409	26,383	26·28	2,63,626	1,10,899	42·07	1,18,102	37,934	32·12
Ganjām	2,77,848	1,26,383	45·49	1,04,060	27,596	26·53	...	...	...	...	...	...
Gōdāvari, East	2,47,315	73,936	29·89	2,95,573	1,12,818	38·17	2,63,388	1,06,917	40·59	2,94,152	1,20,773	41·06
Do. West	19,493	6,502	33·95	1,28,486	52,641	40·98	20,993	4,857	23·14	1,19,450	27,524	23·04
Guntūr	1,23,610	54,192	43·84	1,93,475	70,714	36·55	1,33,773	60,401	45·15	1,79,218	58,162	32·45
Kanara, South	4,22,582	89,739	21·25	6,65,486	1,24,232	18·67	4,53,218	1,05,631	23·28	6,20,267	1,04,873	16·91
Kistna	1,48,329	65,957	44·42	3,12,576	1,32,700	42·45	1,58,098	66,433	42·02	2,72,366	82,531	30·30
Kurnool	1,78,656	77,250	43·24	29,671	8,008	27·00	1,84,586	67,664	36·66	33,194	9,430	28·41
Madras	74,81,435	7,88,621	10·54	8,73,342	27,160	3·19	76,13,171	7,21,013	9·47	9,25,957	41,492	4·48
Madura	6,54,626	2,19,811	33·58	10,26,461	5,45,389	53·13	7,58,616	2,46,077	32·44	10,73,081	5,21,663	48·61
Malabar	1,98,268	97,157	49·01	1,53,566	54,427	35·44	1,99,878	98,015	49·08	1,82,771	56,136	30·71
Nellore	3,39,777	1,67,535	49·31	1,08,252	15,934	14·72	3,54,261	1,80,274	50·89	1,33,112	21,813	16·39
Nilgiris, The	2,41,079	59,399	24·64	58,798	11,280	19·19	2,25,520	48,166	21·36	51,822	8,286	15·99
Ramnad	3,67,427	1,59,638	43·45	2,84,211	61,561	21·66	3,94,034	1,74,627	44·32	3,32,892	89,262	26·81
Salem	7,16,080	1,17,076	16·35	8,53,873	86,370	10·10	6,74,032	1,26,087	18·71	9,54,633	1,13,000	11·84
Tanjore	10,21,458	4,30,247	42·12	4,17,321	1,14,086	27·34	9,45,009	3,65,327	38·66	3,74,070	1,06,329	28·43
Tinnevelly	5,88,400	1,38,500	23·54	1,97,619	36,736	18·59	6,13,625	1,45,222	23·67	1,93,279	32,432	16·78
Trichinopoly	23,04,743	1,88,553	8·18	6,10,900	1,12,092	18·35	23,60,817	1,67,679	7·10	4,18,700	54,062	12·91
Vizagapatam	5,54,321	1,92,558	34·74	7,12,502	1,19,436	16·76	5,61,437	1,82,176	32·45	7,20,936	1,26,373	17·53
Total ...	1,99,57,130	45,24,422	22·67	83,50,655	19,16,916	22·96	2,01,17,359	43,46,241	21·60	82,55,463	17,79,538	21·56

APPENDIX No. 4—SECTION I (*b*).—*Demand, balance and percentage of interest due by members to Agricultural credit (excluding land mortgage banks) and Non-agricultural credit societies,* 1935–36 *and* 1936–37—*cont.*

Districts.	Out of interest overdue at the end of the previous year (arrears).						Out of interest accrued and fallen due during the year (current).					
	1935–36.			1936–37.			1935–36.			1936–37.		
	Demand.	Balance.	Percentage.	Demand.	Balance.	Percentage.	Demand.	Balance.	Percentage.	Demand.	Balance.	Percentage.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Agricultural Societies.	RS.	RS.		RS.	RS.		RS.	RS.		RS.	RS.	
Anantapur	4,05,313	3,72,356	91·86	3,29,916	2,20,566	66·85	1,07,564	81,975	76·22	1,02,195	80,406	78·68
Arcot, North	5,48,604	4,24,877	77·44	4,46,241	3,18,351	71·34	1,51,254	1,05,983	71·30	1,43,179	91,101	63·63
Do. South	5,67,269	4,35,379	76·74	3,85,904	3,09,342	80·16	1,11,439	93,369	83·79	99,660	82,873	83·16
Bellary	3,13,161	2,46,954	78·85	2,90,480	2,26,125	77·85	73,351	58,130	79·26	74,450	60,714	81·55
Chingleput	6,52,402	5,19,380	79·64	5,10,050	3,93,012	77·05	1,32,894	77,653	78·81	1,47,412	1,07,815	73·14
Chittoor	2,18,185	1,73,976	96·61	2,03,926	1,57,968	77·46	58,985	47,168	79·96	52,978	44,544	84·08
Coimbatore	2,51,042	1,70,544	67·93	2,00,651	1,36,207	67·88	1,71,777	45,981	26·76	2,51,195	63,982	25·47
Cuddapah	2,41,510	1,94,108	80·37	2,18,710	1,82,375	83·39	40,340	33,132	82·13	39,732	31,191	78·32
Ganjām	1,59,796	90,520	56·64	...	...	...	1,06,173	74,257	69·93	...	...	...
Gōdāvari, East ...	2,64,320	1,48,579	56·57	1,49,608	76,120	50·88	1,84,831	60,646	32·81	1,97,722	78,735	39·82
Do. West ...	2,38,023	1,49,256	63·12	2,08,573	1,48,748	71·32	1,17,113	55,001	47·81	94,653	38,432	40·60
Guntūr	3,35,497	1,85,251	55·81	1,79,848	1,06,838	59·45	61,394	43,746	71·25	62,552	42,047	67·22
Kanara, South ...	1,36,466	1,10,658	81·88	1,37,967	1,09,260	79·19	77,222	31,677	41·77	84,791	35,933	42·38
Kistna	2,53,068	1,64,969	65·18	1,66,933	1,09,548	65·63	89,340	50,420	56·48	90,451	45,044	49·80
Kurnool	2,44,496	1,72,050	73·60	1,67,233	1,23,009	73·56	49,833	46,687	93·68	70,594	62,452	88·47
Madras	...	...	...	...	...	...	...	...	...	...	...	...
Madura	2,41,874	1,74,107	71·98	2,09,598	1,56,146	74·50	1,39,932	66,543	44·70	1,31,264	58,768	44·77
Malabar	3,68,062	2,91,582	79·22	3,00,546	2,35,090	78·22	1,09,594	92,282	84·23	89,374	75,085	84·01
Nellore	1,72,028	1,18,746	69·02	1,53,793	1,12,614	73·22	76,510	52,063	68·05	67,969	40,851	60·10
Nilgiris, The	51,375	40,568	61·72	44,381	29,790	67·12	20,074	5,755	21·66	31,032	11,004	35·46
Ramnad	2,34,129	1,89,488	80·94	2,08,682	1,65,382	79·25	79,146	58,074	73·37	63,373	41,016	64·72
Salem	2,29,833	1,31,417	57·17	1,86,340	1,14,983	61·70	1,77,609	65,454	36·29	1,82,206	55,039	30·21
Tanjore	7,25,194	5,58,912	77·76	5,34,216	4,17,430	78·14	2,04,570	1,08,524	53·43	1,88,310	1,21,827	64·70
Tinnevelly	1,06,327	68,910	64·89	71,194	44,682	62.76	52,505	21,236	44·40	56,079	18,881	33·67
Trichinopoly	4,07,908	2,56,418	62·86	2,83,631	1,87,705	66·18	1,78,335	64,010	35·89	1,81,740	50,068	27·55
Vizagapatam	1,15,306	67,360	58·42	103,179	60,492	58·63	1,27,522	43,573	34·22	1,41,339	32,157	22·75
Total ...	74,81,188	53,58,365	71·62	56,91,600	41,40,783	72·75	26,99,307	14,83,339	54·95	26,44,250	13,69,965	51·81
Non-agricultural Societies.												
Anantapur	37,762	21,711	57·40	33,892	20,070	59·22	49,099	11,358	23·13	46,897	11,494	24·51
Arcot, North	36,061	22,053	61·15	38,161	22,363	58·60	69,442	15,123	21·77	66,431	9,444	14·22
Do. South	88,498	63,589	71·85	79,664	58,628	73·59	58,122	18,799	32·34	52,226	6,169	11·81
Bellary	23,438	12,719	54·26	23,370	10,440	44·67	31,348	14,807	47·23	27,429	12,580	45·86
Chingleput	86,627	59,772	68·99	55,216	43,791	79·31	78,235	13,168	16·44	80,833	13,256	16·40
Chittoor	56,438	38,447	68·12	50,480	23,687	46·92	70,242	11,615	16·53	69,175	11,797	17·05
Coimbatore	43,428	22,744	52·37	36,487	23,143	63·43	1,15,198	21,192	18·39	1,28,288	13,314	10·38
Cuddapah	20,392	6,758	33·33	18,608	12,684	68·16	33,124	12,414	37·48	31,180	7,464	23·94
Ganjām	25,044	15,189	66·49	...	...	...	36,833	13,468	36·56	...	...	...
Gōdāvari, East ...	21,946	6,789	30·90	22,346	8,399	37·59	45,549	13,406	29·44	48,672	17,244	35·43
Do. West ...	11,185	6,659	59·53	11,718	3,195	27·27	11,861	3,897	32·85	7,426	3,185	42·89
Guntūr	51,741	27,520	53·18	37,769	25,861	68·47	24,429	12,551	51·37	27,439	12,957	47·22
Kanara, South ...	71,004	59,493	83·78	74,381	53,550	71·99	88,477	17,349	19·60	76,387	23,745	31·09
Kistna	34,875	18,913	54·22	32,461	17,918	55 20	33,898	14,155	42·38	31,223	12,594	40·34
Kurnool	17,753	11,549	65·53	19,343	10,107	52·25	23,209	8,334	35·98	20,883	6,238	29·87
Madras	1,66,036	1,21,301	73·57	1,84,211	1,21,463	65 94	6,58,888	49,350	7·48	6,12,590	66,193	10·81
Madura	1,37,736	95,332	69·21	1,38,666	83,480	60·20	1,39,135	61,157	43·95	1,22,418	57,052	46·60
Malabar	53,930	39,189	72·66	47,466	37,547	79·10	29,984	12,973	43·29	29,853	12,991	43·52
Nellore	36,994	21,969	59·38	40,340	23,013	57·05	39,123	19,353	49·46	36,524	22,302	60·22
Nilgiris, The	11,807	7,313	61·93	11,962	4,576	38·25	26,757	4,965	18·56	20,897	4,916	23·52
Ramnad	29,285	13,590	46·46	33,282	16,626	49·95	60,533	20,735	34·25	59,431	20,261	34·09
Salem	25,319	10,307	47·80	21,615	11,407	52·77	1,16,515	10,863	9·32	1,21,794	14,203	11·66
Tanjore	66,400	34,601	52·19	70,937	43,874	61·85	1,21,673	34,157	28·07	1,18,552	34,435	29·05
Tinnevelly	31,650	12,857	31·11	28,863	10,093	34·97	77,075	17,075	22·15	70,905	14,717	20·76
Trichinopoly	70,428	48,591	68·91	74,324	56,102	75·48	2,38,155	24,521	10·29	2,16,219	15,506	7·17
Vizagapatam	35,526	7,390	20·82	35,928	9,481	26·39	95,490	26,892	27·10	79,570	8,237	10·35
Total ...	12,91,303	8,06,345	62·43	12,21,490	7,51,498	61·52	23,72,394	4,83,677	20·40	22,03,242	4,32,294	19·62

Appendix No. 4—Section II—*Classification of Societies*, 1936–37.

District.	Thoroughly good societies. A	Societies with some defaulters and some mistakes in accounts. B	All other societies that do not come under class D. C	Bad societies which will be cancelled should they fail to come under class C within two years. D	Total
Anantapur	3	12	73	5	93
Arcot, North	12	26	310	40	388
Do. South	2	18	327	20	367
Bellary	4	10	142	21	177
Chingleput	8	48	319	85	460
Chittoor	3	11	135	25	174
Coimbatore	16	61	176	26	279
Cuddapah	3	25	75	35	138
Gōdāvari, East	12	39	185	31	267
Do. West	4	29	104	18	155
Guntūr	1	36	138	19	194
Kanara, South	10	40	94	31	175
Kistna	12	89	112	28	241
Kurnool	...	9	122	18	149
Madras	29	16	13	1	59
Madura	8	27	213	18	266
Malabar	4	22	148	74	248
Nellore	8	25	172	36	241
Nilgiris, The	5	8	29	4	46
Ramnad	8	12	118	19	157
Salem	8	42	154	25	229
Tanjore	9	47	361	47	464
Tinnevelly	12	41	212	20	285
Trichinopoly	5	43	211	29	288
Vizagapatam	11	52	216	19	298
Total ...	197	788	4,156	697	5,838

IMPERIAL STATEMENTS.

Statement A.—*Operations of the Provincial and Central Banks*, 1936–37.

Banks. (1)	Number of Banks. (2)	Number of members. Individuals. (3)	Number of members. Societies. (4)	Number of affiliated societies holding shares in Central Banks. Central Credit. (5)	Agricultural Credit. (6)	Non-Agricultural Credit. (7)	Others. (8)	Loans made during the year to Individuals. (9) L.T.	(9) S.T.	Banks and Societies. (10) L.T.	(10) S.T.	Receipts from loans repaid during the year by Individuals. (11) L.T.	(11) S.T.
Provincial Co-operative Bank.	1	184	57	32	6	11	8	...	7,79,600	15,78,234	13,63,493	7,18,652	
Previous year	1	184	56	31	6	11	8	...	10,48,514	9,26,850	15,57,275	14,23,409	
Total of District Co-operative Central Banks.	31	4,248	11,244	205	9,835	900	304	2,25,051	13,32,078	47,81,674	1,32,69,878	2,43,346	13,70,427
Total of previous year ...	32	4,216	11,724	231	10,315	901	277	2,81,870	14,84,828	55,44,291	1,25,00,459	3,21,111	15,35,655

Banks.	Receipts from loans repaid during the year by—*cont.* Banks and Societies. (12) L.T.	(12) S.T.	Loans due by Individuals. (13) L.T.	(13) S.T.	Banks and Societies. (14) L.T.	(14) S.T.	Loans and Deposits received during the year from Provincial and Central Banks. (15) L.T.	(15) S.T.	Primary Societies. (16) L.T.	(16) S.T.	Individuals and other sources. (17) L.T.	(17) S.T.
Provincial Co-operative Bank.	19,58,030		...	2,82,267	29,18,570	10,50,108	1,36,652	25,16,609			1,27,129	8,63,63,604
Previous year	17,56,892		...	1,90,319	16,59,241	16,61,774	3,24,101	21,64,837			1,77,576	9,16,43,612
Total of District Co-operative Central Banks.	58,06,645	1,33,03,320	1,75,931	5,44,935	2,27,12,980	93,99,402	34,825	75,49,077	11,37,791	1,77,10,144	50,97,155	4,98,22,710
Total of previous year ...	55,16,009	1,20,61,336	1,95,333	6,15,918	2,42,76,350	97,90,719	3,30,500	96,11,117	11,91,575	1,53,10,246	45,29,847	5,50,61,871

STATEMENT A.—*Operations of the Provincial and Central Banks, 1936-37—cont.*

Banks.	Sale of goods to members. (18)	Purchase of members' products. (19)	Cost of management. (20)	Share capital paid up. (21)	Loans and deposits held at the end of the year from: Societies. (22)		Provincial and Central Banks. (23)		Government. (24)		Individuals and other sources. (25)	
					L.T.	S.T.	L.T.	S.T.	L.T.	S.T.	L.T.	S.T.
Provincial Co-operative Bank.	...	...	66,593	6,63,950			34,76,187	43,99,479	...	...	10,21,805	81,20,230
Previous year	...	...	69,973	6,58,850			35,41,173	38,01,991	...	...	11,98,606	82,80,855
Total of District Co-operative Central Banks.	...	...	5,02,532	50,40,658	1,05,51,481	24,96,632	1,63,252	8,32,132	...	...	1,19,18,267	1,27,94,196
Total of previous year ...	...	...	4,85,111	53,55,379	1,00,16,627	19,95,238	5,20,753	7,31,180	...	...	1,25,14,608	1,31,28,859

Banks.	Funds: Reserve fund. (26)	Funds: Other funds. (26)	Working capital. (27)	Profit and loss for the year: Book profit. (28)	Divisible profit. (29)	Loss (including overdue interest). (30)	Most usual rate of dividend paid on shares. (31)	Most usual rate of interest paid: On borrowings. (32)	On lendings. (32)	Uncalled and subscribed share capital. (33)
							PER CENT.	PER CENT.	PER CENT.	
Provincial Co-operative Bank.	16,00,000	6,09,304	1,98,90,955	2,52,113	1,97,722	...	9	2	4	150
Previous year	15,25,000	5,58,504	1,95,64,979	2,02,497	2,02,267	...	9	2½	4	41,150
Total of District Co-operative Central Banks.	32,34,279	29,48,519	4,99,79,416	11,72,845	4,39,934	25,392	5	4	6	12,42,805
Total of previous year ...	31,37,492	27,42,699	5,01,42,835	14,24,072	5,43,427	12,778	6	4	6	12,46,654

STATEMENT B.—*Operations of Agricultural Societies, 1936-37.*

Types of Societies. (1)	Number of Societies. (2)	Number of members: Societies. (3)	Number of members: Individuals. (3)	Loans made during the year to: Individuals. (4)		Banks and Societies. (5)	Receipts from loans and deposits repaid during the year by: Individuals. (6)		Banks and Societies. (7)	Loans due by: Individuals. (8)		Of which overdue. (9)		Banks and Societies. (10)	Loans and deposits received during the year from Individuals: Members. (11)	Non-members. (12)
				SHORT TERM.	LONG TERM.		SHORT TERM.	LONG TERM.		SHORT TERM.	LONG TERM.	SHORT TERM.	LONG TERM.			
				RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Agricultural Societies.																
Class I (a) Credit—Limited—Land Mortgage Banks.	93	...	29,248	...	38,19,627	...	...	5,82,487	...	...	1,16,66,299	...	68,093	...	12,436	453
Class I (a) Credit—Limited—Others.	18	...	1,254	67,489	20,739	...	73,197	19,458	...	60,135	31,828	11,715	7,088	...	34,309	20,109
Class I (b) Credit—Unlimited.	10,456	...	509,307	50,19,475	45,09,569	...	55,42,226	52,87,957	...	92,53,796	2,24,34,379	51,06,447	1,24,89,689	3,722	4,89,628	11,31,308
Class II (a) Purchase, Purchase and Sale—Limited.	126	1,587	12,212	26,58,900	...	3,314	21,62,969	39	4,028	15,54,685	1,880	2,32,619	1,880	3,420	1,04,429	1,11,627
Class IV (a) Production, Production and Sale—Limited.	23	155	1,228	19,321	...	...	12,795	1,500	...	9,653	3,915	1,199	3,915	...	100	...
Class IV (b) Production, Production and Sale—Unlimited.	1	...	14	10,437	...	...	9,517	...	...	12,538	...	110	...	...	1,000	...
Class VI (a) Others—Limited.	72	32	6,217	98,128	54,340	...	83,141	84,786	...	77,495	8,56,073	15,201	2,07,060	...	61,186	14,840
Class VI (b) Others—Unlimited.	279	...	16,337	6,630	1,802	...	6,140	2,933	...	48,687	18,026	43,510	15,310	...	143	1
Total ...	11,068	1,774	575,817	78,80,380	84,06,077	3,314	78,89,985	59,79,160	4,028	1,10,16,989	3,50,12,400	54,10,801	1,27,93,035	7,142	7,03,231	12,78,338
Total—Previous year ...	11,482	1,371	585,401	63,87,151	84,34,860	...	60,84,506	57,89,028	359	1,12,09,665	3,35,31,060	62,84,057	1,46,67,040	4,037	9,06,919	10,47,388

STATEMENT B.—*Operations of Agricultural Societies*, 1936-37—cont.

Types of Societies.	Loans and deposits received during the year from—*cont.* Central Banks. (13) Short term.	Central Banks. (13) Long term.	Primary Societies. (14)	Government. (15) Short term.	Government. (15) Long term.	Loans and deposits paid off during the year to Individuals. Members. (16)	Individuals. Non-members. (17)	Central Banks. (18) Short term.	Central Banks. (18) Long term.	Primary Societies. (19)	Government. (20) Short term.	Government. (20) Long term.	Sales of goods to members. (21)	Purchase of members' products. (22)	Cost of management. (23)	Share capital. Received during the year. (24)	Share capital. Paid off during the year. (25)	Share capital. Outstanding at the end of the year. (26)
Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (a) Credit—Limited—Land Mortgage Banks.	...	38,57,845	13,350	...	...	10,304	83,200	...	3,10,945	851	...	...	...	...	95,649	2,49,169	35,614	8,63,407
Class I (a) Credit—Limited—Others.	3,236	2,650	...	...	...	27,718	33,998	4,194	1,639	...	...	...	...	...	1,459	3,492	2,670	21,294
Class I (b) Credit—Unlimited.	12,97,485	32,41,541	3,562	...	18,415	5,41,296	11,64,216	47,12,000	45,86,068	229	2,417	72,086	3,066	...	4,18,772	4,32,450	5,75,914	51,80,177
Class II (a) Purchase, Purchase and Sale—Limited.	30,55,160	5,000	2,306	...	10,000	1,39,689	48,499	25,04,596	2,495	16,088		...	5,07,208	4,83,612	82,046	67,722	9,889	2,12,389
Class IV (a) Production, Production and Sale—Limited.	500	8,000	15,491	...	...	100	701	303	5,833	10,232	...	8,223	...	...	1,899	3,120	103	58,300
Class IV (b) Production, Production and Sale—Unlimited.	30,044	...	...	...	...	...	...	26,619	...	...	...	...	38,857	36,299	951	...	30	5,240
Class VI (a) Others—Limited.	6,75,809	5,53,600	9,210	...	...	15,318	14,482	9,26,088	1,00,251	9,210	...	19,248	30,957	3,08,899	52,278	27,492	12,762	2,38,567
Class VI (b) Others—Unlimited.	2,948	125	...	...	...	473	...	7,291	981	...	...	10	...	...	676	1,391	1,823	57,875
Total ...	80,65,182	83,68,761	43,918	...	28,415	7,02,898	13,47,096	[illegible]	52,12,112	36,610	2,417	99,567	5,80,148	8,28,810	6,53,769	7,84,755	6,38,814	66,37,159
Total—Previous year ...	66,21,941	81,40,155	8,979	...	28,823	7,10,970	14,28,744	57,07,981	51,16,730	1,497	571	1,58,089	2,00,078	2,52,828	6,42,506	7,39,052	6,57,795	67,67,645

STATEMENT B.—*Operations of Agricultural Societies*, 1936-37—cont.

Types of Societies.	Loans and deposits held at the end of the year from Members. (27)	Non-members. (28)	Societies. (29)	Provincial or Central Banks. (30) Short term.	Provincial or Central Banks. (30) Long term.	Government. (31)	Reserve Fund (32)	Other Funds. (33)	Working Capital. (34)	Interest collected. (35)	Profit and Loss for the year. (36) Book profit.	Divisible profit.	Loss (excluding overdue interest from profits—Profit and Loss statement).	Loss (including overdue interest in profits — Balance sheet).	Usual rate of dividend paid on shares. (37)	Most usual rate of interest. On borrowings. (38)	On lendings. (39)
Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.
Class I (a) Credit—Limited—Land Mortgage Banks.	99,418	2,70,033	19,149	...	1,12,27,657	24,000	77,562	24,739	1,26,05,985	5,46,029	88,470	65,920	9,225	7,814	5	4	5
Class I (a) Credit—Limited—Others.	40,474	22,651	...	2,309	2,374	...	32,023	6,887	1,27,922	7,919	7,313	3,076	334	125	} 6¼	6	7¼
Class I (b) Credit—Unlimited.	7,59,973	16,87,717	4,453	61,55,390	1,91,07,314	3,32,283	74,77,311	21,91,425	4,28,96,043	28,25,553	46,48,316	6,33,701	19,00,588	1,86,663			
Class II (a) Purchase, Purchase and Sale—Limited.	28,973	1,10,745	...	15,15,402	2,505	10,000	51,392	70,663	20,02,069	69,109	38,895	36,609	11,336	7,598	9	6½	7½
Class IV (a) Production, Production and Sale—Limited.	...	15	8,900	500	17,247	...	13,385	3,514	1,01,861	738	197	195	8,992	8,078	9	6½	7½
Class IV (b) Production, Production and Sale—Unlimited.	1,000	...	...	30,156	...	...	970	...	37,366	561	2,795	2,795	...	...	6¼	6½	9⅜
Class VI (a) Others—Limited.	8,40,217	11,537	...	4,62,858	11,87,093	1,28,631	17,365	41,666	29,27,934	18,359	21,404	8,649	4,19,074	3,70,214	9	6½	7¼
Class VI (b) Others—Unlimited.	2,335	1,852	108	6,499	5,499	154	20,465	13,202	1,07,989	3,175	21,867	1,459	5,915	1,844	6¼	6½	7½
Total ...	17,72,390	21,64,550	32,610	81,73,114	3,15,49,689	4,95,068	76,90,473	23,52,116	6,08,07,169	34,71,443	48,29,257	7,52,404	23,55,464	5,82,336	...	...	...
Total—Previous year ...	16,99,597	20,86,975	13,277	85,41,370	2,95,31,294	5,90,331	75,19,113	17,00,526	5,84,50,128	39,01,852	61,33,369	8,06,122	21,96,668	2,13,998	...	...	...

STATEMENT C.—*Operations of Non-Agricultural Societies*, 1936-37.

Types of Societies.	Number of Societies.	Number of members. Societies.	Number of members. Individuals.	Loans made during the year to Individuals.		Loans made during the year to Banks and Societies.	Receipts from loans and deposits repaid during the year by Individuals.		Receipts from loans and deposits repaid during the year by Banks and Societies.	Loans due by Individuals.		Loans due by Of which overdue.		Loans due by Banks and Societies.	Loans and deposits received during the year from Individuals. Members.	Loans and deposits received during the year from Individuals. Non-members.
(1)	(2)	(3)		(4)		(5)	(6)		(7)	(8)		(9)		(10)	(11)	(12)
Non-Agricultural Societies.				SHORT TERM.	LONG TERM.		SHORT TERM.	LONG TERM.		SHORT TERM.	LONG TERM.	SHORT TERM.	LONG TERM.			
				RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (a) Credit—Limited.	903	...	249,804	70,27,923	1,74,03,552	...	65,27,197	1,67,92,503	...	54,41,945	2,26,20,224	17,32,622	40,51,101	...	1,00,47,704	1,52,67,578
Class I (b) Credit—Unlimited.	147	...	14,861	83,831	2,65,353	...	93,871	3,03,424	...	94,541	6,60,242	46,916	2,95,140	...	91,055	1,53,519
Class II (a) Purchase, Purchase and Sale-Limited.	206	175	21,963	26,565	6,583	...	27,375	8,891	...	12,926	19,632	8,082	11,518	...	2,42,762	78,138
Class II (b) Purchase, Purchase and Sale-Unlimited.	11	...	450	838	1,807	...	4,048	2,032	...	7,952	8,836	7,230	3,601	...	4	650
Class IV (a) Production, Production and Sale—Limited.	23	...	1,734	695	1,300	...	92	727	...	769	1,19,459	100	699	...	2,650	78
Class V (a) Insurance—Limited.	2	35	7,092	...	...	...	...	...	...	...	...	...	...	...	...	...
Class VI (a) Others—Limited.	180	320	6,725	12,707	5,17,830	...	9,420	4,52,589	...	13,007	26,23,868	2,471	1,88,821	...	36,652	47,288
Class VI (b) Others—Unlimited.	15	...	946	...	40	...	182	203	...	1,821	800	1,821	479	...	...	...
Total ...	1,487	530	303,575	71,52,559	1,81,96,465	...	66,62,185	1,75,60,369	...	55,72,961	2,60,53,061	17,99,242	45,51,359	...	1,04,20,827	1,55,47,251
Total, previous year ...	1,468	618	301,669	70,73,898	1,88,48,898	...	67,20,832	1,72,97,155	...	55,38,355	2,57,55,609	19,39,737	48,42,338	...	1,10,90,488	1,41,08,671
Grand total ...	*12,555	2,304	879,392	1,50,32,939	2,66,02,542	3,314	1,45,12,170	2,35,39,529	4,028	1,65,89,950	6,10,65,461	72,10,043	1,73,44,394	7,142	1,11,24,058	1,68,25,589
Grand total, previous year ...	12,950	1,989	885,699	1,34,61,049	2,72,83,758	...	1,28,05,338	2,30,77,183	359	1,67,48,020	5,92,86,669	82,23,794	1,95,09,378	4,037	1,19,97,407	1,51,56,059

* Excludes societies not started on work on 30th June 1937.

STATEMENT C.—*Operations of Non-Agricultural Societies*, 1936-37—cont.

Types of Societies.	Loans and deposits received during the year from—cont. Central Banks.		Loans and deposits received during the year from—cont. Primary Societies.	Loans and deposits received during the year from—cont. Government.		Loans and deposits paid off during the year to Individuals. Members.	Loans and deposits paid off during the year to Individuals. Non-members.	Loans and deposits paid off during the year to Central Banks.		Loans and deposits paid off during the year to Primary Societies.	Loans and deposits paid off during the year to Government.		Sale of goods to members.	Purchase of members products.	Cost of management.	Share capital. Received during the year.	Share capital. Paid off during the year.	Share capital. Outstanding at the end of the year.
	(13)		(14)	(15)		(16)	(17)	(18)		(19)	(20)		(21)	(22)	(23)	(24)	(25)	(26)
Non-Agricultural Societies.—cont.	SHORT TERM.	LONG TERM.		SHORT TERM.	LONG TERM.			SHORT TERM.	LONG TERM.		SHORT TERM.	LONG TERM.						
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (a) Credit—Limited ...	31,36,805	9,49,427	6,009	94,398	11,600	1,01,79,443	1,33,90,861	32,98,142	11,13,831	1,689	96,210	935	63,448	1,844	5,86,977	10,54,137	8,84,989	82 77,885
Class I (b) Credit—Unlimited.	56,216	63,829	...	...	...	97,714	1,36,981	62,620	87,139	...	...	...	5,814	...	14,630	34,047	21,455	2,78,958
Class II (a) Purchase, Purchase and Sale—Limited.	1,48,225	790	8,642	...	...	2,54,825	78,770	1,40,225	2,685	5,371	...	...	21,44,786	6,86,231	1,41,336	31,609	17,226	2,60,791
Class II (b) Purchase, Purchase and Sale—Unlimited.	490	1,530	...	...	...	124	300	3,407	1,806	...	...	...	...	551	557	314	540	4,697
Class IV (a) Production, Production and Sale—Limited.	33,139	17,000	...	...	...	657	3,078	59,817	998	121	...	...	2,34,650	2,32,400	8,985	4,655	803	67,431
Class V (a) Insurance—Limited.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	72,985
Class VI (a) Others—Limited.	26,948	1,60,000	...	...	2,91,460	18,912	38,873	25,840	27,739	...	...	3,06,782	4,130	6,066	27,542	1,57,943	1,07,212	9,44,361
Class VI (b) Others—Unlimited.	100	...	...	...	...	...	...	141	...	...	...	7	...	...	158	19	8	5,844
Total ...	34,01,923	11,92,576	14,654	94,398	3,03,060	1,05,51,675	1,36,48,863	35,90,192	12,34,198	7,181	96,210	3,07,724	24,52,828	9,27,092	7,80,185	12,82,724	10,32,233	99,12,952
Total, previous year ...	38,65,187	11,20,606	3,854	7,344	3,03,526	1,02,92,555	1,34,81,210	35,61,702	9,50,499	6,941	...	2,93,074	20,94,410	13,93,623	7,28,680	12,58,346	9,74,932	97,92,373
Grand total ...	1,14,67,105	95,61,337	58,572	94,398	3,31,475	1,12,54,573	1,49,93,959	1,18,58,793	64,46,310	43,791	98,627	4,07,291	10,41,976	17,55,902	14,33,945	20,67,479	16,71,047	1,65,50,111
Grand total, previous year ...	1,04,87,128	92,60,761	12,833	7,344	3,37,349	1,10,12,525	1,49,09,954	90,67,683	60,67,229	8,438	571	4,56,163	23,60,488	16,46,451	13,71,186	19,97,398	16,62,727	1,65,60,018

STATEMENT C.—*Operations of Non-Agricultural Societies*, 1936-37—cont.

Types of Societies.	Loans and deposits held at the end of the year from: Members. (27)	Non-members. (28)	Societies. (29)	Provincial or Central Banks. (30) Short term.	Provincial or Central Banks. (30) Long term.	Government. (31)	Reserve Fund. (32)	Other Funds. (33)	Working Capital. (34)	Interest collected. (35)	Profit and loss for the year. (36) Book profit.	Divisible profit.	Loss (excluding over-due interest from profits—Profit and Loss statement).	Loss (including over-due interest in profits—Balance Sheet).	Usual rate of dividend paid on shares. (37)	Most usual rate of interest. On borrowings. (38)	On lendings. (39)
Non-Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT	PER CENT	PER CENT
Class I (a) Credit—Limited ...	91,39,940	1,11,91,138	8,265	8,72,188	13,84,903	30,775	33,08,964	18,81,070	3,69,97,231	21,80,093	18,39,774	7,94,176	9,947	47,600	9	6½	7½
Class I (b) Credit—Unlimited.	51,941	1,89,813	...	38,881	1,82,567	...	1,91,674	1,96,676	10,40,123	61,812	1,11,904	[illegible]	13,066	862	6½		
Class II (a) Purchase, Purchase and Sale Limited.	56,912	1,19,459	4,375	33,527	13,718	...	2,33,134	4,34,146	[illegible]	3,820	65,807	64,714	10,841	19,251	9		
Class II (b) Purchase, Purchase and Sale—Unlimited.	...	1,100	...	7,170	7,493	...	2,293	1,694	24,717	1,142	2,360	288	1,728	12	6½	6½	7½
Class IV (a) Production, Production and Sale—Limited.	5,023	151	...	62,801	2,08,118	...	3,371	11,864	4,19,419	113	1,489	1,479	1,37,336	1,37,074	9	6½	7½
Class V (a) Insurance—Limited.	...	...	...	...	...	...	27,094	6,86,794	7,05,470	...	...	...	...	...	...	...	...
Class VI (a) Others—Limited.	97,240	1,28,865	157	17,003	1,58,794	14,80,586	2,15,778	85,029	31,27,770	1,87,022	1,42,146	71,773	22,232	16,022	9	4	5
Class VI (b) Others—Unlimited.	67	451	...	1,667	461	380	810	196	[illegible]	170	397	53	2,380	2,102	6½	7½	9½
Total ...	93,51,123	1,16,30,977	12,800	10,33,612	20,15,827	15,11,770	[illegible]	[illegible]	4,23,69,[illegible]	[illegible]	21,67,711	9,72,194	2,87,343	[illegible]	...	...	...
Total, previous year ...	1,00,00,918	1,04,44,827	1,513	14,01,003	13,98,910	15,10,917	37,77,[illegible]	[illegible]	3,93,12,740	25,41,823	23,88,970	10,01,639	2,94,111	2,21,[illegible]	...	...	...
Grand total ...	1,11,23,513	1,37,35,527	45,410	92,06,726	3,35,88,516	20,96,838	1,16,[illegible]	[illegible]	10,31,77,[illegible]	[illegible]	[illegible]	17,04,[illegible]	[illegible]	[illegible]	...	...	...
Grand total, previous year ...	1,17,00,515	1,25,31,902	14,790	99,45,371	3,09,30,204	21,01,248	1,12,[illegible]	26,82,447	3,77,62,[illegible]	[illegible]	85,22,330	18,97,758	24,90,77[illegible]	4,33,376	...	...	...

STATEMENT D.—*Operations of Unions, District Federations, etc.*, 1936-37.

1. Number of unions 279
2. Number of societies affiliated to unions ... 8,724
3. Total number of individual members in societies affiliated to unions 485,565
4. Total working capital of affiliated societies. Rs. 4,92,60,937
5. Expenditure in the year ... ... „ 3,62,154
6. Percentage of expenditure to working capital ... 0·74
7. Number of supervising staff maintained by unions 441

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STATEMENT E.—*Operations of Insurance Societies, 1936–37.*

District. (1)	Name of the society. (2)	Number of members. (3)	Amount of risk insured. (4)	Premia collected. (5)	Supplementary contributions collected. (6)	Number of lives. Insured. (7)	Number of lives. Lost. (8)	Claims paid. (9)	Cost of management. (10)	Funds in hand at the end of the year. (11)	Amount of risk re-insured. (12)	Amount of premia paid for re-insurance. (13)
			RS.	RS.	RS.			RS.	RS.	RS.	RS.	RS.
Madras ...	1. The Postal and R.M.S. Co-operative Benefit Fund.	2,455	25,19,922 covering 2,492 policies.	1,17,999	27,349	238	33	85,581	13,300	12,565	...	...
Do. ...	2. The South India Co-operative Insurance Society, Madras.	4,672	44,66,225 covering 5,354 policies.	1,58,690	...	1,477	19	7,893	75,318	51,281	2,500	172
	Total ...	7,127	69,86,147 covering 7,846 policies.	2,76,689	27,349	1,715	52	93,474	88,618	63,846	2,500	172
	Total, previous year.	5,943	58,94,578 covering 6,461 policies.	2,64,527	824	1,581	49	1,10,338	79,175	36,470	4,500	302

STATEMENT F.—*Operations of Re-insurance Societies, 1936–37*—Nil.

NOTES CONNECTED WITH G.O. No. 369, DEVELOPMENT, DATED 10TH FEBRUARY 1938.

[SUBJECT.—*Co-operative Societies—Administration Report,* 1936–37.]

From the Registrar of Co-operative Societies, No. A. 4360, *dated 27th October* 1937.

Please see the Administration Report on the working of the Madras Co-operative Societies Act, for the year 1936–37, submitted by the Registrar of Co-operative Societies.

2. The total number of societies rose from 12,795 to 12,927 :—

	1935–36.	1936–37.
Provincial Bank	1	1
Central Banks	30	31
Central Land Mortgage Bank ...	1	1
Provincial Co-operative Union and Language Federations	3	3
Audit Unions	9	8
District Federations	2	1
Supervising unions	272	262
Agricultural societies	11,029	11,110
Non-agricultural societies	1,443	1,505
Training institutes	5	5
	12,795	12,927

3. *Rectification and Consolidation.*—Three hundred and twenty-six societies were registered during the year against 211 in the previous year. Of these, 136 were village credit societies, 29 were non-agricultural credit, 147 non-credit and other types, one central bank and 13 land mortgage banks. The Registrar has not explained the necessity for increased registration during the year. The registration of a fewer number of societies was cancelled, the figure for 1936–37 being 195 against 334 in 1935–36. Cancellation of registration is only resorted to when no other way of improvement is possible. One thousand three hundred and forty societies were under the management of agents as against 1,258 in 1935–36.

Under the scheme of subvention to central banks for carrying on consolidation and rectification work, the Provincial Bank paid Rs. 12,411 to 21 central banks. Central banks in their turn spent Rs. 2,30,562 on the work. The Registrar's scheme of rectification was continued and progress was reviewed every quarter. The results are mentioned in paragraph 11 of the report. The Registrar reports that 21 central banks have almost completed the examination of loans and that the first stage of rectification work is over. The work of reviving really bad societies should now be taken up. In paragraph 22 of the report the Registrar reports that he has advised banks to take up a programme of collection of dues from societies with the object of reviving bad societies.

The classification of societies according to the audit certificates for 1935–36 shows that there is an improvement in their working. The number of good societies increased during the year and there was a fall in the number of bad societies.

Central banks continued to extend all possible relief to borrowers consistent with their financial interests. Most of the societies were therefore able to reduce their lending rate to members to 7½ per cent with retrospective effect and the savings to members on account of this reduction was Rs. 3·49 lakhs during the year. Many of the societies have deleted altogether from their by-laws the provision relating to levy of penal interest and it is estimated that by this measure members were benefited to the extent of Rs. 2·84 lakhs during the year. Banks have also been advised to credit towards principal first and interest next payments made by bad societies and several banks have accepted the suggestion. The question of further relief to borrowers is under consideration.

4. *Demand, Collection and Balance.*—The following statement shows the percentage of balance to demand :—

Percentage of balance to demand.	Central Banks.			Agricultural societies.			Non agricultural societies.		
	1934–35.	1935–36.	1936–37.	1934–35.	1935–36.	1936–37.	1934–35.	1935–36.	1936–37.
Principal	56·91	51·59	45·26	68·12	65·35	58·76	22·72	23·24	21·90
Current interest ...	11·81	10·03	8·73	58·69	47·62	43·49	24·20	20·63	19·40
Arrear interest ...	50·96	45·34	37·80	72·20	71·35	72·48	56·18	61·45	60·92

During 1935–36 there was definite improvement in repayments by societies to central banks and by members to agricultural societies. The progress made in that year was maintained during 1936–37 : there was only a slight increase in the balance under arrear interest in agricultural societies. In non-agricultural societies the percentage of balance to demand fell from 23·24 to 21·90. The Registrar attributes the improvement in collections to well-planned and sustained efforts of both non-officials and officers of the Department.

5. *Loans.*—The following statement shows the position :—

	1935–36. IN LAKHS.	1936–37. IN LAKHS.
Central Banks	122·70	116·84
Agricultural Societies ...	148·22	162·90
Non-agricultural Societies ...	259·23	253·49

There was a progressive increase in the loan transactions of agricultural societies from the year 1933–34. There was a fall in the transactions of central banks. The Registrar however states that the fall was not general.

6. *Net profits.*—The net profits earned by various classes of societies were as follows:—

	1935–36. IN LAKHS.	1936–37. IN LAKHS.
Central Banks	7·80	6·77
Non-agricultural societies ...	7·98	6·65
Agricultural societies ...	−13·91	−16·03

The Registrar explains that the fall in profits in central banks is due to reduction in lending rates and concessions extended to members in the matter of collection of interest and scaling down of debts under the Agriculturists Loans (Amendment) Act.

7. *Working Capital.*—The working capital of all societies rose from Rs. 1,763·80 lakhs to Rs. 1,851·93 lakhs. The total working capital employed in the movement exclusive of investments of one society in another amounted to Rs. 1,114·91 lakhs against Rs. 1,088·14 lakhs in the previous year. The owned capital (share capital *plus* reserve fund) was Rs. 394·07 lakhs and its percentage to net working capital was 35·35 per cent against 35·83 per cent in the previous year.

8. *Agricultural Societies.*—The number of these societies rose from 11,029 to 11,110 at the end of the year while membership rose from 5,62,052 to 5,75,817. The societies advanced loans to members to the extent of Rs. 162·90 lakhs against Rs. 148·22 lakhs in the previous year. There was a progressive increase in the loan transactions of agricultural societies from the year 1933–34. The movement is slowly regaining its strength of the pre-depression days and the transactions reached the level of Rs. 163·50 in 1930–31. The bulk of the loans advanced was for productive purposes (Rs. 92 lakhs). The amount of loans issued for short term periods increased from Rs. 63·87 lakhs to Rs. 78·84 lakhs. The ratio between short term and long term loans was 13 : 14 against 3 : 4 in the previous year. The Registrar has been impressing on ordinary societies the need to desist from issue of loans for discharge of prior debts, as this should be the work of land mortgage banks.

A. (i) *Credit.*—These include ordinary credit societies and land mortgage banks. The Registrar has given an account of the working of land mortgage banks in paragraph 28 of the report. As regards credit societies other than land mortgage banks their number fell from 10,513 to 10,502. Membership rose from 508,363 to 510,561. The percentage of balance to demand was slowly decreasing in respect of principal and interest.

(ii) *Non-credit—Purchase, Purchase and Sale Societies.*—Excluding societies transferred to Orissa, there were 84 societies at the beginning of the year. At the end of the year there were 129 societies of this class. The sales effected by the societies amounted to Rs. 34·93 lakhs against Rs. 21 lakhs in the previous year. In paragraphs 30–31 of his report the Registrar has given an interesting account of the working of these societies: A brief account of the important kinds is given below:—

Loan and sale societies.—These increased from 74 to 111 at the end of the year. The object of this class of societies was to grant short-term loans to members on the security of their produce and to arrange for its sale to their best advantage. By eliminating the middlemen the members were enabled to get an increased income from the sale of produce. The work of the societies was however much hampered by lack of suitable godowns in which to store the produce furnished as security by members. The Government took advantage of the subsidy given by the Government of India for rural uplift and included within its scope grants to societies to the extent of 25 per cent of the cost of construction of godowns provided the societies themselves found the balance of the cost of construction either from their own resources or from a loan from Government. As many as 22 loan and sale societies were given grants to the extent of Rs. 46,025 and loans to the extent of Rs. 1,10,200 for the purpose.

Loan and sale societies advanced loans to the extent of Rs. 26·16 lakhs, of which Rs. 15·16 lakhs were outstanding at the end of the year. Some of these societies worked at a net profit of Rs. 27,503 while others incurred a loss of Rs. 7,082. The statement at page 34 of the report gives particulars of the working of a few of these societies which were working well. The societies at Tuticorin, Dindigul, Puttur increased their transactions considerably.

Reference is made in paragraph 30 of the report to the system of controlled credit in which loan and sale societies form an important link. The system aims at linking up the village credit societies, the neighbouring loan and sale societies and the land mortgage bank. The bank grants a long-term loan to the ryot to clear off his prior debts. Thus redeemed of his past debts he is given a short-term loan by the rural credit society for agricultural operations on condition that he agrees to sell the produce through the neighbouring loan and sale society, to which the credit society is affiliated. When the produce is harvested, it is taken to the sale society's warehouse where it may be sold at once, or held up for a favourable market. If the produce is at once sold, the sale society devotes the sale-proceeds first towards the discharge of loan given by the village society and secondly for repayment of loan instalment due to the land mortgage bank and hands over the balance to the member. If the produce cannot be sold at once, the sale society advances a loan on the produce: out of the loan the society discharges the rural credit society's loan and the instalment of the Land Mortgage Bank loan and hands over the balance to the ryot. The system has been tried in South Arcot, Salem and Coimbatore with success. The Registrar reports that steps are being taken to try the scheme in Tanjore, Tinnevelly and Chittoor.

The Registrar reports that these societies find it difficult to market members' produce. The absence of a Central agency to co-ordinate the activities of loan and sale societies was felt and at the instance of the Registrar the Government sanctioned the starting a Provincial Marketing society during the year 1936. The Government have sanctioned a staff of one Sub-Deputy Registrar, a senior inspector, a typist and two peons and a subsidy of Rs. 2,800 per annum for three years to meet expenditure on account of rent, pay of godown keepers and other servants. The society was started in August 1936 and dealt with oranges, plantains, mangoes, potatoes, ghee, etc. The society issues a bulletin showing the price at which the chief primary products are sold in Madras and copies of it are communicated to loan and sale societies. It also attends to trade enquiries regarding prices and possibilities of marketing. The society has just now made a beginning and it is hoped that it will prove a useful link between the several producers and consumers societies in the Presidency.

The Madras Milk Supply Union increased its transactions and earned a net profit of Rs. 7,004 against Rs. 6,121 in the previous year. The Government have sanctioned a loan of Rs. 25,000 to the union to enable it to instal a pasteurising plant. The union purchased cattle food wholesale and supplied it to affiliated societies. It also granted loans for purchase of milch cows. Some other societies of new type, the Puttur Mahali Pest society and the Kodur Fruit Growers society also did useful work.

(iii) *Other Forms.*—There were 355 societies of various classes against 340 in the previous year. An account of the working of these societies is given at pages 38–39 of the report.

B. *Central Land Mortgage Bank.*—The Central Land Mortgage Bank worked satisfactorily during the year as will be seen from the following statement:—

	1935-36.	1936-37.
Number of members—		
Individuals	198	457
Banks	79	90
	RS.	RS.
Share capital	3,58,900	5,34,300
Value of debentures at the end of the year ...	79,44,400	1,11,84,400
Net profits	46,765	64,422
Reserve fund	1,12,376	1,28,821
Bad debt reserve ...	10,000	20,000

The profits of Rs. 64,422 were exclusive of Rs. 10,000 carried to bad debt reserve and of Rs. 20,000 carried to Reserve for debenture redemption. There are no debentures in circulation carrying more than 4 per cent interest. Two measures taken during the year will make the debentures more popular. The debentures have now been made irredeemable for a period of ten years from the date of issue and it is only after this period that the bank will have the right to redeem debentures after giving three months notice. The Bank has been given permission to purchase its own debentures. The question of constituting a sinking fund for repayment of debentures and the question of floating debentures once or twice a year instead of all through the year are under the consideration of Government. The Government have lent free of cost for one year the services of a Deputy Collector to be employed as Secretary of the Bank.

Land mortgage banks.—There were 93 primary banks at the end of the year as against 80 at the beginning. The following statement shows the transactions of these banks :

	1935-36.	1936-37.
Number of banks ...	80	93
Number of members ...	22,502	29,248
	RS.	RS.
Share capital	6,51,977	8,63,407
Working capital ...	91,18,668	1,26,05,985
Loans from the Central Land Mortgage Bank.	73,66,231	1,12,27,657
Debentures taken by public	4,66,300	3,88,600
Reserve fund	54,535	77,562

Sixty-five banks worked at a profit of Rs. 65,920 and 27 banks incurred a loss of Rs. 9,225, against a profit of Rs. 49,848 earned by 47 banks and a loss of Rs. 11,017 incurred by 33 banks in the previous year. The banks paid to the Central Land Mortgage Bank the whole of the principal and interest which fell due during the year. The banks had in turn to recover from members Rs. 4·81 lakhs under principal and Rs. 5·66 lakhs under interest. They collected Rs. 4·13 lakhs under principal and Rs. 5·44 lakhs under interest, leaving a balance of Rs. 0·68 lakh under principal and Rs. 0·22 lakh under interest. The percentages of arrears under principal and interest at the end of the year were 14·15 and 3·85 as against 20·64 and 4·33 in the previous year. There was a decided improvement in collection. The reports of the committees which examined the question of organizing banks in Malabar and South Kanara districts are under the consideration of Government. The organization of some additional banks in 1938–39 is under the consideration of Government.

The banks cover 9,739 villages and members in 2,974 villages have taken loans. Loans have so far been issued to the extent of Rs. 141·24 lakhs. To supplement this work, the Government have been advancing loans under the Agriculturists Loans (Amendment) Act, 1935, in ten districts, generally in areas not served by land mortgage banks. The banks co-operated with the efforts of Special Loans officers in scaling down debts. The question of co-ordinating

the activities of land mortgage banks and those of the Special Loans officers has been dropped. Banks were able to influence creditors to write off loans to the extent of Rs. 1·56 lakhs as against Rs. 0·55 lakh in the previous year. The question of the recovery from these banks the cost of the Government staff employed for their benefit is under the consideration of Government.

9. *Non-agricultural Societies.*—There were 1,505 societies with a membership of 304,105 as against 1,443 societies with a membership of 295,181 at the beginning of the year. The following statement gives the transactions of these societies :—

	1935-36. IN LAKHS.	1936-37. IN LAKHS.
	RS.	RS.
Share capital	97·93	99·13
Working capital	393·13	423·70
Loans advanced	259·23	253·49
Net divisible profit of some ...	10·92	9·52
Loss of other societies	2·94	2·87

(i) *Credit.*—The number of these societies slightly fell from 1,063 to 1,057. The statement showing transactions of these societies will be found in paragraph 34 of the report. The societies were working satisfactorily. There was some improvement in collection both as regards principal and interest.

(ii) *Non-credit*—(*a*) *Purchase, Purchase and Sale, Production, Production and Sale.*—There were at the end of the year 248 societies under these classes against 216 at the beginning. Of these, there were 58 stores societies and 80 weavers' societies. The working capital of the stores societies fell from Rs. 10·18 lakhs to Rs. 7·51 lakhs. The profit secured by some of the societies was Rs. 48,160 while the loss incurred by the rest was Rs. 12,531 as against Rs. 49,305 and Rs. 39,118 respectively in the previous year. The Triplicane Co-operative Stores made a profit of Rs. 17,524 against Rs. 16,913 in the previous year. Some of the other stores also worked well.

(*b*) *Weavers' Societies.*—Since the advent of the Handloom Weavers' Society, these primary societies are working better. There were 80 societies at the end of the year as against 50 in the beginning of the year. The following statement shows the transactions :—

	1934-35.	1935-36.	1936-37.
	RS.	RS.	LAKHS.
Value of raw materials purchased.	18,537	49,375	1·54
Value of finished products purchased.	44,807	63,975	
Value of products sold ...	49,340	76,199	1·60
Working capital	99,770	1,44,000	1·49

	1934-35.	1935-36.	1936-37.
	RS.	RS.	RS.
Net profits of some of the societies.	924	2,290	9,596
Loss incurred by others ...	4,075	9,943	8,046

The bulk of the loss was contributed by the Devanga Weavers' Society, Coimbatore.

Madras Handloom Weavers' Society.—During the year a sum of Rs. 68,800 was allotted to this province for the development of the handloom industry. Out of this amount Rs. 44,260 was disbursed to the Provincial Society. The Society subsidised 52 affiliated societies to the extent of Rs. 16,596. Yarn of the value of Rs. 27,298 was supplied to societies by mills on the guarantee of the Provincial Society. The value of goods received from primary societies was Rs. 33,413 : cash credit was advanced to societies to the extent of Rs. 21,450. The society will soon be installing a calendering and finishing plant. It earned a net profit of Rs. 1,747 against Rs. 596 in the previous year. The society has opened sale depots for sale of products of affiliated societies but it cannot be said that the problem of marketing has yet been satisfactorily solved.

(iii) *Industrial and Credit Societies.*—The Vuyyur society sustained a heavy loss of Rs. 4·11 lakhs during the year. The two societies at Ettikoppaka and Thummapala continued to work at a loss. The Chellapalli society did no work during 1936-37 also. There were 14 sugarcane growers' societies at the end of the year. The proposals of the Government for utilising the subsidy from the sugar excise fund allotted by the Government of India to this province for helping the organization of sugarcane growers' societies were approved by the Government of India. The scheme has been introduced after the close of the year under report. It will be in operation for five years and aims at helping the societies with staff to enable them to carry out their functions and with subsidy to enable them to purchase implements, apparatus, chemicals, etc.

(iv) *Insurance Societies.*—The two insurance societies continued to do satisfactory work. The South Indian Co-operative Insurance Society issued till the end of the year 5,354 policies for an assured sum of Rs. 44·66 lakhs as against 3,877 policies for Rs. 32·62 lakhs at the end of the previous year. The transactions of the Postal and R.M.S. Benefit Fund were also satisfactory.

(v) *Other Forms.*—*Building Societies.*—There were 119 building societies against 118 at the beginning of the year. The position as regards overdues is indicated below :—

		1935-36.	1936-37.
		RS.	RS.
Overdues in respect of Government loans.	Principal ...	3,274	4,614
	Interest ...	2,053	2,274