REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES IN THE MADRAS PROVINCE FOR THE CO-OPERATIVE YEAR ENDED 30TH JUNE 1940

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PART I.

Review of Policy.

Introductory.—The year 1939–40 provided a stream of discussions and resolutions well above the normal level. There were the usual Provincial Conferences and Central Bank and Land Mortgage Bank Conferences, and the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association met in Madras. Many of the subjects discussed at the 13th Conference of Registrars of Co-operative Societies at New Delhi were suggested by Madras. The Committee on Co-operation also concluded its deliberations. Some time must pass before final decisions can be taken and implemented. But a general impression may be ventured, that on the whole the present structure and trend of co-operation in Madras meets with the approval of the pundits. Reform, not revolution, is the task of the future.

2. *Continuity of policy.*—A comparison of what has been done this year with the progress and hopes revealed in my last report will show that well-tried policies have been continued with diligence and new policies introduced with caution. Co-operative finance is still, and must be, for some time, the chief pre-occupation of Madras co-operators. The long and arduous task of eliminating the weaknesses in our credit structure and increasing the usefulness of credit societies in both villages and towns is far from ended: but something is being achieved each year. A few revolutionary suggestions were made in the discussions of the Committee on Co-operation, and were given publicity in the Press. From the response of co-operators, it would seem that many prefer slow progress on the present lines to a more drastic treatment. Some inveterate cancers in the co-operative body resist mild remedies; one or two central banks and many smaller institutions must collapse unless they adopt rather late in the day measures they have resisted or ignored. I continue to impress on directors of banks, but not always successfully, the need to increase short-term loans for productive purposes and to ensure proper control of the money at all stages. The most embarrassed banks are those which have their assets frozen in irrecoverable long-term loans; on close examination, it is usually

found that these loans were individually too large in comparison with the repaying capacity of the borrowers, the purposes of borrowing were not productive, the proper application of the loans was not secured and the borrowers, because they were interested in escaping from a particular debt rather than in financing regular production, have made no attempt to clear their accounts and secure fresh finance. Several banks, though far from insolvent, cannot bring in their money and, therefore, cannot accommodate their members with fresh loans. In various other districts fresh loans are a mere trickle, and banks which should be distributing five, ten, or fifteen lakhs annually for cultivation expenses alone are lending a meagre one or two lakhs to ordinary credit societies, and to sale societies enough to market one or two per cent of the total crop. In South Kanara, though the Central Bank is in many respects among the very best, a tendency to do the work of land mortgage banks in loans for as long as ten years on mortgage security had to be discouraged in the best interests of the primary societies. Long-term lending had better be left to the institutions adapted to this business.

3. *Finance.*—In spite of their errors and difficulties, co-operative institutions have not lost the confidence of the public. The level of deposits remains high. It is a pity that the deposits of members do not grow more rapidly; our societies might be much stronger and more alert if, like the Raiffeisen societies in the Germany of a former day, the deposits of their members exceeded 70 per cent of their working capital. One unresolved question of policy is whether co-operative societies should be so slow to adapt their interest rates to changing conditions. Changing his lending and borrowing rates is the banker's ordinary means of adjusting the demand for loans to the supply of capital. Co-operative banks rarely change their rates and complain at one time of an excess of deposits and at another of a deficiency. Agricultural credit institutions have been trying to keep interest rates to borrowers down to the level imposed on other lenders of money by the Agriculturists' Relief Act. I have been watching the effects of this policy and have warned co-operators against sacrificing the safety of their institutions to a worthy but often impracticable ideal. Relief to borrowers hard hit, through no fault of their own, has already been carried far enough to endanger the profits, if not the working, of several central banks and the endeavour to help failing societies by reducing the rate of interest on old loans—a policy accepted by all central banks—makes it all the more necessary to earn reasonable profits on loans to thriving societies. Reserves must be adequate but can only be built up out of profits; if the margin between borrowing and lending rates is too small for any profits to be earned, the margin must be increased. I find that co-operators and departmental officials agree that a margin of about 2 per cent between the borrowing and lending rates will ensure safety to credit societies without inflicting hardship on borrowers

and I have issued a circular to ensure a reasonable policy in this respect. Money-lenders are said to be refusing to lend at $6\frac{1}{4}$ per cent and it is for the consideration of Government whether the rate fixed under the Act should not be a little higher. Co-operative institutions and money-lenders alike have to cover their risks and costs of supervision.

4. *Management and supervision.*—Experience has shown that the costs of supervision cannot safely be cut. Credit must be controlled and repayment ensured. The central banks are finding that the control is expensive if it is effective. The failure of supervising unions is everywhere throwing too heavy a burden on the staff of the banks, and unless ways are devised to revive unions and secure active and honest work from their unpaid directors, the central banks will soon appreciate what Nicholson meant when he insisted on proximity as one condition for good rural finance. Even if all the paid Inspectors and Supervisors were thoroughly capable and diligent, they would be too few. Unfortunately, in some areas, favouritism and nepotism have entered into the selection of supervising staff and in other areas politics have intruded into business.

Though some critics, including a few who have access to the facts but do not care to study them, have accused the department of trying to officialize the movement, our policy remains the same as before—to help, to guide, where necessary to admonish, and only in the last resort to exercise the powers conferred by the Act for the protection of the public and the saving of societies. The staff of the department is too small to manage the affairs of societies as well as to perform its own functions. I have had to protest in a circular against the increasing demand for the deputation of departmental officers and to point out that the proper course is to secure more trained men and to encourage co-operative employees to secure better training. Better work and better pay are both required, and I am glad to say that Boards of Directors and co-operative employees seem prepared for a progressive policy.

5. *Scope of co-operative societies.*—The development of trained business capacity must precede the launching of a drive to widen the scope of primary societies. Want of suitable men has impeded the development of marketing and of consumers' co-operation; and it is too much to expect that primary societies which have not found honest and competent men to administer credit should find such men to administer joint purchase and sale or village reconstruction. It is apparently more difficult to make a success of co-operative trading than of co-operative banking, if we are to judge by our experience in towns; and the activities of agricultural improvement and rural welfare are not easy for amateurs. We have had great difficulties with co-operative seed multiplication even in the area of the flourishing [illegible] and Rasipuram sale societies. Joint purchase of seed and fertilizer has been attempted

only by a handful of the most progressive societies. Joint sale of produce by primary societies is still a vision of the future and even sale societies too often do a pure credit business instead of mastering the business of selling. Joint ownership of machinery and joint experiment in the processing of agricultural produce can scarcely be said to have been tried, so few are the societies which have shown initiative in these directions. Nothing in the law, by-laws, or policy of the department has prevented the multiplication of activities in primary societies; but last year, as previously, the lack of the imagination, industry and other qualities needed for the successful conduct of business enterprises continued to be felt. The Madura Central Bank, however, launched an ambitious programme of village improvement and achieved some success in stimulating joint purchase. I hope its scheme will prove a model and provoke emulation.

6. *Rate and direction of expansion.*—Madura led the way in the vigorous expansion of consumers' co-operation, which was one of the most notable features of the year. Co-operators took advantage of the conditions brought about by the War to inaugurate stores in a number of towns. If profiteering in foodstuffs had continued a little longer, the number and business of co-operative stores would probably have increased by leaps and bounds. But the inauguration of stores was itself a check on profiteering and the measures adopted by Government had a rapid effect. We can, however, congratulate ourselves on a new impetus to consumers' co-operation after a long period of comparative stagnation. The work of the Madura District Co-operative Wholesale Society in its initial stages is worthy of note; its pioneering activity points the way for other districts.

The great increase in the number and business of milk supply societies is unfortunately not due to consumers' enlightenment; a strong departmental drive had to be made and it remains to be seen whether the real need for pure milk at a price satisfactory to producers as well as consumers will now become apparent to urban populations which have for too long paid more attention to price than to quality. The Royal Commission on Agriculture in India strongly urged municipalities to work for a purer supply of milk. The failure of municipalities has thrown the burden on co-operators, who are entitled to more support and help than they are getting from some municipal councils and the heads of certain Government institutions. The supply of pure milk is not in present conditions a very profitable business, because of the competition of unscrupulous vendors who are rarely prosecuted for adulteration or the sale of contaminated milk. I hope that the supply of pure milk will be treated as a public utility till the public is educated to a proper view.

Organization of credit societies continued according to the policy of recent years. The time has not yet come for co-operation

to reach out into every village. But wherever a real demand for co-operative credit is found together with a sufficiency of trustworthy would-be members, a society will be organized without delay. In this work, the help of a good supervising union is invaluable; and probably greater speed in spreading co-operative credit will follow the revival of unions now dormant or dead. Some Central Banks (for instance, Coimbatore) are doing admirable work in cautious but energetic organization.

Several Central Banks, supported by the Provincial Bank and the department, have decided that the time is ripe for an advance in co-operative marketing. Many new sale societies and some branches of old societies began operations during the year. We are still far from an adequate marketing organization, but in every district the foundations are being laid. Too many societies are still Loan Societies rather than Sale Societies; but all are being encouraged to study the market for local produce and provide the facilities required by both buyers and sellers. An encouraging symptom is the slow but healthy growth of producers' selling organizations, of which the Kodur Fruit-growers' Society is an outstanding example, and the Chittoor Mango-growers' Co-operative Society, a promising one. In the field of ghee production and sale, the Rasipuram Sale Society has been joined by two societies at Avanasi and Periyanaickenpalayam in Coimbatore. Unpolished, hand-pounded rice sells well but the difficulty is to secure an adequate supply in the chief consuming centres; but no new societies for producing this commodity were organized.

The extension of prohibition to four districts and the increasing enthusiasm for rural reconstruction have led to further co-operative efforts. Unfortunately, the department is being asked to do too much by itself and local well-wishers are too apt to think they have done as much as can be expected when they have suggested that a society for such and such an industry could be organized in such and such a place. Enthusiasts are apt to ignore difficulties and make proposals without investigating facts. It is a very important and rather disheartening fact that many of the proposed beneficiaries have neither the desire nor the capacity nor the character for co-operative activity. The number of societies for unemployed toddy tappers and struggling industries actually organized is no index of the amount of work and zeal devoted to investigation and propaganda. On the whole the results are disappointing, but I am doing my best to nurse the various thrift, colonization and cottage industries societies to a healthy maturity.

We are continuing to test the possibilities of co-operative consolidation of holdings. The achievements are as yet insignificant but lessons are to be learnt even from the unsuccessful experiments. It is certainly true, as the Committee on Co-operation has said, that conditions in Madras are very different from conditions in the Punjab, but even here fragmentation leads to waste of effort and land and is an impediment to improvement. Consolidation societies will be valuable institutions if they can achieve their objects. The Special Inspectors employed last year do not as yet seem to have learnt the art of overcoming the cultivators' inertia. Organization of societies is proceeding more actively than actual consolidation.

7. *Methods of business.*—The formation of new societies is no more important than the improvement of the business of existing societies. That there is plenty of room for improvement, informed co-operators will agree. Our institutions are run for the most part by amateurs and even the salaried professional staff have had too little experience of business outside the co-operative world. Our bankers have generally never been in a commercial bank; our stores managers were formerly school-masters or Government officials; our marketing officers have never bought and sold on their own account. It is only in exceptional institutions that the directors and managers study the operations with the diligence and intelligence of the good businessman. To the best of my ability I am trying to draw their attention to possible improvements of method. The deputation of several Deputy Registrars to study the methods of Joint-stock banks and of others to visit the Imperial Dairy Institute may equip the department to offer good advice in some directions. The study of wholesale and retail trade is still backward.

The suggestions made by the Reserve Bank of India for the improvement of co-operative banking were carefully studied. In the matter of fluid resources and the distribution of assets, I have so far seen no need to urge changes on the banks in this province, but the subject is under investigation. To my mind, what our banks most need to do is to increase the facilities they offer their members. In urban areas, where traders, professional men and artisans form a large proportion of the members, more flexibility can be achieved by the development, with adequate care and precaution, of jewel loans, current accounts and cash credits. No bank is being encouraged to launch out on business it is not equipped to undertake; but where, for instance, a bank can arrange for expert valuation and safe custody of jewels, it may do a very safe and useful business. The development of current accounts and overdrafts will mean a greater attention to business and income than to property; and this should be followed by a more rapid turnover and a diversion of funds from unproductive channels to trade and industry. In rural areas loans may be connected more closely with current production by the expansion of loans on standing crops and harvested produce and the discouragement of mortgage loans. Primary societies may be assisted to finance their members promptly and adequately by being granted cash credits when they have shown themselves honest and competent for a sufficient length of time. When members realize that their legitimate needs will

be met in good time they will not be so tempted to draw excessively large sums on false pretexts, and may be more ready to repay their debts as soon as their crops are sold. Better banking means more convenient banking and that in turn should lead to safer banking.

The other condition of safe banking is adequate control. The movement towards stronger control of credit gathered force last year. There is still too large a proportion of loans issued without verification of the purpose and the proper application of the loans—particularly in urban areas, where verification is obviously difficult. In rural areas, verification would be easy if the panchayatdars and other members were vigilant and fearless. As it is, the burden falls on the field staff of the financing bank; and unless this is much expanded, full control must be limited to a comparatively small number of societies while the expense of constant inspection of fields, examination of harvested produce, enforcement of the obligation to sell through a sale society and so on, eats up the margin between borrowing and lending rate. The directors of Central Banks agree that supervision on Raiffeisen principles by unions and panchayatdars and members themselves would be cheaper and more effective; but apparently it is not to be had for the present. In the last resort co-operative control of credit is a matter of education. Despite the efforts of the Provincial Co-operative Union and the Central Banks which continued their classes for panchayatdars and their propaganda through Inspectors and Supervisors, the panchayatdars and members of primary societies are, to a disquieting extent, co-operative illiterates.

Co-operative sale and purchase, though developing, are still so backward that the lines of policy are not yet clearly established except for a general adherence to the main pillars of the Rochdale system—no credit, and sales at market price. The sources of supply and centres of demand require more study and I am relying on the district Museums, annually increasing in number, and the work of the Provincial Marketing Officer to supplement the information which is being put together, rather unsystematically, by sale societies, stores and such organizations as the Provincial Marketing Society and the Provincial Handloom Weavers' Society. I regret to say that the need to study the market is not yet sufficiently appreciated by co-operators engaged in buying and selling. The one thing clearly ascertained and rather dolefully announced by co-operators is that the margins in wholesale and retail trade in this province are exceedingly small. The obvious deduction that, in order to compete with the private trader, the co-operative store and sale society must be more efficient in cutting costs and ensuring quality does not seem to lead to appropriate action. As yet, co-operators have found no means to study closely and fruitfully the seasonal variations of the market. The changes in supply, demand and prices are differently timed in almost every centre and good business will depend on accurate knowledge taking the place of guesswork. Too often we hear of the desirability of holding up produce for a better market. Holding up produce is sometimes as likely to lead to loss as gain. If experience in other countries is any guide, I strongly feel the need for more organized research and for a small statistical staff to do it; and I find agreement in this respect not only in the department but also in the banks and the universities.

In certain respects the year was one of progress. More attention was given to co-ordination of societies; for instance, a number of sale societies and stores stocked and sold the products of weavers' societies and placed orders for foodstuffs with co-operative producers' organizations, and producers' societies, sometimes on their own and sometimes through the Provincial Marketing Society, increasingly sought co-operative outlets. There was some difficulty about prices, consumers' societies complaining that producers' societies asked for too much and producers alleging that consumers' societies offered too little. Both sides have to learn that in trading a fair price is one which pleases both parties. I hope that the development of students' stores will teach a new generation of co-operators the principles of business. If the present rate of increase is maintained, these stores will prove the means of catching co-operators young and instilling good habits before it is too late.

The improvement of methods in production hardly made progress. The weavers' societies still had the services of designers employed by the Provincial Handloom Society and the calendering machine was available, but societies made little use of either to improve the designs and finish of their cloth. A new type of grading machine, very simple and cheap to construct, was designed and used at Kodur for grading oranges. Sugarcane growers' societies and Fruit-growers' societies did a little towards inducing members to improve methods and introducing better varieties. The Cattle-breeding society at Anchetty continued to breed satisfactory calves though there was for a period a falling off of recorded services.

8. *Improvement of administration.*—The methods of departmental administration have been refined over a long enough period to require no fundamental changes, though the present success of the experiment with Inspectors on a territorial basis suggests the wisdom of a further trial, perhaps in a slightly modified form which would leave the independence and thoroughness of audit unimpaired. I have been exercised by the number of instances in which frauds have escaped the notice of auditors for several years and I am seeking to affix responsibility on culpable officers and make them expiate their sins of omission. The improvement of audit is otherwise largely a matter of better training of auditors. The instruction given last year was on the same lines as in the previous year.

An innovation which may point the way to a more harmonious relation between the department and the movement was the joint investigation of the affairs of certain banks by the Joint Registrar and the President of the Madras Provincial Co-operative Bank, to whom my thanks are due for his willing and active co-operation in such cases as those of the Viziawada Central Bank, the Anantapur Central Bank and the South Arcot Central Bank. This kind of co-operation makes it much easier for the Registrar to choose among different possible methods of improvement. Unfortunately, it does not obviate recourse to statutory powers when abuses and incompetence will not give way to mere advice.

There were no major changes in the methods employed for rectification and rehabilitation. By dividing the area of operations of a Central Bank between the Deputy Registrar, the Co-operative Sub-Registrar and the Banks' Executive Officer, the process of scrutiny and classification of societies has been made more rapid and effective. In the Srivilliputtur area group-clerks were tried and reported successful in improving the condition of many societies. In Chingleput supervisors were put under a special staff of five Junior Inspectors and assigned twenty societies apiece for intensive collection of arrears. The cautious and controlled grant of loans to unindebted members of defaulting societies was continued and even defaulters were sometimes accommodated with controlled loans. The results seem to have been good; not only the new loans but a part of the old were almost invariably recovered. Some areas—notably the Ceded Districts—are still backward in rectification; elsewhere a sound policy is being vigorously applied.

The progress of rectification has revealed hopeless insolvency in more societies than can be wound up at one time. Our policy remains to liquidate only so many each year as our limited staff can handle. The liquidators are not encouraged to be leisurely. But difficult problems of investigation and execution delay the final liquidation of many societies for far too long. One, as yet unsolved, problem is what should be done about societies of the scheduled castes formerly affiliated to the Christian Central Bank. As far as possible District Central Banks are being persuaded to take them over but the loss of their reserve funds and their unsatisfactory management has resulted in most of them having no assets to counterbalance their rather heavy liabilities. The administration of the more solvent scheduled castes societies presents a special problem. I hope most of them will be fitted into the ordinary structure. I am glad to report an increase in the number of scheduled castes members in ordinary societies,—a tendency I intend to promote if I can.

The department is only as good as its staff. I have felt a need to shake Inspectors out of the groove of routine and make them think things out for themselves. For this purpose a change was made in the conduct of refresher courses; instead of listening to and perhaps sleeping through a series of lectures, inspectors were made to debate in small groups questions of the day. It is not easy to say whether this intellectual exercise proved salutary; but I hope its effect will be seen in more initiative and better handling of tasks assigned. I also hope that the conference of Deputy Registrars held during the year, at which some lively and interesting discussion was heard, has served to stimulate the higher ranks to individual thinking and enterprise.

The work of the Committee on Co-operation led to a study more wide and deep than usual of various aspects of co-operation. Further, money was got for the expansion of my library by cutting down subscriptions to periodicals to the essential minimum. The conclusion of the Maclagan Committee endorsed by the Royal Commission on Indian Agriculture that the Registrar must always be studying co-operative literature, make himself acquainted with economic conditions and practices both throughout India and in his own Province, and examine systems of developing thrift and inculcating co-operation which have been tried in other countries, I have found a counsel of perfection in this particular year. But I took the opportunity to visit the Punjab, the United Provinces and Bengal when I went to Delhi for the Registrars' Conference, and it is my intention to improve the Registrar's library at every opportunity.

9. *Prospects.*—The decisions of Government on the recommendations of the Committee on Co-operation will to some extent set the course for the future. But since the Committee for the most part, with one or two startling exceptions, envisages building on the foundations already laid rather than a revolutionary reconstruction, it will not be amiss to point out certain potentialities and dangers likely to emerge in the not too remote future.

At present the movement is an aggregate of pieces rather than a whole of coherent parts. Consumers' and producers' co-operation have not yet achieved a dovetailed structure. Various unconcerted efforts are being made in different places; sometimes they fit together, but more often each is pushed along without reference to the others. Nor do co-operators in general show much wish or ability to bring the work of the Development Departments within their orbit.

I have a vision of an integrated whole of many parts so designed that all through the economic life of the province the principle of working together for mutual benefit may exercise its wholesome influence. Already a beginning has been made in the process of linking the work of the Departments of Agriculture and Industries with that of co-operative societies, more especially in the multiplication of improved seed and the improvement of handloom weaving. The help given by the Veterinary Department to cattle-breeding societies is likely to increase as the Provincial Livestock Council extends its work. In rural reconstruction, officers of the Co-operative Department are working as Special Development Officers in close touch with the ordinary district administration and are infusing everywhere the belief voiced by the Royal Commission on Agriculture in India that " only through the medium of co-operative associations can the teaching of the expert be brought to multitudes who would never be reached individually." I cannot say that the experts of the Forest and Irrigation departments have as yet sought to make much use of co-operative organizations, though a society for working forest coupes was organized with the help of the Forest department in Cuddapah district last year and the proposals for Chenchu uplift and for the marketing of the produce of the agency areas of Vizagapatam and Godavari involve the collaboration of the Forest as well as the Revenue Department with co-operative agencies; but I see no reason to doubt that in time all departments of Government will bring their efforts to ameliorate conditions and develop the country to a focus in local co-operative societies.

Co-operative societies on their side have to widen their conception of mutual help till every society serves and is served by every other society into relation with which its work naturally brings it. The interests of producers and consumers and of different kinds of producers are not antipathetic. Fodder-growers, milkmen and drinkers of milk are all likely to gain if they adjust their claims to those of the other classes. The interests of consumers all over the province will be better secured by organizing for the common good than by continuing an anarchy of isolated co-operative stores. A beginning has been made with District Co-operative Wholesale societies. I hope to see these federated in due course into Regional Wholesales and the whole structure solidified with a Provincial Wholesale as a key-stone.

I do not envisage any fusion of the long-term banking organization—the land mortgage banks—and the short-term banking organization, whose system of business and sources of funds are quite different. But as their territories overlap, and their functions are complementary to a large extent—for land owners who require long-term loans for purchase, improvement or retention of land also require short-term working capital for expenses of cultivation—the structure headed by the Madras Provincial Co-operative Bank and the structure headed by the Madras Co-operative Central Land Mortgage Bank will more and more have to fit together to provide for investors and borrowers alike a full range of services and securities. If, as I hope, Central Banks restrict themselves in future almost entirely to short-term loans, as repeatedly advised by the Reserve Bank of India, there will be a sensible gap: investors wishing to invest for over three but less than twenty years and borrowers seeking credit for a similar period will not be fully catered for by either class of institution. By taking thought and co-ordinating effort, we should be able to advance to a fully developed intermediate credit system.

A careful allocation of the credit field to different agencies is a great step towards efficiency. After experiment we have decided that loans on standing crops should as a rule be limited to primary societies since sale societies cannot control them. Production credit is thus divorced from marketing credit. But this divorce should not mean a dissociation of primary credit societies from marketing societies. I hope to see a closer bond between them especially if the increase of co-operative godowns makes possible, in course of time, the introduction of warehouse receipts and their use as good agricultural paper for discount and re-discount.

Co-operation is, like Mesopotamia, a blessed word, but no panacea. The co-operative sector of our economic life needs purification too. It is not my intention to include indictments in this report. But I can forecast plenty of trouble to co-operative institutions and plenty of work for the department on account of certain deep-seated errors of attitude and practice. The degree of dishonesty and incompetence sometimes found in co-operative work is, I regret to say, a discredit to co-operators, who ought to represent the best elements in the population if the co-operative principle of select membership were strictly followed and the co-operative talk of ideals were more than lip service. Partly it must be attributed to the hasty expansion of the movement. Partly it springs from the defects of our qualities, for personal and family loyalty are carried too far and are degraded into favouritism and nepotism. I am always glad to see men drawn into co-operation through ties of affection—provided they are not manœuvred into places they are not fitted to fill, and are not so employed that kinship interferes with the conduct of business. In some areas local unions can fairly be described as mere employment agencies for relatives and friends of directors. As long as this is true, there will be little honest work.

Another most damaging element comes in when co-operators who are also politicians fail to keep their activities separate. Politics, whether for national, municipal, or purely personal ends, have nothing to do with the work of co-operative societies and where these are manipulated to secure influence or votes they are inevitably perverted from their true purpose, corrupted and slowly but surely ruined. The Registrar and his subordinates can do but little to stop the rot, and the remedy ultimately lies in a real change of heart among the members of societies. If, unfortunately, this does not come about, some way, short of supersession of the entire governing body, may have to be found for dealing with those individual members whose activities threaten to prove fatal to the society.

Co-operation is definitely a way of doing business. To the devout it is without question the best way of doing business. And if we can purify and co-ordinate our institutions I think we can rise to a level of efficiency beyond the expectations of even loyal co-operators and well beyond the capacity of competitive individual enterprise in this Province. Our efficiency can grow both in breadth and depth so that the benefits of mutual aid reach the bulk of the population and reduce the costs of decent living at every stage. Men and women should be able to increase the return to effort by producing and selling co-operatively and the return for their money by buying and borrowing co-operatively. But the aim cannot be achieved if only one-tenth of the population is touched by co-operative activity and that only at one or two points; nor can it be achieved if our workers are poor businessmen or lack integrity. Co-operative education is the first task and it must be undertaken by co-operators themselves. I hope the Education Department will continue to improve the teaching of civics in schools and will teach the elements of co-operation more and more widely and effectively. And I contemplate a development of young people's organizations like the American 4-H Clubs or Australian Young Farmers' Leagues from which boys and girls will graduate naturally into co-operative activities. But the main task is to provide example and instruction to the adult villagers who themselves frankly confess their ignorance and helplessness.

The doctrine held by some who do not pay enough attention to the relation between taxes and Government expenditure that the development of co-operation is in the hands of Government must once for all be quashed. Government will still be asked for help—where its help and control may legitimately be asked. The proposed College of Co-operation is a case in point. The Central Land Mortgage Bank will, I hope, enjoy Government's guarantee of its debentures and temporary accommodations to facilitate the floating of loans so long as it needs them. The suspension of this accommodation at a time when the market for long-term securities was disturbed greatly impeded the working of the Land Mortgage Banks, and the preponderance of central banks and local bodies among holders of debentures suggests that the investing public still has to acquire a liking for these securities, so that the time is not ripe for Government to withdraw its support. But special concessions and props are not to be indefinitely continued or multiplied. The withdrawal of Government funds from co-operative house building may prove a blessing to the movement, if the Central Co-operative House Building Society now being contemplated proves itself able to stand on its own feet and shows co-operators that they are business-men and not applicants for charity. In this proposed society as well as in the Co-operative Fire and General Insurance Society, soon to be inaugurated, Government support and consideration of the public interest will be evident in the presence of a small minority of nominated directors but the societies must rely on their own business ability for success.

PART II.

Review of Events.

Section I.—Signs and degree of growth.

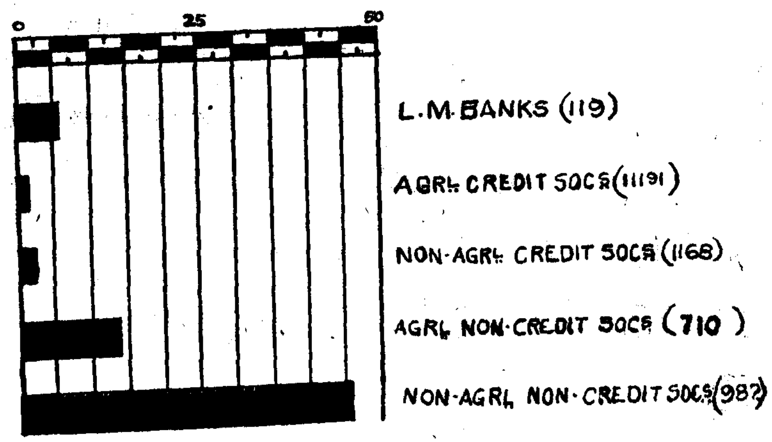
10. *Quantity—*

Societies.—The following statement shows the number of societies of each type, excluding the provincial banks, central banks and unions, at the end of each year, for the last three years :—

	1937–38.	1938–39.	1939–40.
Agricultural credit societies other than land mortgage banks	10,520	10,926	11,191
Land mortgage banks	101	112	119
Non-agricultural credit societies	1,070	1,131	1,168
Sale societies and marketing societies	122	138	149
Agricultural stores and trading unions	7	9	6
Manure supply societies	1	2	2
Milk supply unions	4	6	15
Milk supply societies	39	51	88
Kudimaramat and irrigation societies	12	13	14
Agricultural demonstration and agricultural improvements co-operative societies	35	39	42
Land reclamation societies	10	10	9
Sugarcane-growers' societies	15	15	14
Fruit-growers' societies	9	8	15
Cotton-growers' societies	1	1	1
Plantain-growers' societies	..	..	1
Betel-leaf growers' societies	..	..	1
Casuarina growers' societies	1	1	1
Cattle-breeding societies	3	5	7
Consolidation of holdings societies	5	16	22
Scheduled castes' non-credit societies	289	291	297
Colonization societies	2	3	4
Stores	73	85	237
College and school students' stores	89	94	222
Provincial stationery stores	..	1	1
Medical stores	..	..	1
Weavers' societies	132	173	191
Madras Handloom Weavers' Provincial Co-operative Society	1	1	1
Cottage industries societies exclusively for women	9	22	25

	1937–38.	1938–39.	1939–40.
Other cottage industries societies	28	46	66
Industrial and credit societies	3	3	3
Agricultural and industrial societies	2	2	2
Building societies	127	126	122
Labour contract societies	18	22	23
Printing societies	3	3	3
Fishermen's non-credit societies	28	28	32
Better living societies	50	54	51
Rural reconstruction societies	..	..	1
Thrift societies exclusively for women	22	19	18
Insurance societies	2	2	2
Mahali prevention societies	1	2	2
Arbitration Union	1	1	1
Total ..	* 12,835	* 13,461	* 14,170

The total number of societies in the Province rose from 13,759 to 14,466, an increase of over 5 per cent. The number of central banks remained the same. The diagram below shows the percentage of increase in each class :—



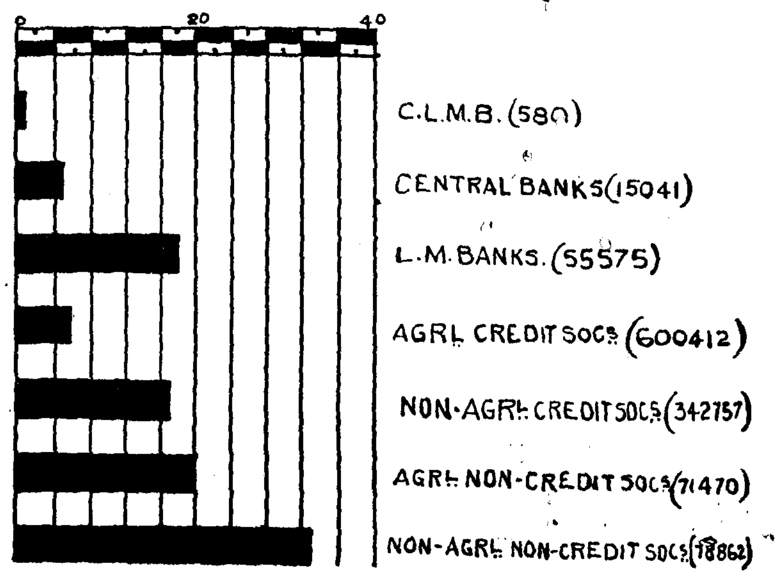
(The figure in brackets indicates the number of societies.)

The increase in agricultural non-credit societies was largely due to milk supply societies and unions, and the rise in non-agricultural societies for purposes other than credit, to stores societies, school and college students' stationery societies and weavers' societies.

Membership.—Membership in societies increased more rapidly. The total number of members in all the societies rose from 1,042,000 to 1,165,000, an increase of 12 per cent. There was no change in the number of members in the Madras Provincial

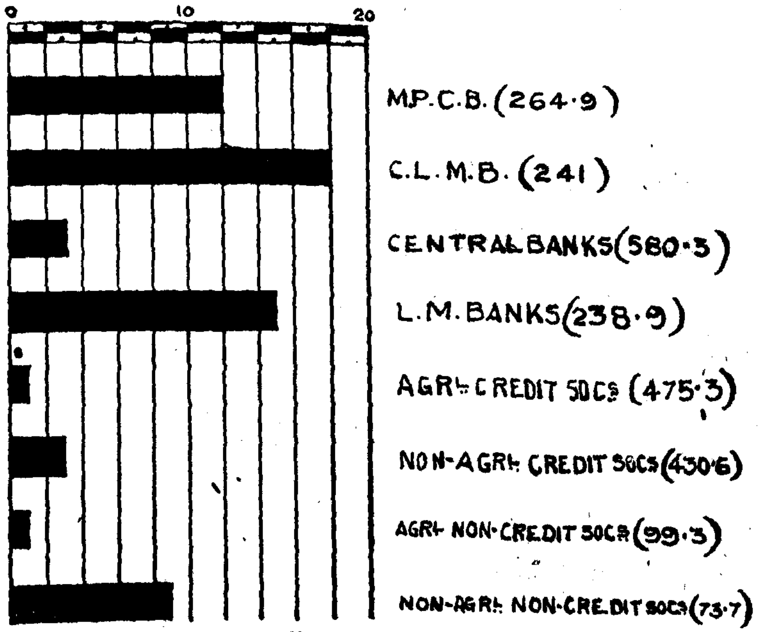
* Includes societies which had not started work at the end of the year.

Co-operative Bank. The percentage of increase in the remaining classes of societies is shown in the following diagram :—



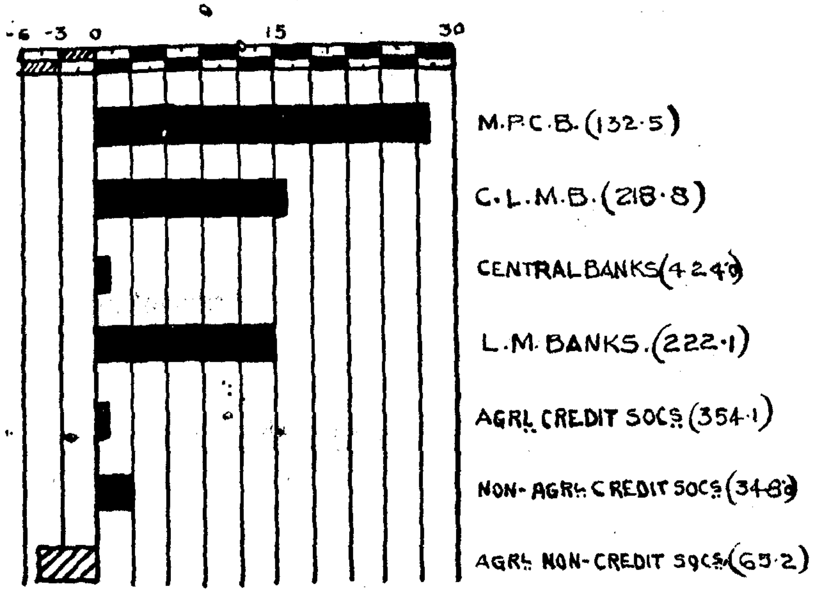
(The figures in brackets indicate the number of members.)

Working capital.—The total working capital of all classes of societies rose from Rs. 2,271 lakhs to Rs. 2,404 lakhs, an increase of 6 per cent. The societies which largely contributed to this increase were the Madras Provincial Co-operative Bank, the Central Land Mortgage Bank, central banks, land mortgage banks, and non-agricultural credit societies. The percentages of increase were as shown below :—



(The figures in brackets indicate the working capital in lakhs of rupees.)

Transactions.—The loans outstanding against members increased at the same rate as the working capital. From Rs. 1,700 lakhs they increased to Rs. 1,801 lakhs, that is, by about 6 per cent. The diagram below shows the percentage of increase or decrease in each class of society :—

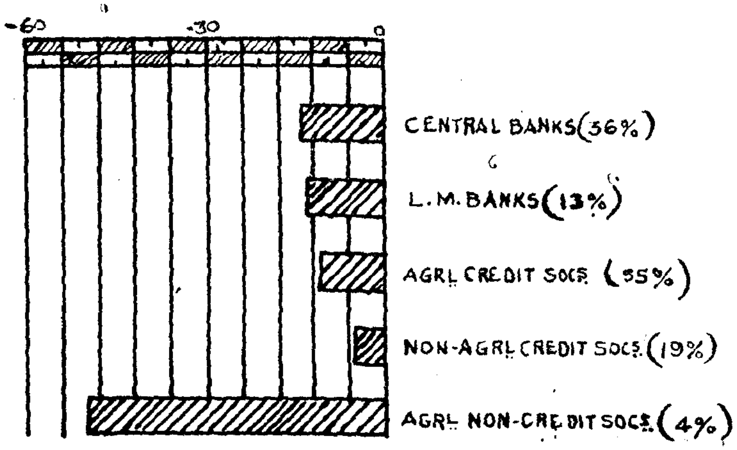


(The figures in brackets indicate the loans outstanding in lakhs of rupees.)

A comparison of the transactions with the working capital reveals some interesting features. The working capital of the Madras Provincial Co-operative Bank went up by only 12 per cent, while its transactions increased by 28 per cent. This was on account of the fact that during the year the bank invested in loans to central banks a larger proportion of its funds than in 1938–39. As for central banks, the increase in their working capital by 3 per cent was not followed by a corresponding rise in their loan transactions, that is, at the end of the year some of them had more funds on hand than they actually required.

In agricultural non-credit societies, though the loans outstanding against members fell by 5 per cent, there was no decrease in the loan business. In fact, the loans issued during the year amounted to Rs. 113 lakhs, which was about 12 per cent more than in 1938–39. The fall in the loans outstanding only means that during the year the repayment of loans was brisker and quicker. This, apparently, was due to the fact that the ryots took advantage of the increase in prices soon after the outbreak of war and sold their produce without holding it up for a long time.

Overdues.—During the year there was a marked fall in the percentage of overdues under principal in all classes of societies. The following diagram shows the percentage of decrease compared to the arrears in 1938–39 :—



(The figures in brackets indicate the percentage of overdues at the end of the year.)

Section II of Appendix 1 gives details of the demand, collection and balance during 1939–40 under principal, current interest and arrear interest in central banks, agricultural societies and non-agricultural societies. Section III of the same appendix gives details of the overdues in 1938–39. There was a reduction in the percentage of overdues under all heads, except under current interest in non-agricultural societies, where there was a very small increase by 0·76 per cent.

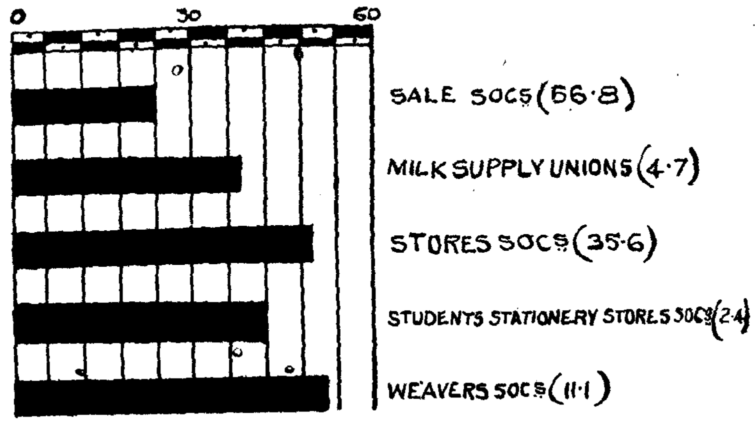
The following statement shows the percentage of overdues under principal in central banks, agricultural societies and non-agricultural societies during the past five years :—

Year.	Central banks.	Agricultural societies.	Non-agricultural societies.
1935–36	57·87	65·35	23·24
1936–37	51·15	58·76	21·90
1937–38	50·20	55·45	20·86
1938–39	42·21	47·17	19·94
1939–40	35·35	40·58	16·86

The fall in the percentage has been steady and appreciable, and constitutes one of the most satisfactory features of the co-operative movement in recent years. In central banks and agricultural societies there was a fall not only in the percentage but also in the amount of the arrears, as will be seen from Sections II and III of

Appendix 1. The slight rise in the price of agricultural commodities and the sustained efforts of both un-officials and officers of the department were in large measure responsible for the good collections during the year.

Non-credit work.—The diagram below shows the percentage of increase in the value of goods sold during the year by the more important types of non-credit societies :—



(The figures in brackets indicate the value of goods sold in lakhs of rupees.)

I am happy to be able to remark that there was an all-round increase in the business of these societies.

The following maps and graphs are appended to the report :—

(i) Map showing the percentage of villages served by agricultural credit societies in each district, and the head-quarters of central banks. (It is regretted that a few errors crept into this map in the last year's report).

(ii) Map showing the stores societies and students' stationery societies and their transactions in each district.

(iii) Map showing the sale societies and the volume of their transactions in each district.

(iv) Map showing special types of societies, such as milk supply societies, sugarcane-growers' societies, cattlebreeding societies, consolidation of holdings societies, etc.

(v) Map showing the percentage of collections to demand (principal) in agricultural credit societies other than land mortgage banks.

(vi) Graph showing the progress of agricultural societies from 1929–30 to 1939–40.

(vii) Graph showing the progress of non-agricultural societies from 1929–30 to 1939–40.

11. ***Quality***—

Changes in relation between owned capital and borrowed capital.—As I have mentioned in paragraph 10, the working capital of all types of societies has increased during the year. The sources from which the societies obtained their funds and the percentage of such funds to their total working capital are shown in the following statement :—

Resources statement.

	Madras Provincial Co-operative Bank.		Madras Central Land Mortgage Bank.		District central banks.		Land mortgage banks.		Agricultural societies other than land mortgage banks.		Non-agricultural societies.	
	1939–40.	1938–39.	1939–40.	1938–39.	1939–40.	1938–39.	1939–40.	1938–39.	1939–40.	1938–39.	1939–40.	1938–39.
Total working capital (in lakhs)	264·91	236·45	240·98	204·39	580·30	566·24	238·93	207·49	574·62	571·13	504·28	485·21
Share capital, percentage	2·51	2·77	3·59	3·80	8·52	8·74	6·43	6·46	10·89	10·56	22·05	22·52
Deposits, percentage	61·61	60·11	82·21	83·01	40·43	44·60	0·95	1·29	6·41	6·39	51·28	50·77
Loans from other societies, percentage ..	24·67	25·39	1·42	1·14	39·71	35·23	91·65	91·30	63·29	63·79	7·78	7·61
Loans from Government, percentage ..	..	..	10·81	10·53	..	..	..	0·03	0·89	0·94	4·45	4·36
Reserve fund, percentage	6·89	7·40	0·90	0·86	5·97	5·98	0·79	0·70	14·27	14·04	9·08	8·94
Other funds, percentage	4·32	4·33	1·07	0·66	5·37	5·45	0·18	0·22	4·25	4·28	5·36	5·80
Total ..	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00	100·00

The percentage of the owned capital (share capital *plus* reserve fund) of the societies to their total working capital has slightly fallen in the Madras Provincial Co-operative Bank, the Central Land Mortgage Bank, District Central Banks and non-agricultural societies; it has, to a small extent, risen in the case of land mortgage banks and other agricultural societies. The fall in the *percentage* does not, however, mean that the *total amount* of the owned capital has fallen. In fact, there has been an actual rise in every case. The fall in the percentage was because the owned capital accumulated during the year was less than the outside borrowings of the societies. The small fall in the percentage of such capital compared to the total working capital is not necessarily a sign of weakness; it is rather an indication of the increased business they have built up.

Members' and non-members' deposits.—The statement below shows the relation between deposits of members and non-members in agricultural and non-agricultural societies :—

	Members. Amount in lakhs of rupees.	Percentage.	Non-members. Amount in lakhs of rupees.	Percentage.	Total deposits from individuals. Amount in lakhs of rupees.
	Agricultural societies.				
1937–38	17·38	46	20·47	54	37·85
1938–39	17·87	46	21·28	54	39·15
1939–40	18·37	47	20·71	53	39·08
	Non-agricultural societies.				
1937–38	105·84	45	129·06	55	234·90
1938–39	110·52	45	135·83	55	246·35
1939–40	117·75	46	140·81	54	258·56

In agricultural societies, there has been during the last three years practically no change either in the amount of deposits held by individuals or in the proportion in which they were held by members and non-members. It is, therefore, clear that during these three years little progress was made by the societies in tapping local resources or in encouraging members to invest more of their savings in the societies.

As for non-agricultural societies, there has been a steady increase in the deposits of individuals, but there has been no appreciable change in the proportion in which they were held by members and non-members.

In Central Banks, out of Rs. 159·67 lakhs held in deposits by individuals, Rs. 28·77 lakhs, that is, 18 per cent, were held by the individual members of the banks. There were in all 4,160 such members, and on an average each member held Rs. 692 as deposit.

Short-term and medium-term loans.—The following figures indicate the proportion of the short-term loans to the medium-term loans issued to societies by the central banks during the last three years :—

	Medium-term loans issued.	Short-term loans issued.	Proportion of the short-term to the medium-term loans.
	RS. (IN LAKHS).	RS. (IN LAKHS).	
1937–38	45·58	96·67	1 : 0·47
1938–39	63·41	137·67	1 : 0·46
1939–40	46·82	155·89	1 : 0·30

There has been a gradual decrease in the proportion of the medium-term loans issued during the last three years. There was also a definite fall in the proportion of the medium-term to short-term loans outstanding against societies at the end of the year; the proportion between short-term and medium-term on 30th June 1940 was 1 : 1·17, while it was 1 : 1·67 on 30th June 1938 and 1 : 1·31 on 30th June 1939. It is a welcome trend in co-operative finance that central banks are restricting their medium-term loans and are developing more short-term business; but one would wish that this process is carried much further, and that co-operative banks and societies confine themselves mainly to short-term business, i.e., to loans repayable from the produce of the next harvest.

Purpose of loans.—The statement below shows the purposes for which societies issued loans during the last three years :—

Agricultural societies other than land mortgage banks.

	Loans for productive purposes.		Loans for redemption of prior debts.		Loans for non-productive purposes.		Total.
	Amount. RS. (IN LAKHS).	PER CENT.	Amount. RS. (IN LAKHS).	PER CENT.	Amount. RS. (IN LAKHS).	PER CENT.	RS. (IN LAKHS).
1937–38 ..	148·29	83·61	26·26	14·81	2·80	1·58	177·35
1938–39 ..	193·66	77·98	47·22	19·01	7·48	3·01	248·36
1939–40 ..	216·85	83·39	39·83	15·32	3·36	1·29	260·04
			Non-agricultural.				
1937–38 ..	138·31	48·89	99·64	34·98	46·87	16·13	284·82
1938–39 ..	151·62	50·01	99·91	32·95	51·71	17·04	303·24
1939–40 ..	152·13	49·89	103·49	33·95	49·28	16·16	304·90

A large part of the loans issued by agricultural societies was, as usual, for productive purposes. The percentage of such loans to the total loans issued rose during the year; and the percentages of loans for redemption of prior debts and for non-productive purposes decreased. These are satisfactory features, but one would like to see that loans for redemption of prior debts are much more reduced.

The position in non-agricultural societies is not so satisfactory. Slightly over 50 per cent of the total loans have been issued for the redemption of prior debts and for unproductive purposes. It is no

doubt more difficult to control the use of loans in urban than in rural areas, and the tendency for unproductive borrowing is also perhaps stronger in towns than in villages. These factors do not, however, mean that urban banks can lend without reference to the purpose of the loans. They should take steps to use a larger proportion of their funds to give loans to artisans, small traders, etc., and help them in their business.

Value of loans.—A classification of the loans issued during the year and in 1938–39, according to their value, is given in appendix 2. In agricultural societies, loans for sums exceeding Rs. 100 have increased and those for sums below Rs. 100 have decreased. The increase or decrease has not, however, been appreciable. The fact, however, that about 50 per cent of the total loans continue to be for sums exceeding Rs. 250 is not quite satisfactory. In non-agricultural societies, too, the position is the same. These facts indicate that the poorer members require greater attention from the societies than they are now getting. It is these members who are most in need of financial help from societies, and it should be the aim of the latter to give them that assistance as largely as possible.

Security for loans.—Appendix 2 also gives details of the loans outstanding at the end of the year, classified according to security. In agricultural societies, while 42·15 per cent of the total loans was on the security of immovable property, only 39·21 per cent was on personal security. In non-agricultural societies, too, the percentage of loans on the security of immovable property was high (34·86). Immovable property is no doubt a tangible form of security, but the tendency to issue loans on mortgaged property is likely to divert attention from the essential consideration of *the repaying capacity of the borrowers*. Also, there are difficulties in the way of realizing such loans. Very often societies themselves have to take over these properties when the borrowers fail to repay their loans. This has already happened in a large number of cases, and a few Central Banks are faced with the question of the disposal of the properties which have come into their hands and into those of societies indebted to them. Further, if mortgage loans should be preferred, the benefits of the society will be denied to persons who cannot offer adequate immovable property as security for the loans. The main points which a society should look to, before giving a loan to a member, are his capacity for repayment and his honesty. The security should be the borrower himself more than his property. Surety loans should, therefore, generally predominate in the business of societies.

Credit and other business.—In 139 credit societies multiple-purpose objects have been introduced, and these societies have worked one or other of the objects contained in their by-laws, such as the supply of manure, seed and improved implements, joint purchase and distribution of articles required by members on the indent system, promotion of thrift, running of reading rooms, etc.

Special mention may be made of the credit societies in the Madura and Ramnad districts selected for intensive rural development. The idea underlying the scheme is to make the co-operative society the centre of village life and work out a programme of rural reconstruction aimed at the economic and social development of the villager. Public health, education and cottage industries also receive attention. Adult education classes are being held in 8 places. Twenty-six societies in the districts have been selected for the purpose. The entire scheme is controlled by a rural development committee of the central bank which has placed at the disposal of the committee its common good fund of Rs. 11,000. I expect that more societies will not only adopt multiple-purpose objects in their by-laws but will also try to make them a reality. The progress can, however, be only gradual, and somewhat experimental to begin with.

To sum up, the amount of the owned capital of all classes of societies increased, but owing to the increased business they built up during the year the percentage of such capital to the total working capital generally fell, though slightly. The proportion between the members' deposits and non-members' deposits remained substantially unchanged. The percentage of loans issued by agricultural and non-agricultural societies for the redemption of prior debts was rather high, and in the latter class of societies the percentage of loans issued for productive purposes was too low. The preponderance of loans issued for sums exceeding Rs. 250 and of the loans outstanding on the security of immovable property was not quite satisfactory. It is, however, a welcome sign that central banks and societies issued more of short-term loans and less of medium-term loans.

Section II.—Influence of external factors.

12. *Season.*—The season of 1939–40 was of a mixed character. The South-West Monsoon was unfavourable and rainfall generally below normal. But the area sown in this monsoon period was generally above the normal except in the Circars and the Carnatic. The North-East Monsoon was excessively concentrated in the month of October, and in November there were floods in parts of East Godavari, West Godavari, Kistna and Tanjore, due to cyclonic conditions. On the whole, the rainfall was above normal.

13. *Crops, prices and the war.*—The estimates show that in 1939–40 the area under paddy was below normal and the seasonal factor (93 per cent) was also below normal. The total yield of paddy is estimated to be well below the average in the province. The cotton crop is expected to be much below normal on account of an unfavourable seasonal factor (77 per cent for irrigated cotton and 92 per cent for unirrigated cotton). In Coimbatore, Ramnad and Madura, there was a marked increase in acreage over the previous year. The area under groundnut in the south fell remarkably from the previous year. This was to some extent compensated by

increases in the Deccan. The yield is expected to be much below normal except in Kurnool and Bellary (seasonal factors 89 per cent) but the total yield is slightly above the average. Of the other oil-seeds, gingelly decreased in acreage in the province but increased in the central districts of North Arcot, Salem and Coimbatore; while castor seeds showed a slight increase mainly on account of the greater sowings in Anantapur.

The prices of food-grains increased considerably after the outbreak of war. In the half-year ended December 1939, prices rose by from 3 per cent to 20 per cent higher than in the corresponding period of the previous year. In the half-year ended June 1940 prices ruled roughly 15 per cent higher than in the corresponding period of the previous year. The prices of commercial crops rose in the earlier part of the war and stood at figures 30 to 80 per cent higher in December 1939 than in the previous December. Cotton rose sharply in December, groundnut in October and November. Prices of castor and rice rose very sharply in November and December. In the second half-year, prices of cotton ranged fairly high but slumped in June on account of the war. Groundnut also slumped in June but the price of castor remained high. The price of groundnut tended to rule higher than in the previous year. On the whole, the prices were favourable to producers. The increase in the price of food-grains caused an increase in the cost of living of classes who purchased food-grains.

The value of agricultural produce exported in the first half-year was much below that in 1938. Exports of groundnut and pepper were particularly affected. On the other hand, there was an increase in the value of rice exported, and the value of castor exported increased by over 400 per cent. In the second half-year the value of exports was almost equal to that in 1939. Castor showed a very remarkable increase to nearly 90 times the previous value. Exports of rice were 22 per cent higher but this was not enough to compensate the fall in the value of groundnut and cotton exported. The loss of continental markets in Europe is inducing a further downward trend in the cotton and groundnut markets.

Soon after the outbreak of war, there was a rise in the prices of agricultural commodities. The Reserve Bank of India observed that any increase in the prices would be only temporary and that, though a certain amount of expansion of credit would be necessary if the cost of production increased, we should guard against any tendency on the part of agriculturists to borrow excessively on the strength of the temporary rise in prices. It suggested that co-operative societies must lay an increased stress on thrift and avoidance of unnecessary expenditure and must induce their members to utilize this opportunity to get rid of their old debts. The substance of the Bank's suggestions was brought to the notice of the Central Banks and societies. It is clear, however, from the statement made above that the war has not generated a boom in South India.

It is difficult to know how far prices moved in response to speculation. Generally, agricultural prices seem to have risen and this should be to the advantage of the ryot. But the consumer probably finds his real income adversely affected and the gains in better collections in rural credit societies may to that extent be offset by ill effects in urban credit societies. That the rise in the price of food-grains played a part in stimulating the development of consumers' stores is clear from the fact that the number of stores increased from 89 at the outbreak of the war to 282 at present. Possibly, the rising prices for cotton and groundnut in the earlier months were helpful in the development of sale societies also in certain districts.

14. *Legislation and social change—Legislation.*—Various types of co-operative institutions, particularly stores societies, were affected by the operation of the Sales Tax. Co-operative societies were not exempted from the operation of this Act and some of them found their distributable profits considerably diminished. They had to pay in all about Rs. 20,000, a large portion of it being contributed by 34 stores societies. Another tax which affected co-operative institutions was the super tax. According to the present interpretation of the Income-tax Act, co-operative societies are associations of individuals and liable to pay the higher rate of tax. The Honourable Mr. V. Ramadas Pantulu has been trying to secure an amendment of the Income-tax Act, and for the present the Central Government has been persuaded to treat co-operative banks no worse than joint-stock banks. The reduction of the tax thus obtained was as much as Rs. 43,000 for the assessment for the year 1940–41, in the case of the Madras Provincial Co-operative Bank alone. All profits under Rs. 25,000 are to be exempted from super tax for the present.

The Madras Debt Conciliation Act, 1936, and the Madras Agriculturists Relief Act, 1938, have had some effect on the working of co-operative societies. The first Act provides for voluntary and amicable settlement of debts, including those due to co-operative societies, by bringing together debtors and their creditors through the medium of Debt Conciliation Boards constituted for the purpose. The Madras Agriculturists Relief Act, however, aims at compulsory reduction of rural debts. Co-operative societies are exempt from the operation of this Act. One noticeable effect of the Agriculturists Relief Act is the contraction of credit from private sources for the agriculturists. This is reflected in the increase in the transactions of societies in the last two years. This Act also had its effect in inducing societies to reduce their lending rates, to scale down their debts and to extend concessions to their members consistent with their financial condition and commitments.

As regards land mortgage banks, the amounts due from their members to their creditors are scaled down according to the provisions of the Act, though informally as between the parties.

Up to 30th June 1940, debts amounting to Rs. 161·36 lakhs had been scaled down by Rs. 15·71 lakhs, i.e., by about 9 per cent.

The Thirteenth Conference of Registrars, which met at New Delhi in December 1939, expressed its concern whether debt relief legislation passed by the various provinces might not have adverse repercussions on the co-operative movement, particularly by inculcating in borrowers an unwillingness to meet their obligations punctually, in the hope that the State would intervene later to scale down debts by statutory compulsion. It, therefore, recommended that, in any future proposals for agrarian legislation in provinces, its possible effect on co-operative institutions should be carefully borne in mind.

The question of amending the Food Adulteration Act for bringing co-operative societies also within its purview is under the consideration of the Government. A strict enforcement of the penal provisions of this Act in municipal areas will prevent the sale of adulterated milk and will remove the competition which milk supply societies and unions have now to face from private dealers.

Social change.—I am glad to be able to say that more members of the scheduled castes are being admitted to ordinary credit societies. How far this is due to the liquidation of scheduled castes societies is difficult to say. But that many societies composed of Hindus of higher castes are willing to admit members of the scheduled castes is an encouraging sign of the breaking down of caste barriers.

The Co-operative department has taken an active part in the schemes of special development introduced in the prohibition districts. The combination of prohibition, debt relief and special development seems to be effecting certain changes of attitude which must in due course have repercussions on the development of co-operation. The aggregate scaling down of debt through the operations of Debt Conciliation Boards, land mortgage banks and other machinery recently provided, must undoubtedly have been considerable. At the same time, prohibition is preventing ryots and labourers from spending their money on drink and wasting their time in toddy shops. To provide a channel through which the savings of cash can become productive capital, co-operators are organizing special societies for thrift and developing thrift schemes in credit societies. In order to make use of the free time of the villagers, co-operators are joining in the campaign for village improvement. And to provide work for toddy-tappers and others thrown out of employment by the enforcement of prohibition, co-operators are endeavouring to organize jaggery societies and land colonization societies, in which these classes may be enabled to secure a better income than they would as casual labourers.

There has been no increase in the number of societies organized separately for women; they are being encouraged to join the existing societies for men, as I feel that separate societies for them are, save for exceptional reasons, neither feasible nor necessary. Encouragement to poor and middle-class women to undertake home or cottage industries can be given through the existing societies and it is my wish that the activities of these societies should, wherever possible, be enlarged for this purpose.

Separate societies have, however, been organized for the students in girls' schools, and there are at present nine such societies. This may help women to take a greater interest in co-operative activities in later years.

Section III.—Internal development.

15. *Education and propaganda.*—The experience gained in the working of the schemes which were put into operation in 1936–37 with the assistance of the Government of India grant for co-operative education was helpful in formulating certain new schemes for imparting education on a more intensive scale. For educating the members and panchayatdars of societies in the principles of co-operation, the Provincial Co-operative Union with the aid of district committees and central banks has been conducting classes in various centres in each district. At these centres the members and panchayatdars are gathered and are given lectures for a day or two. During 1939–40 such classes were held in 742 centres, and 9,484 panchayatdars and 35,818 members attended them. The area to be covered and the number of persons to be tackled are, however, too large to make any intensive training possible. So far as it goes, the training has doubtless been useful to a large number of persons, but to supplement it by a more intensive training which would ensure continuous propaganda at each centre for inducing members to take a sustained interest in their societies, the Government at my instance have sanctioned a new scheme. Secretaries and directors selected from important societies, making up a total of about 40 candidates, will be trained in co-operation, rural economics, accountancy, book-keeping, elementary banking, etc., for a period of three months in the Central Co-operative Institute, Madras. When these persons return to their respective villages after the training, they will hold classes for members of their societies for a period of six months. Each trained candidate is expected to teach 40 persons at a time for six months, and two batches will be trained in a year. They will be given a stipend of Rs. 20 a month during the period of their training and a remuneration of Rs. 10 a month when they return to their societies and hold classes for their members. The first batch of candidates has been undergoing training in the Central Co-operative Institute from 15th September 1940.

Another scheme that was sanctioned during the year was the appointment of Educational Inspectors for training office bearers and members of societies in keeping accounts and in allied work.

Twenty-four Senior Inspectors have been appointed, one for each district except Madras. Each Inspector will visit societies in the district, assemble the panchayatdars and such of the members as are literate and are willing to learn, and will teach them how to keep accounts and to attend to other scriptory work. He will stay in the village sufficiently long (for about a week) and see that every panchayatdar or member who attends the course really understands the work.

A third scheme that was sanctioned was the appointment of Senior Inspectors for doing propaganda in the districts for creating conditions favourable for the successful working of non-credit societies. They will tour the districts and give simple talks to the people on the several non-credit activities undertaken by the Department, and make them see how their economic problems can be solved by joint effort on a co-operative basis. For the present, only three Senior Inspectors have been appointed, at the rate of one for each of the districts of North Arcot, Chittoor and Cuddapah, where prohibition has been introduced and where conditions are particularly favourable for the development of non-credit activities.

In addition to these, a new scheme has recently been sanctioned for providing central banks with adequate, well-equipped staff for supervising non-credit societies in the districts. Two supervisors or other employees recommended by central banks will be given theoretical training for a period of two months in the Central Co-operative Institute, Madras, and practical training for three months. During the practical training they will visit four or five districts where non-credit societies are well-developed. This scheme will be put into operation early in 1941.

For giving training to the staff employed or seeking employment in co-operative institutions, the schemes that were in operation in previous years were continued. In the Central Co-operative Institute, Madras, 25 unofficials were given training for a period of three months in the duties of the secretaries and managers of central and urban banks, and 20 office-bearers and employees of non-credit societies were given training in non-credit work for a period of two months. The peripatetic training classes for giving training to supervisors employed by central banks, etc., were held during the year for a period of five months from 8th January 1940 at Rajahmundry and Coimbatore, and altogether 98 candidates were admitted to these classes.

The general illiteracy of the people has been a great handicap, but lack of understanding of co-operative principles and methods has been just as common. The various schemes of co-operative education have been designed to remedy the latter. Quick results cannot be expected, and if the education should really be useful in improving the working of societies it should be continuous and form a normal feature and not an occasional spurt of activity.

The recommendations of the Committee on Co-operation regarding the constitution of a College of Co-operation and permanent co-operative training institutes, etc., are under consideration.

The main activities of the Madras Provincial Co-operative Union have been, as in the past, the conducting of the Madras Journal of Co-operation in English, the running of a co-operative library and reading room, subsidising co-operative journals in the various languages in the province, Propaganda tours by officers of the union, running of peripatetic training classes at Rajahmundry and Coimbatore under its auspices, the general supervision of the panchayatdars' training classes, and the sale of publications, magic lanterns and slides. The formation of a Study Circle among the employees of the various co-operative institutions in the City of Madras was a new line of activity recently taken up.

In the death of Sri V. Venkatasubbiah, its late Secretary, the Provincial Co-operative Union in particular, and the co-operative movement in general, sustained a great loss.

The Tamil Nadu Federation and the Andhra Sahakara Sammelanam confined themselves in the main to the publication of their monthly co-operative journals.

16. *Organization—General survey.*—In the year, 932 new societies were registered in the Province as a whole. Of these, no fewer than 109 were in Kistna, 100 in Madura and 84 in Guntur. Other districts in which fresh societies were organized in large numbers were Tinnevelly (56), East Godavari (55), North Arcot (55) and Vizagapatam (50). Of the total, 431 were agricultural credit societies on an unlimited liability basis, and of these 85 were in Kistna, 55 in Madura and 49 in Guntur. Other districts in which new agricultural credit societies were formed in large numbers were Nellore (33), North Arcot (28), East Godavari (26) and Salem (23). Three hundred and eight societies were registered during the year, which come under the category " Non-agricultural Purchase and Sale ", of which 153 were stores societies, 129 students' stationery societies and 25 weavers' societies. Of the total number, 35 were in Tinnevelly, 27 in Madura, 25 in Guntur and 20 in Vizagapatam. Other districts in which there was a marked increase are Coimbatore (16), Tanjore (17), North Arcot (16), East Godavari (14) and Trichinopoly (16).

Development of various types of societies.—Twenty-seven new " Agricultural Purchase and Sale " societies were registered during the year. East Godavari, Kurnool and Madura, had three new societies registered in each. The category of " Agricultural Production and Sale " societies, in which milk supply societies are included, increased more rapidly, 45 new societies being registered, of which five were in North Arcot, five in East Godavari, and four in each of the districts of Chingleput, Madura, Tanjore and Vizagapatam. Urban credit societies increased by the registration of 56 new societies, of which 6 were in East Godavari, 5 in Cuddapah, and 5 in Madras. Nineteen societies were registered in the category of "Non-agricultural production and sale " societies. These were scattered over the province. Eight land mortgage banks were registered. Owing to the peculiar conditions following the war, it was not thought desirable to organize and register many land mortgage banks.

17. *Experiment—Multiple-purpose societies.*—In my report for 1938–39, I had referred to the view held by a section of unofficial co-operators that the village society should be converted into a general purpose or multiple-purpose society. The Committee on Co-operation, which has considered the subject, has recommended that the functions of agricultural co-operative societies should be enlarged, so as to include all the economic needs of the members. Multiple-purpose societies are not, however, new things ; even the existing by-laws provide for the various activities contemplated. I agree with the Committee that village societies should attempt to discharge as many of the functions as are contemplated in their by-laws. I am, however, of the opinion that the growth and evolution of the multiple-purpose societies must be gradual; it is not possible to achieve a miracle by straightaway calling every credit society a multiple-purpose society, or mechanically extending its area of operations, or making its liability limited. The two or three multiple-purpose societies on a limited liability basis, which are in existence, have not shown such striking results as to warrant the wholesale and immediate transformation of the present structure of the village society. The thirteenth Conference of Registrars which considered the subject has resolved that " Provinces should experiment with multiple-purpose societies to ascertain more clearly the conditions under which they are likely to thrive and the form which they should take, with special reference to their area of operations, liability and purpose ". I consider that the policy enunciated above is a sound one and goes as far as one can go now. While, therefore, experiments with the specific type of society may be made wherever the soil is favourable, to see how the whole thing works, it is necessary to go slowly and carefully, and meanwhile induce the existing credit societies to make their multiple-purpose by-laws a reality. I am taking the necessary action in this respect.

Marketing and controlled credit.—Special attention was paid to the extension of the scheme of controlled credit. The scheme is now in operation in all the districts except Nellore, Nilgiris and Chingleput. The area brought under the scheme was double that in 1938–39 and sustained efforts are being made to increase the area. But it may be stated that for the successful working of the scheme a large and active supervising staff is essential to watch the application of funds from the stage of cultivation up to the stage of the marketing of the produce. Further, the scheme can help only those who can help themselves. If a ryot is hopelessly in debt, if he is lazy and improvident, no scheme on earth can help him. The method of controlled credit is an honest attempt to capitalize labour and character, and it has succeeded in areas where these factors have existed in a fair measure.

Since the end of the year, the scheme has been introduced on a large scale in Madura and Ramnad districts in respect of cotton. Improved varieties of Co. 2 (Cambodia) and K. 1 (Karunganni) seed have been obtained by the Central Bank from Tiruppur and from Government Agricultural Farms and distributed to members of rural credit societies on condition that the produce is sold through the District Marketing Society which has recently started its work. Loans are also issued through credit societies for the expenses of cultivation. About 10,000 acres will be covered with improved cotton in the first year and a programme has been drawn up to cover the entire cotton growing area of three lakhs of acres in the districts of Madura and Ramnad in the course of seven to ten years. The District Marketing Society will have a control over produce worth Rs. 4 to 5 lakhs even at the end of the first year, and in subsequent years it will be in a position to handle the bulk of the produce. It will then be possible for it to sell the produce direct either as 'kappas' or as lint to wholesale buyers. The Director of Agriculture has given his support to the scheme by agreeing that the entire cotton seed available in the Agricultural Farms in the two districts should be sold only to the Co-operative Societies, and by directing the agricultural demonstrator to supervise the cultivation, roguing, harvesting, etc. The District Marketing Society will work in close collaboration with the sale societies and rural societies. I am watching the progress of this society with much interest.

Though two marketing societies were started in 1938 in the Tanjore district to undertake the marketing of paddy and rice, they have not done any work so far. A conference of mirasdars was, therefore, called at my instance at Mannargudi, and I attended it. The Provincial Marketing Officer was also present. After a detailed discussion it was decided to have three marketing societies, one for the Tanjore Bank area at Mannargudi, the second for the Kumbakonam Bank area at Kumbakonam and the third for the Trichinopoly Bank area and to have a federation with headquarters at a suitable centre in the Tanjore district, to co-ordinate the activities of the three marketing societies and to cover the entire area of the Cauvery Delta. It was also decided that the societies should undertake grading of rice. The two existing marketing societies at Tanjore and Kumbakonam have been reconstituted. Their share capital has been fixed at Rs. 50,000 and they have been permitted to make outright purchases of paddy up to three times their paid-up share capital. The societies may purchase paddy, convert it into rice, grade it and market it in the neighbouring districts where there is a demand for Tanjore

rice. I expect the two societies to do substantial business in the ensuing harvest season. The paddy sale societies in the Cauvery area of the Trichinopoly district will also come into this scheme.

An interesting experiment in the marketing of the fruit and vegetables grown in the Kodai hills has been started in Madura. The produce of the hills (plantains, oranges, English vegetables, etc.) is sent through the Palnis Sale Society and marketed by the Madura District Co-operative Sale Society which has opened retail shops in the centre of Madura town, one for fruits and the other for vegetables. The produce is received by lorries and the average daily sales which were about Rs. 90 in the beginning have now increased to Rs. 200. The Palnis Sale Society is also arranging to market hill plantains through the Madras Provincial Marketing Society, after securing cold storage facilities in the City.

Marketing of produce grown in the Agency Tracts of Vizagapatam and East Godavari.—The question of improving the economic condition of the hill-tribes in Vizagapatam and East Godavari districts through the formation of sale societies is continuing to engage my attention. There are proposals to form co-operative sale societies, one in each of these two districts, which will hire godowns at suitable centres for the storage of the produce. They will sell the produce in the most suitable markets, and will be linked up with co-operative stores in order that the hillmen might get their domestic requirements such as salt, kerosene, cloth, etc., without being compelled to resort to the 'sowcar' from the plains. The proposals are under the consideration of Government.

Cotton seed multiplication schemes in Salem, Madura and the Ceded districts.—One of the chief commercial crops of the Province is cotton. The cotton growers in the districts do not use the same variety of seed, nor do they use pure seed. If they are induced to grow the improved strain of cotton suited to the locality, they will be able to put on the market a uniformly high quality of lint which can be pooled and sold and which will bring them a much larger return. With this object in view, the Indian Central Cotton Committee financed a scheme of cambodia seed distribution through the Tiruppur Sale Society (Coimbatore district) for a period of five years from 1932 to 1937. As a result, the entire Coimbatore district has been covered with improved cotton and it is estimated that the ryots have benefited to the extent of Rs. 15 per acre. This has induced the Co-operative and Agricultural departments to introduce similar schemes in Salem and in the Ceded districts with the funds provided by the Indian Central Cotton Committee. In Madura, as already mentioned, the District Marketing Society and the Madura-Ramnad Central Bank have already taken up the question of distributing pure cambodia and karunganni cotton seed to members of rural societies. When the somewhat similar schemes for Salem and the Ceded districts are put into operation, it will be possible to cover the greater part of the area under cotton cultivation in the Province with improved strains.

Consumers' co-operation.—The outbreak of war had an immediate effect on prices. There was a tendency on the part of retail shopkeepers to profiteer at the expense of the public by forcing up the prices of commodities, especially in outlying areas. To check this evil, Government set up Price Advisory Committees at several centres in the Province to fix the maximum retail prices of various articles. Apart from this direct control by the State, it was considered that an effective way to check the prices would be to organize the consumers themselves into buying organizations. The conditions created by the war were, therefore, favourable for the formation of stores societies in the Province. The department accordingly set on foot measures to organize societies in suitable centres, and this met with a ready response from the public. The number of stores has rapidly increased. They have started well and have more or less established themselves in the districts.

The development of the stores movement in Madura and Ramnad deserves special mention. The consumers' movement has taken a strong hold in these two districts and there were on 1st November 1940, 85 stores in that area. Soon after their organization, it was felt that these isolated stores could not confer the maximum benefit, unless they got their goods from the actual sources of production in bulk at favourable rates. They were, therefore, federated into the Madura-Ramnad Co-operative Wholesale Stores, which was started by me on 17th February 1940. From a modest beginning it has rapidly expanded and is now dealing in over 700 commodities. Its total transactions have already reached Rs. 4 lakhs. Among the articles obtained direct from their sources are wheat from Bombay, flour from Karachi, arecanut from Ceylon, coconut oil from Quilon, pepper from Aleppey, paddy from Tanjore, rice from Rangoon and Nellore, gingelly from Warangal and cotton seed from Coimbatore. Its example has been emulated in other districts; a 'Wholesale' has recently been started in Tinnevelly (with 24 constituent stores), and another is likely to be started soon in Coimbatore.

Special societies have also been formed for the working classes in towns, who are among the worst victims of profiteering. A co-operative stores for the Madura Mills employees has been organized and 3,865 persons have become members. 1,500 employees of the Minakshi Mills in the same city have also organized themselves into a co-operative stores. There are at present 15 stores for the mill employees in the districts of Madura, Coimbatore and Tinnevelly, and the mill authorities have been second to none in giving their whole-hearted support to them. They have placed their premises at the disposal of the stores and have also agreed to deduct from the wages of their employees the cost of the provisions supplied to them. The Madura Mill Workers' Stores, which was started on 20th February 1940, deserves special mention. Within a period of just over four months, it sold goods worth Rs. 16,156. The influence of the stores on the domestic

economy of the labourers can be gauged from the fact that they now spend about 18 per cent less on food-stuffs, etc., than they were spending before the opening of the stores, and that, too, in spite of war conditions.

Municipal menial employees are in an even worse plight on account of their general ignorance and intemperate habits. They are indebted both to petty money-lenders and to shop-keepers, and the latter only too often cheat them over the price, quality and measure of the articles they purchase. Separate societies have, therefore, been formed for helping them with loans, for encouraging thrift and to act as their agent for joint purchase of their domestic and other requirements. During 1939–40, 11 societies purchased cloth, food-stuffs, etc., worth Rs. 47,403 and distributed them among their members and it is estimated that such purchase and distribution resulted in a net saving of Rs. 832 to members. The Tanjore Municipal Menial Employees' Co-operative Society alone purchased and supplied to members articles worth Rs. 8,588 and effected savings to members to the extent of Rs. 234. With the co-operation of the officers of municipalities, it is possible to extend such benefits of wholesale purchase to municipal employees in other areas also.

Another direction in which the advantages of wholesale purchase can be extended to the menial employees of municipalities is by organizing separate co-operative stores for them, but the difficulty is in securing suitable persons to manage them. In Madura, this difficulty has been overcome by linking the Menial Employees' Society to the National Co-operative Stores. The stores supplies articles to members of the society on the production of authorisation slips issued by the society. At the end of each month, the society, with the help of the officers of the municipality, recovers from the salary of each member the value of the articles purchased by him during the month. The system has worked well and during the year 670 members of the society made purchases at the stores to the extent of Rs. 9,983.

Another experiment in linking primary co-operative societies with stores has recently been started in Madura. The main reason for the overdues in rural credit societies is the tendency on the part of members to spend the borrowed money on objects other than those for which it had been obtained. It is true that members specify the purposes of the loans in their application, but very often the bulk of the loan is misused and wasted on unproductive things. To check this habit, it is necessary to issue loans in kind. A beginning in this direction has been made in Madura. Societies which apply to Central Banks for loans are required to report in detail the needs of members regarding provisions and clothing, agricultural implements such as seed and manure, and the kist payable by them. The Central Bank issues one-rupee cheques to the extent of the loans required for the purchase of provisions, etc., pays the kist direct into the treasury, and disburses cash for other purposes. The members of rural societies present the cheques at the nearest co-operative stores or agricultural depots. In exchange for this, they obtain provisions from the stores, and seed, manure and implements from the agricultural depots. The money value of the cheques, which are not negotiable, will be paid by the Central Bank when presented. Till 30th June 1930, cheques to the value of Rs. 11,879 had been issued by the Central Bank. This experiment has great promise of usefulness, and has been commended for adoption, wherever possible.

Credit sales.—Sale for cash has been the rule; in exceptional cases, Government have been permitting individual societies to relax this principle and to sell for credit under certain conditions. The question of cash *versus* credit sales was examined on many requests made that members should be allowed some limited credit in order to take full advantage of the stores societies. The retail merchant ordinarily allows credit and if members are given some facilities in this direction, under proper safeguards, it was considered that a serious departure would not have been made from the strict cash principle. The Government have, therefore, permitted me to allow credit sales in stores, at my discretion, subject to the condition that no credit should be given to any person on a daily wage and that in the case of persons who are on a weekly or monthly wage, credit might be given to the extent of their wages on condition that they pay their dues in full on receipt of their wages or salary. It is not my intention to allow credit sales in all stores as a matter of routine. Cash sales or sales against trade deposits will be the rule and I propose to permit credit sales only in very exceptional cases. To minimise the risk or loss involved in allowing credit sales, I have imposed certain stringent conditions and I do not expect that there will be any trouble as a result of the strictly qualified credit which will be allowed.

Students' stores.—The expansion of the consumers' movement has been marked not only among the general public but also among students in schools and colleges. Stationery stores in schools and colleges not only secure some enonomic benefits to the students but offer them practical training in business methods. In recent months attempts have been made to organize students' stores in all educational institutions, and I am glad to say that the Director of Public Instruction and the Presidents of most of the District Boards are co-operating with me in the matter.

The Provincial Stationery Stores started last year did not progress according to expectations, but certain changes in finance and operation recently introduced should produce much better results in the near future.

Fire and general insurance societies.—Last year I referred to the proposal for the formation of a fire and general insurance society sponsored by the Madras Provincial Bank with the main object of undertaking the insurance of produce pledged with sale societies. I had to examine the proposal in some detail and Government have approved of my proposals regarding the constitution of the Board of management of the society. I am awaiting the consent of the original signatories to the proposed changes and expect to register this society soon.

Health societies.—The formation of health co-operative societies on the lines outlined in my report of the last year was not pursued, as Government decided that, at the present stage of development of the co-operative movement in the Province, health co-operative societies formed by departmental agency were less likely to function efficiently than the ordinary panchayats. Government have, however, said that groups of individuals may be allowed to organize co-operative societies to provide themselves with medical help or to keep their villages clean, provided the department confines itself to its statutory obligations in respect of such societies. One such society has been formed at Palappatty in Salem district. Besides the formation of separate societies, the existing co-operative societies can generally play a useful part in promoting public health, and Government have approved my proposal that big rural societies or a group of smaller societies capable of paying an adequate fee to the doctor in charge of rural dispensaries may arrange for his visit to the villages on certain fixed dates to give free medical help to the members. This fee could be paid either out of the common good fund or by a special levy on members or by both these methods. This scheme will soon be tried out in suitable areas.

Cottage industries.—Co-operative societies for the promotion of cottage industries have not, I am afraid, done much real work so far. This was mainly because of the want of an organization to finance and market the products. A beginning has been made in South Kanara in the form of a Central Society for that district for controlling and co-ordinating the various cottage industries. I have been emphasizing that only such of the industries as can survive under modern conditions should be taken up for organization on a co-operative basis. It will be a mistake to organize societies for all kinds of industries, irrespective of whether they can or cannot withstand the competition of organized industry. I have, therefore, instructed my subordinate officers to confine their efforts for the present to the formation of societies for producing such articles as are of common domestic use and of real utility, and are not merely exotic works of art, and to exclude things which could be made better and more cheaply by organized mass industry.

It is my hope that District Central Banks will take an increasing interest in the development of these cottage industries. I am not in favour of setting up a Provincial Industrial Society, at any rate in the present conditions, to deal with a composite array of different varieties of cottage industries differing greatly in volume, nature, marketability of products, etc. Cottage industries are generally localized, with special features distinguishing each area, and cater principally to local markets. I can see no reason why District Central Banks cannot finance such cottage industries in their districts as satisfy the essential criteria of (i) survival-value under modern conditions, (ii) adaptability to cottage production as opposed to organized mass industry and (iii) marketability. The guiding principle should be that local financing institutions should finance local industries. The local Central Bank can finance the societies up to the paid-up share capital of these societies and on the collateral security of the finished goods. The marketing of the products, which is of course the main problem, could be arranged through a District Society as in South Kanara or through the emporiums attached to district museums which should be made clearing houses of information not only of their district products but of products of other districts by a scheme of mutual exchange and rotation of exhibits. I have issued instructions on the above lines to Deputy Registrars and Assistant Registrars.

Colonization schemes for landless labourers.—A few schemes of co-operative colonization of land are being considered by Government, but a final decision has not yet been reached, and it is premature to discuss them.

Section IV.—Details of the work of some of the more important societies.

18. *The Madras Provincial Co-operative Bank, Limited, Madras.*—The borrowings of the bank rose from Rs. 202·16 lakhs to Rs. 228·56 lakhs and its working capital from Rs. 236·45 lakhs to Rs. 264·91 lakhs. There was an increase in the deposits under all heads; the deposits of individuals rose from Rs. 63·85 lakhs to Rs. 78·29 lakhs, the deposits of Central Banks and societies from Rs. 60·03 lakhs to Rs. 65·35 lakhs, and the deposits of local bodies and other institutions from Rs. 54·64 lakhs to Rs. 63·53 lakhs. Of the total borrowings of Rs. 228·56 lakhs, a sum of Rs. 215·03 lakhs represented deposits in the bank. The owned capital of the bank (Rs. 36·35 lakhs) amounted to 16·9 per cent of the total deposits. The cash on hand with the bank and with its bankers was Rs. 6·19 lakhs, while its investments included Rs. 125·63 lakhs in Government Promissory Notes, Rs. 15·68 lakhs in the debentures of the Central Land Mortgage Bank and Rs. 115·85 lakhs in loans to Central Banks and societies. The cash resources of the bank were 2·9 per cent of the deposits, while its investments in Government securities and in loans amounted to 58·4 per cent and 53·9 per cent of the deposits. The percentage of deposits held in Government securities far exceeded the proportion suggested by the Reserve Bank of India in its circular on the reorganization of the co-operative movement on banking lines, and the bank's investments in loans were also within the limits suggested by the Reserve Bank of India.

The Provincial Bank continued to enjoy the overdraft accommodation of Rs. 37 lakhs allowed by the Imperial Bank of India. The bank had also recourse to loans from the Reserve Bank of India at 3 per cent to the extent of Rs. 19 lakhs; and of this amount, a sum of Rs. 8 lakhs remained outstanding on the 30th June.

The bank granted loans to central banks to the extent of no less than Rs. 99·82 lakhs, that is, Rs. 34·94 lakhs more than last year. The increase was accounted for mainly by increased advances on produce, which alone reached the figure of Rs. 62·35 lakhs. The loans outstanding at the end of the year against the central banks amounted to Rs. 83·99 lakhs, of which Rs. 47·98 lakhs were 'produce' loans. The bank continued to finance the Vuyyur Co-operative, Agricultural, Industrial and Credit Society and the Madras Officials' Automobile Co-operative Society. The total advances to all primary societies and to individuals in the year amounted to Rs. 14·13 lakhs and Rs. 6·14 lakhs, and the advances outstanding against them were Rs. 17·77 lakhs and Rs. 3·99 lakhs.

As in the past, the bank gave subsidies to central banks for the development of sale societies, the total subsidy given in the year being Rs. 20,425. It made a special grant of Rs. 600 to the Salem District Urban Bank in connexion with its marketing activities. It also gave a subvention to four central banks amounting to Rs. 1,675 for rectification work.

The net profits of the bank for the year were Rs. 2·38 lakhs. The steep decline in the value of Government securities brought about by the unsettled market conditions created by the war did not affect its profits, as it held substantial reserves.

The Madras Provincial Co-operative Bank must now be counted among the major banks of the country. It worked on sound business lines and was in many respects a model for other provinces.

19. *Central Banks—Borrowings.*—There was a gradual increase in the borrowings of the banks and in their working capital, as shown below:—

	1937–38 RS. (IN LAKHS).	1938–39 RS. (IN LAKHS).	1939–40 RS. (IN LAKHS).
Borrowings	409·68	452·03	465·02
Working Capital	523·54	566·24	580·30

Of the borrowings of Rs. 465·02 lakhs at the end of the year, the deposits alone amounted to Rs. 360·57 lakhs, representing 62·1 per cent of the working capital. The owned capital of the banks was Rs. 115·28 lakhs, representing 31·9 per cent of the deposits. The deposits held by individuals, joint stock and other institutions, and local bodies amounted to Rs. 224·80 lakhs, constituting 48·34 per cent of the borrowings and 62·35 per cent of the deposits. The deposits from individuals alone totalled

Rs. 159·67 lakhs. The fixed deposits of local bodies held by the banks amounted to Rs. 31·25 lakhs. There was a fall of Rs. 5·46 lakhs during the year under this head. The restrictions on the investment of district board and municipal funds imposed by G.O. No. 1407, L.A., dated 5th April 1939, have had some adverse effect on the total volume of deposits in the banks, but they may have served a purpose if they make the banks look more to the general public and less to local bodies for their deposits. The Central Banks also held deposits from primary societies to the extent of Rs. 136·36 lakhs, of which Rs. 104·96 lakhs were reserve fund deposits. The large proportion of deposits held by the banks, particularly from the outside public, is clear evidence that they continue to enjoy the confidence of the investing public.

Investment and fluid resources.—The cash held by the banks and with their bankers on the last day of the year was Rs. 23·89 lakhs, and their investments were Rs. 127·37 lakhs. Of the latter sum, Rs. 49·82 lakhs represented investments in Government securities. The percentage of cash resources to deposits was 6·62, while the percentage of the investments in Government promissory notes to deposits was 13·82. The total of the investments, however, worked out to 35·32 per cent of the deposits. The investments made by the banks in loans and advances including over-drafts amounted on the last day of the year to Rs. 424 lakhs, which exceeded the deposits. This was because the banks lent not only from the deposits raised by them but also from their other resources, namely, owned capital, borrowings from the Provincial Bank, etc. Excluding, however, the percentage of cash and investments, it may be said that the remaining 58·06 per cent of the deposits had been invested by the banks in loans and advances. Taking the position of the central banks as a whole, it can be said that the distribution of their assets on the last day of the year was more or less in accordance with the standards suggested by the Reserve Bank of India. I wish, however, to mention that, apart from the fact that the position on the 30th June cannot be said to exhibit the normal state of affairs, the standards prescribed would not be satisfied by all the banks if their position is individually examined. The question, however, is whether it is possible or necessary for banks to adhere to these standards in view of the fact that they are required under the rules to maintain fluid resources according to certain standards laid down by Government. The matter is under my consideration.

Sixteen central banks had deficits in the fluid resources on certain days during the year. Two of these banks had no deficits in Statement A, while one had no deficits in Statement B. In five banks, the deficits were noticed only for very short periods. The maintenance of fluid resources according to the standards prescribed is a statutory requirement of vital importance, and I have been at pains to bring home to the banks the importance of regulating their resources in such a way that deficits do not occur.

Loans issued, collected and overdue.—The banks granted loans to societies to the extent of Rs. 202·70 lakhs, that is, 0·62 lakhs more than in the last year. Of this sum, Rs. 155·89 lakhs were for short terms. Twenty-four Central Banks issued more short-term than medium-term loans. Loans amounting to Rs. 201·45 lakhs were recovered, leaving a sum of Rs. 347·77 lakhs outstanding at the end of the year. The banks also granted loans to individuals to the extent of Rs. 15·34 lakhs. The amount due at the end of the year under this head was Rs. 8·48 lakhs. The loans outstanding against societies under liquidation amounted to Rs. 30·63 lakhs.

In its circular on the reorganization of the co-operative movement on banking lines, the Reserve Bank of India has observed that co-operative banks should attempt, as a general rule, to avoid long-term business and that, where loans for periods longer than nine months are found necessary, care should be taken to ensure that the total amount of such loans does not exceed the paid-up capital and reserves. The paid-up share capital and reserves of the banks (reserve fund and bad debt reserve) on the last day of the year totalled Rs. 103·69 lakhs. In computing the long-term resources of the banks for the purpose of investment in loans for periods longer than a year, the reserve fund deposits of primary societies in the banks cannot be ignored, as these are for all practical purposes permanent deposits with the banks. These deposits amounted to Rs. 104·96 lakhs. To these may also be added the fixed deposits of Rs. 7·97 lakhs held by the banks, which mature for payment after three years. The total long-term resources of the banks on the last day of the year were, on this basis, Rs. 216·62 lakhs. The investments made by the banks in long-term loans, including loans due from societies under liquidation, amounted to Rs. 220·02 lakhs; and this is just a little over the long-term reserves. If the Central Banks continue to follow the present policy of restricting their medium-term loans, I am hopeful that medium-term investments in loans will, before long, come down to the level of their long-term resources.

Appendix 3, section II, shows the percentage of balance to demand under principal, arrear interest and current interest in the case of the Central Banks. Compared with the previous year, the Presidency average of the percentage of arrears stood as shown below :—

Year.	Principal.		Interest.	
	Long Term.	Short Term.	Arrears.	Current.
1937–38	61·19	32·70	42·76	13·18
1938–39	56·21	25·20	47·31	9·09
1939–40	52·76	22·85	40·41	8·32

There was a fall in the Presidency average under both short-term and long-term principal and also under arrear and current interest.

Cost of management.—The cost of management of the banks was Rs. 8·59 lakhs, while it was mentioned as Rs. 5·00 lakhs in the previous year. This difference was not, however, on account of any general increase in the working expenses of the banks. It was noticed that the cost of management shown in previous years did not in some cases include the expenditure incurred by the banks on the maintenance of the administrative sections and the supervisory staff. This expenditure is as much necessary for the efficient management of the banks as the expenditure on the banking section. To ensure uniformity, the figures for this year have been worked out including such items also, and this fact accounts for the increase in the total cost of management. The total cost was 1·5 per cent of the working capital, which must be considered reasonably cheap. In 13 banks, the percentage exceeded the Presidency average.

Profits.—All the Central Banks except the Cuddapah and the Guntur District Banks worked at a profit. The former worked at a loss of Rs. 3,512 while the latter neither earned a profit nor sustained a loss. The net profits of all the remaining banks amounted to Rs. 2·86 lakhs.

The profits of the banks were to some extent affected by the fall in the prices of Government securities held by them. Wherever possible, provision was made for the entire depreciation in the value of the securities. In the case of certain banks, however, the entire depreciation could not be provided for in the year itself, as such a course would have cut into their profits too much. In view of the fact that the fall in the prices of securities was unprecedented and was the result of the uncertain conditions created by the war, and considering that the banks had strong general reserves, I permitted them to write off the depreciation in two or three years. The provision made for depreciation during the year was Rs. 69,452 and the amount to the credit of the depreciation reserve at the end of the year was Rs. 1,34,272.

Rs. 87,176 were added to the Bad Debt Reserve of Central Banks during the year. A sum of Rs. 1,22,109 was spent from the reserve to write off irrecoverable loans. The balance to the credit of the Bad Debt Reserve at the end of the year was Rs. 19·59 lakhs.

20. *The Madras Co-operative Central Land Mortgage Bank, Limited.*—The transactions of the Central Land Mortgage Bank are furnished in the Imperial Statement 14-A.

During the year the bank floated the XXVII and XXVIII series of debentures at $3\frac{1}{2}$ per cent at par for Rs. 20 lakhs each. On account of the changes in the money market created by the war, the rate of interest on the debentures was raised by $\frac{1}{2}$ per cent. The XXVIII series was not fully subscribed within the year as it was floated only towards its close. The total amount of debentures issued during the year amounted to Rs. 39,36,800.

The method of redemption of debentures up to the XXIII series has been slightly changed. Instead of limiting the redemption to the extent of the principal collections in the loans covered by the series, all principal collections received are utilized in redeeming, first, debentures carrying higher rates of interest and only then those carrying lower rates of interest. During the year debentures for Rs. 5,08,400 were redeemed, of which debentures for Rs. 1,10,300 were redeemed in cash and the balance re-invested in the new debentures issued by the bank.

In the separate Debenture Redemption Funds maintained by the bank for each series of debentures commencing from the XXIV series, according to the scale prescribed by the Government, the bank should have invested Rs. 2,44,135. The actual investment, however, was Rs. 7,14,215.

Owing to certain abnormal conditions, Government discontinued their temporary accommodation to the bank for a short period of four months during the year. The accommodation has been renewed from January 1940. During the year the bank drew from Government Rs. 45·65 lakhs and repaid Rs. 41·12 lakhs. The loans due to Government at the end of the year were Rs. 26·05 lakhs.

Consequent on the increase in the rate of interest on debentures, from 3 per cent to $3\frac{1}{2}$ per cent, the lending rate to the primary land mortgage banks was raised to 5 per cent and that to the ultimate borrower to 6 per cent.

The bank earned a net profit of Rs. 1,20,540–0–9, after setting apart Rs. 65,000 to the Debenture Redemption Fund investment depreciation reserve, and Rs. 20,000 to the Bad Debt Reserve. It has been contributing 25 per cent of the net profits hitherto to the Reserve Fund, and it is proposed to raise the proportion to 40 per cent from this year.

Government increased their guarantee of the debentures from Rs. 200 lakhs to Rs. 250 lakhs during the year. There is a great demand for loans from land mortgage banks as a result of the Agriculturists Relief Act, and Government will shortly have to be approached for increasing their guarantee limit.

The Central Land Mortgage Bank is building up a sound and steady business and is run on prudent and conservative lines. It is an acknowledged model for the rest of India.

21. *Primary land mortgage banks.*—The 119 banks in the Province cover 18,021 villages, and loans have been issued in 5,093 villages. The transactions of the banks are given in Imperial Statement B. The slight fall in the transactions was on account of the stoppage of temporary accommodation by the Government for about four months immediately after the outbreak of the War.

The borrowings of the banks were entirely from the Central Land Mortgage Bank, and no primary bank floated fresh debentures of its own. Loans to the extent of Rs. 42·78 lakhs were obtained from the Central Land Mortgage Bank during the year and Rs. 13·22 lakhs were repaid, leaving a total outstanding of Rs. 218·99 lakhs at the end of the year. A very satisfactory feature was that there were no arrears either under principal or interest in the loans due to the Central Land Mortgage Bank.

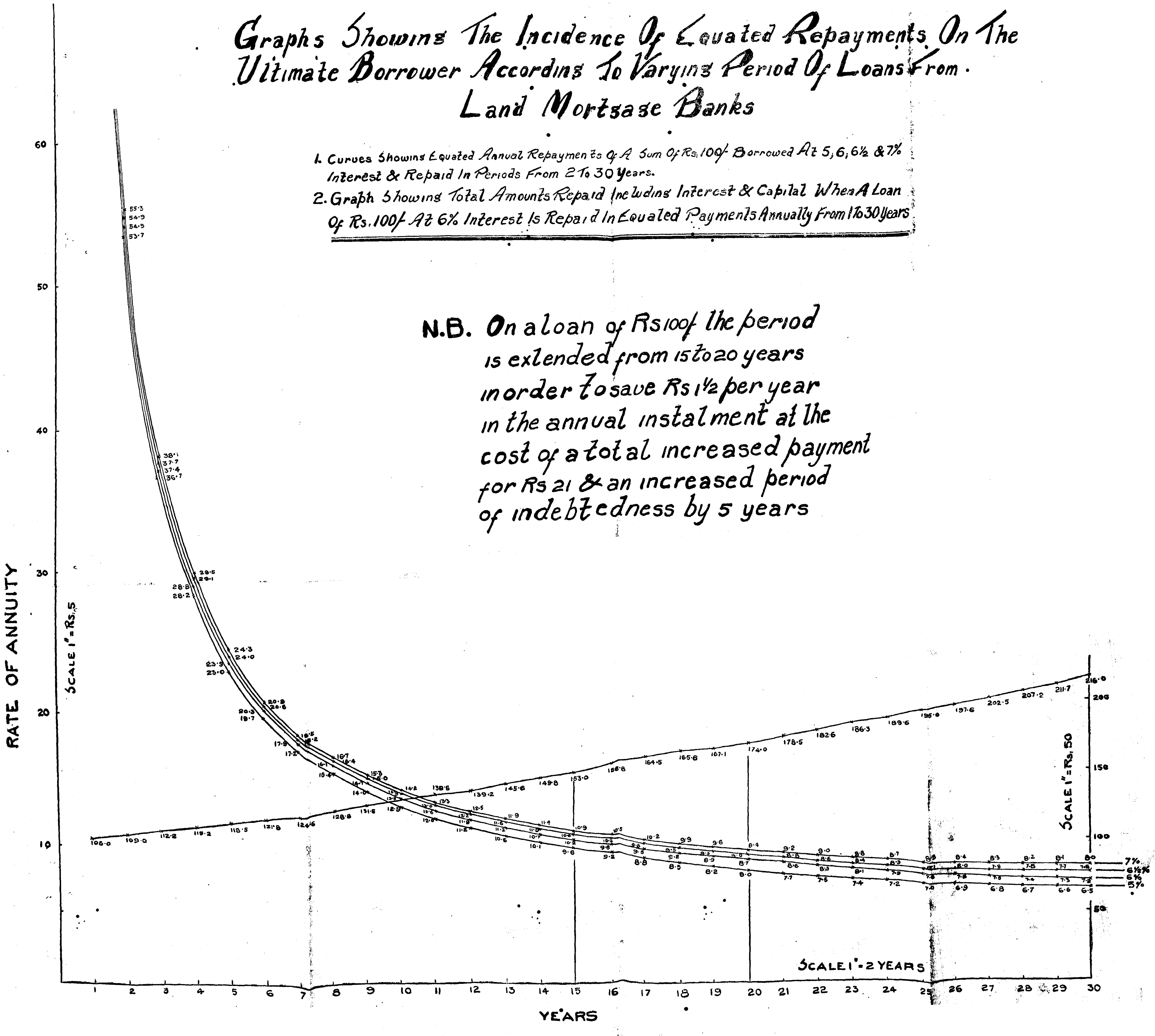
During the year, 2,838 loans amounting to Rs. 42·57 lakhs were issued to the members by primary banks, and Rs. 13·02 lakhs were collected, leaving a total outstanding of Rs. 222·09 lakhs at the end of the year. The percentage of arrears to demand under principal, arrear and current interest due from members are given in Appendix 4—Section 1 (*a*). There was a fall in the percentage of arrears under principal from 14·86 to 13·04. Of the 119 banks, 79 worked at a profit totalling Rs. 1,23,176, while the rest, mainly the newer ones, worked at a loss of Rs. 19,356.

At present, loans are issued to members of land mortgage banks, repayable in 20 years, from the money raised by the 20-year debentures, and neither the by-laws nor the conditions of the business permit the grant of extensions of time for repayment. The need for a margin between the maximum period of the debenture and the maximum period of the loan is obvious, as situations may arise (e.g. famine, seasonal scarcity, floods, cyclones, etc.) when wholesale destruction of crops ensues. The term of the debentures, however, need not, in my view, exceed 20 years, as 20-year debentures find more favour with the investing public than debentures for a longer period. The only alternative is to reduce the period of the loan by two or three years. This reduction of the period will not appreciably increase the equated annual instalment and will not cause any real hardship to borrowers. Curves showing the incidence of equated repayments on the ultimate borrower according to varying periods of loans from land mortgage banks will be found in the graph facing this page. The question of reducing the period of the loans to 17 or 18 years is under the consideration of Government.

In referring to the delay in the disposal of loan applications mention was made in the last year's report of the amendment to section 29-A of the Land Mortgage Bank Act. The rules implementing the provisions of the amendment were issued towards the close of the year and the effect of the amendment will be seen during the present year.

The amendments which I had proposed to Government with reference to section 20 of the Malabar Tenancy Act are still under their consideration.

To protect the interests of land mortgage banks, Government have under contemplation a proposal that notices of sale published under rule 67 (2) of the rules under Order XXI of the First Schedule to the Civil Procedure Code, in which the properties involved are mortgaged to primary land mortgage banks should be compulsorily published in the District Gazette, copies of the gazette sheets containing the notices being supplied free of cost to the banks concerned.


Graphs Showing The Incidence Of Equated Repayments On The Ultimate Borrower According To Varying Period Of Loans From Land Mortgage Banks
1. Curves Showing Equated Annual Repayments Of A Sum Of Rs.100/- Borrowed At 5, 6, 6½ & 7% Interest & Repaid In Periods From 2 To 30 Years.
2. Graph Showing Total Amounts Repaid Including Interest & Capital When A Loan Of Rs.100/- At 6% Interest Is Repaid In Equated Payments Annually From 1 To 30 Years
N.B. On a loan of Rs 100/- the period is extended from 15 to 20 years in order to save Rs 1½ per year in the annual instalment at the cost of a total increased payment for Rs 21 & an increased period of indebtedness by 5 years
RATE OF ANNUITY
SCALE 1" = Rs. 5
SCALE 1" = Rs. 50
SCALE 1" = 2 YEARS
YEARS
7%
6½%
6%
5%

22. *Agricultural credit societies.*—The transactions of these societies during the year are exhibited in Imperial Statement B. The following statement shows the comparative financial position of the societies during the last three years :—

	1937–38. RS. (IN LAKHS).	1938–39. RS. (IN LAKHS).	1939–40. RS. (IN LAKHS).
Paid-up share capital	51·46	53·36	54·89
Reserve Fund	77·46	78·75	80·37
Working capital	437·13	473·00	475·34
Loans issued to members ..	110·97	147·47	147·29
Loans outstanding against members.	322·03	353·53	354·15
Net profit	4·94	4·06	4·23
Net loss	19·26	20·29	20·53

During the year the transactions have remained more or less steady. The profits earned by good societies have gone up, but so too have the losses incurred by the bad ones. The total profits and losses of the societies were as follows :—

	Profits. RS. (IN LAKHS).		Losses. RS. (IN LAKHS).
Interest earned	22·79	Interest paid and due.	16·58
Other items	4·01	Cost of management.	4·24
		Debts written off ..	1·21
		Loss of previous years.	18·94
		Other items	2·13
Total ..	26·80	Total	43·10

It may be observed that the working of the societies *during the year* has resulted in a net profit of Rs. 2·64 lakhs, and that the losses incurred in previous years have been responsible for the net loss at the end of the year. As for the losses in *previous years*, for the most part they have been the result of the interest due on loans remaining unrealized. The margin of profit for the societies, that is, the difference between the interest earned and the interest paid, is also too low. It is barely sufficient to meet the cost of management, and after providing for possible bad debts very little is left for building up a strong reserve fund. I have, therefore, suggested it to societies that they may, if necessary, increase the rate of interest on loans so as to provide for a margin of 2 per cent between their borrowing and lending rates.

The following statement shows the percentage of balance to demand under principal and interest during the past three years :—

Year.	Principal. Demand. RS. (IN LAKHS).	Principal. Balance. RS. (IN LAKHS).	Principal. Percentage.	Interest. Demand. RS. (IN LAKHS).	Interest. Balance. RS. (IN LAKHS).	Interest. Percentage.
1937–38 ..	257·80	163·42	63·39	71·69	49·09	68·48
1938–39 ..	265·73	162·25	61·06	66·34	45·51	68·59
1939–40 ..	295·89	163·21	55·16	67·41	43·07	63·89

There has been, I am glad to say, a definite improvement in collections both under principal and under interest. Appendix No. 4, section I (*b*), gives details of overdues, district by district, and the percentage of balance to demand under principal, arrear interest and current interest. Appendix 3, section I (*b*), gives details of overdues in respect of the loans due by the societies to central banks and others.

23. *Non-agricultural credit societies.*—The business of non-agricultural credit societies showed a further increase. The transactions of these societies are shown in Imperial Statement C. The borrowings rose from Rs. 271 lakhs to Rs. 284 lakhs, an increase of 5 per cent. The uncertain conditions created in the money market owing to the war have apparently not affected these banks. In fact, deposits from non-members for about two crores of rupees were either received or renewed during the year, while the corresponding amount for 1938–39 was only Rs. 186 lakhs. Of the 898 societies with outside borrowings, 324 could obtain deposits from members and the public sufficient for their requirements and had not to borrow from central banks, while only 225 societies had to depend entirely on central banks for their finance.

Non-agricultural credit societies have generally been prompt in meeting their obligations to the creditors, the percentage of balance to demand being only 1·6. Even this balance is negligible, considering the fact that it includes deposits which had matured for repayment, where the depositors had neither asked for their return nor renewed them before the end of the year.

Urban banks and societies with deposits and loans exceeding Rs. 20,000 are required to maintain fluid resources on the standards laid down in the rules prescribed under the Act. During 1939–40, 168 to 179 societies had to maintain fluid resources. Of these, 22 to 35 societies failed to maintain the required standard during the four quarters. The importance of maintaining the prescribed standard was impressed on them.

During the year, the societies disbursed loans aggregating Rs. 296·58 lakhs and recovered Rs. 285·27 lakhs. The arrears due from members at the end of the year totalled Rs. 66·65 lakhs, i.e., 19 per cent of the total demand. The percentage of arrears last year was 20. Appendix 4, section I (*b*), gives details of overdues by districts and the percentage of balance to demand under principal, arrear and current interest.

Three hundred and five societies worked at a total loss of Rs. 1·22 lakhs, while the total profits earned by the remaining societies were Rs. 6·97 lakhs.

Urban banks are generally working well, but to ensure that they continue to do so, I have recently instructed Deputy Registrars to inspect them once in a half-year and send me a report on the results of such inspections.

In the report for 1938–39 I had referred to the 'day deposit scheme' introduced in urban banks for the encouragement of thrift among the members. I am glad to report that the scheme has so far been introduced in 30 banks and that 4,223 members are now paying their daily subscriptions. The amount of deposits outstanding to the credit of the members at the end of the year (Rs. 70,765) may not be large, but the fact that it has been built up by the small daily subscriptions of the members is heartening. The scheme has great potentialities and if worked enthusiastically and extended under proper safeguards, urban banks would have achieved one of their main objects, namely, the inculcation of the habit of thrift among the urban population.

Employees' societies.—Among the non-agricultural credit societies, 497 were exclusively for Government servants, employees of local bodies, firms, etc. They had a total membership of 1,137,404, a share capital of Rs. 46·88 lakhs, and a working capital of Rs. 166·52 lakhs. The borrowings of the societies included deposits from members and other individuals to the extent of Rs. 55·51 lakhs and Rs. 47·37 lakhs, respectively, and loans from central banks amounting to Rs. 7·85 lakhs. They issued loans to members aggregating Rs. 173·64 lakhs. The overdues at the end of the year amounted to Rs. 12·47 lakhs.

In my last report I had referred to the suggestions made by me to employees' societies for checking excessive borrowing by members and generally for improving the working of the societies. These suggestions have been adopted by many societies during the year.

24. *Societies for the scheduled castes.*—The transactions of the societies specially formed for Adi-Dravidas, Adi-Andhras, fishermen, Kallars and other scheduled castes are shown in the following statement :—

Particulars.	Societies under the co-operative department.	Kallar societies under the special Police officers.	Societies under the Fisheries department.
Number of societies	2,287	261	54
Number of members	87,169	12,611	2,194
	RS.	RS.	RS.
Paid up share capital	6,99,502	7,042	35,733
Deposits from members ..	41,620	..	2,346
Loans from central banks ..	9,43,548	..	11,487
Loans from Government ..	1,89,593	91,831	529
Reserve fund	4,44,652	1,35,960	28,094
Other funds	1,25,866	..	..
Working capital	24,44,781	2,34,833	78,189
Divisible profits	29,721	12,267	1,989
Loss	2,04,989	16,669	3,772

At the end of the year Rs. 78,061 under principal and Rs. 16,720 under interest were overdue to Government from the Scheduled castes societies, and Rs. 28,552 under principal and Rs. 8,717 under interest were overdue from the societies for Kallars in charge of this Department. The societies in charge of the special Police officers were in arrears to Government to the extent of Rs. 21,058, against Rs. 91,831 outstanding against them. The overdues in respect of the loans granted by the Christian Central Bank and other central banks were Rs. 2,74,908 and Rs. 99,511, respectively, under principal and Rs. 47,083 and Rs. 4,586 respectively under interest. The collection of the heavy overdues in these societies has been a very difficult matter; general poverty and lack of regular employment have been the main causes for this unsatisfactory position. Every possible step is, however, being taken to hasten the collections.

The liquidation of the Christian Co-operative Central Bank last year affected the societies affiliated to it as regards securing fresh finance for their business. In my last report, I had referred to the classes into which these societies would be divided for purposes of future financing. The classification as proposed showed that there were 257 societies in which the realizable assets were enough to cover the dues to the bank, and 287 societies in which the realizable assets were not sufficient for the purpose. District Central Banks have been gradually taking over these societies and financing them. So far, in respect of 63 of these societies, the central banks have agreed to take over their assets and liabilities and to pay off the amounts due to the Christian Central Bank. The examination of the financial position of the remaining societies is in progress.

25. *The Madras Provincial Co-operative Marketing Society.*—On 30th June 1940, the society had as its members 96 societies and 60 individuals. It sold during the year goods worth Rs. 2,00,337. The volume of the sales effected in previous years was Rs. 8,979 in 1936–37, Rs. 93,224 in 1937–38 and Rs. 1,70,000 in 1938–39. Of the articles sold during the year, goods worth Rs. 1,77,938 were supplied by the Maipad, Ramachandrapuram, Rasipuram and Tirupattur sale societies, and the Kodur Fruit Growers' Society, and goods worth Rs. 22,399 were supplied by 40 other societies and 11 individuals. Goods worth Rs. 80,088 were sold through co-operative stores and other co-operative institutions. College hostels and clubs in the City were among its customers. The chief articles dealt with were rice (milled, hand-pounded and boiled), butter, ghee, fruits, eggs, dhall and honey. The society is issuing a bulletin each week containing the following particulars :—

(i) prices of commodities available with the society;
(ii) prices of commodities available in other societies in the Province; and
(iii) Madras wholesale market rates for certain important commodities.

One main difficulty experienced by the Provincial Marketing Society was that it did not receive an adequate supply of articles from affiliated societies. I have, therefore, organized a few more producers' societies to act more or less as feeder societies to the Provincial Society.

The society cannot be said at present, to be a real "Provincial" society in the accepted sense of the term, and its future organization, as the apex of a series of regional sale societies, etc., will shortly be examined in consultation with the Provincial Marketing Board.

26. *The South Kanara Agriculturists' Co-operative Wholesale Society.*—The area of operations of the society covers the whole of South Kanara district. The chief produce of the district is arecanut and the society has been taking steps to induce as many ryots as possible to join it and sell their produce through it. It has 1,852 members, of whom 1,815 are individuals and the rest societies. It has opened 49 branches at important centres in the district, where the produce is stored and advances are given on the security of such produce. It has also opened a sales branch at Bombay which is an important marketing centre for areca and other products of the district. It has a sales depot at Mangalore, and has recently opened three more depots in the district. It has also been decided to open a grading section at Mangalore to pool and grade the arecanut before exporting it to Bombay. The society has been doing its business on a consignment basis. Sales in the year totalled Rs. 20·37 lakhs and the loans issued to members on the pledge of produce amounted to Rs. 17·26 lakhs. These are very remarkable figures for a District Sale Society.

27. *The Madras Handloom Weavers' Provincial Co-operative Society.*—This society, which was formed in 1935 under the Government of India Subvention Scheme for the purpose of organizing and developing the handloom industry in the Province, had as its members 165 weavers' societies, 40 co-operative central banks and societies and 97 individuals, firms, etc. It spent from the subsidy Rs. 98,855 during the financial year ended 31st March 1940. Of this, Rs. 32,735 were given to weavers' societies to meet their cost of management, purchase of looms, etc., Rs. 12,180 were utilized in maintaining sales emporiums, and Rs. 12,180 were spent on the calendering and finishing plant installed by the society. Under the system by which mills supply yarn to primary societies on the guarantee of the Provincial Society, 98 societies were guaranteed to the extent of Rs. 88,013 and 68 societies actually took advantage of this facility. Cash credit loans for Rs. 32,193 were given to societies for the purchase of the raw material required by their members and for payment of wages. Advances on the security of the finished products sent to sales emporiums were given to 26 societies, to the extent of Rs. 19,251. The Provincial Society has been giving the credit required only by the smaller societies, that is, those requiring less than Rs. 2,000, the bigger societies being financed by local central banks. With the limited funds available, the Provincial Society has been finding it difficult to finance even these smaller societies. I have, therefore, requested central banks to finance also those societies which require between Rs. 1,000 and Rs. 2,000.

For marketing the products of the societies, the Provincial Society maintained eight sales emporiums and also subsidized eight other emporiums run by the societies themselves. Efforts were made to find a sale for the articles through sale societies, co-operative stores and other co-operative institutions, and during the year goods worth Rs. 95,901 were sold through them. Attempts made to persuade merchants to undertake, on a commission basis, to sell the products of the societies have not yet proved successful. However, during the year, they purchased goods from 74 societies to the extent of Rs. 2,37,238. Another direction in which efforts are being made to market the goods was by the appointment of hawkers who will go from house to house in the City and in other towns. Sample books have been prepared of the various types of sarees, dhoties, shirting cloth, etc., produced by the societies, and distributed to the marketing staff. The calendering and finishing plant which was installed last year began work in October 1939. Societies did not, however, take full advantage of the facility provided, and the goods actually received at the plant were quite inadequate to use it full-time. Attempts have been made to secure orders in bulk from wholesale merchants in the City to calender the goods at the plant.

Since the establishment of the Madras Handloom Weavers' Provincial Co-operative Society in August 1935, there has been a very rapid increase in the business of weavers' societies. The value of cloth sold by them, which was Rs. 49,000 in 1934–35, increased to—

RS.		
0·76	lakh	in 1935–36,
1·60	lakhs	in 1936–37,
4·31	,,	in 1937–38,
7·37	,,	in 1938–39 and to
11·19	,,	in 1939–40.

Within five years, the value of cloth sold has increased over twenty-fold.

The Government of India Subvention Scheme which was due to expire on 31st March 1940 has been extended by two years till 31st March 1942.

28. *The South India Co-operative Insurance Society.*—As required under the Indian Insurance Act (IV of 1938) the accounts of the society were closed at the end of the calendar year 1939. The transactions of the society for the half-year ended 31st December 1939 are shown in Imperial Statement E. During the half-year the society received 1,464 proposals for Rs. 13·11 lakhs, of which 1,438 proposals for Rs. 12·74 lakhs were accepted. The total number of policies issued up to the end of the half-year was 11,805, for Rs. 100·40 lakhs; of these, 8,207 policies for Rs. 70·55 lakhs were in force at the end of the half-year. The Life Assurance Fund at the end of the half-year was Rs. 4·85 lakhs.

29. *The Triplicane Urban Co-operative Society, Madras.*—The Triplicane Urban Co-operative Society had, as in the previous year, 29 branches in the City of Madras. Its membership rose from 5,943 to 6,128 during the year, and the value of the goods sold by it from Rs. 8·76 lakhs to Rs. 9·64 lakhs. The net profit earned also increased from Rs. 19,213 to Rs. 27,127. The increase in transactions by about 11 per cent was satisfactory.

30. *The Madras Co-operative Milk Supply Union.*—The Madras Co-operative Milk Supply Union purchased during the year, from the 14 milk supply societies affiliated to it, 688,120 measures of milk worth Rs. 2·21 lakhs and sold to the public 650,656 measures for Rs. 2·67 lakhs. The unsold milk was converted into milk products and sold for Rs. 0·16 lakh. Compared to last year, the quantity of milk sold increased by 32,749 measures and the quantity of surplus milk decreased by 11,649 measures. There was, however, a slight fall in the profit earned by the society, from Rs. 13,915 to Rs. 10,556. The milk required by seven State Hospitals in the City is now supplied by the Union. Milk is distributed to the public through 44 depots located in important consuming centres. Recently, the Union has opened a Milk Bar in Mount Road.

31. *Non-credit societies.*—The following statement gives a summary of the transactions of the chief types of non-credit societies :—

Sale societies.

Year.		Number of members.	Loans issued during the year.	Value of stock at the beginning and that received during the year.	Value of stock released without sale.	Value of stock sold.	Net profit.	Net loss.
			RS. IN LAKHS.	RS. IN LAKHS.	RS. IN LAKHS.	RS. IN LAKHS.	RS.	RS.
1937–38	..	18,936	62·12	107·59	32·76	24·72	47,267	9,875
1938–39	..	27,548	95·86	179·05	52·13	45·87	43,463	11,482
1939–40	..	**36,787**	**107·30**	**280·52**	**97·27**	**56·82**	**66,956**	**19,596**

Milk-supply societies.

Year.		Number of members.	Value of milk produced.	Value of milk sold.	Net profit.	Net loss.
			RS.	RS.	RS.	RS.
1937–38	..	1,199	1,89,382	1,90,950	464	1,580
1938–39	..	1,613	2,69,777	2,73,612	1,082	986
1939–40	..	**3,082**	**3,79,620**	**3,89,779**	**2,984**	**1,168**

Milk-supply unions.

Year.		Number of members.	Value of milk purchased.	Total value of sales effected.	Net profit.	Net loss.
			RS.	RS.	RS.	RS.
1937–38	..	22	2,05,346	[illegible],58,052	3,569	[illegible]
1938–39	..	53	2,88,198	3,44,838	3,396	[illegible]
1939–40	..	**118**	**3,91,346**	**4,73,348**	**5,800**	[illegible]

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Stores.

Year.	Value of goods on hand at the beginning and those bought during the year.	Value of goods sold.	Net profit.	Net loss.
	RS. (IN LAKHS).	RS. (IN LAKHS).	RS.	RS.
1937–38	22·80	21·60	54,598	10,951
1938–39	25·03	23·77	68,003	12,062
1939–40	**39·46**	**35·62**	**83,872**	**15,835**

Students' stationery stores.

Year.	Number of members.		Number of Associates.	Value of books, etc. sold.	Net profit.	Net loss.
	Students.	Teachers.		RS.	RS.	RS.
1937–38 ..	2,900	1,400	8,260	1,14,807	9,609	849
1938–39 ..	3,976	1,588	10,251	1,72,934	13,650	1,351
1939–40 ..	**8,846**	**8,566**	**17,589**	**2,45,344**	**17,110**	**2,138**

Weavers' societies.

Year.	Value of raw materials purchased.	Value of finished products sold to the public.	Net profit.	Net loss.
	RS. (IN LAKHS).	RS. (IN LAKHS).	RS.	RS.
1937–38	2·00	4·31	13,361	12,266
1938–39	3·22	7·37	16,319	27,348
1939–40	**4·84**	**11·19**	**39,378**	**34,161**

Building societies.

Year.	Number of members.	Loans from Government outstanding (in lakhs).	Number of houses completed: Up to the end of the year.	Number of houses completed: During the year.	Number of houses under construction.	Value of houses: Completed.	Value of houses: Under construction.	Net profit.	Net loss.
		RS. (IN LAKHS).				RS. (IN LAKHS).	RS. (IN LAKHS).	RS. (IN LAKHS).	RS. (IN LAKHS).
1937–38 ..	4,462	17·97	1,939	132	138	75·84	4·47	0·53	0·06
1938–39 ..	4,583	20·36	2,071	244	169	78·18	3·58	0·55	0·08
1939–40 ..	**4,647**	**21·67**	**2,199**	**194**	**104**	**80·16**	**2·46**	**0·83**	**0·08**

Labour contract societies.

Year.	Number of members: Workers.	Number of members: Helpers.	Value of work executed during the year.	Pending execution at the end of the year.	Wages paid or income derived by: Members.	Wages paid or income derived by: Non-members.	Net income.
			RS.	RS.	RS.	RS.	RS.
1937–38 ..	995	117	56,194	29,869	13,800	6,877	2,361
1938–39 ..	1,416	163	1,00,320	58,698	28,219	12,381	4,537
1939–40 ..	**1,317**	**184**	**1,27,988**	**27,586**	**26,404**	**11,957**	**6,068**

Printing societies.

Year.	Outside borrowings.	Value of business done.	Working expenses.	Net profit.
	RS.	RS.	RS.	RS.
1937–38	6,000	47,571	9,914	3,680
1938–39	7,350	55,498	11,541	6,396
1939–40	**9,200**	**61,589**	**13,947**	**7,045**

Societies for the scheduled castes for joint or individual cultivation by members or for obtaining house sites.

Year.	Number of members.	Extent of land in the enjoyment of members.	Number of houses in the enjoyment of members.	Loans outstanding at the end of the year.
		ACS.		RS.
1937–38	42,296	33,377	10,487	5,86,873
1938–39	41,555	34,030	9,850	6,15,561
1939–40	**38,653**	**32,935**	**10,969**	**5,83,502**

32. A brief account of the work done by certain important types of non-credit societies is given below :—

Sugar-cane growers' societies and unions.—The Sugar Excise Subsidy Scheme for helping sugar-cane growers was in 1939–40 in operation in Vizagapatam, Kistna, East Godavari, Bellary and Coimbatore. The Vuyyur Sugar-cane Growers' Union in the Kistna district with a membership of 724 issued loans to members for Rs. 2·42 lakhs and distributed to them fertiliser worth Rs. 1·06 lakhs. The union acted as a feeder society to the Vuyyur Co-operative Agricultural, Industrial and Credit Society. This society worked its factory for 77 days in the year and produced 4,505 tons of sugar at a cost of Rs. 10·34 lakhs. It sold sugar for Rs. 8·44 lakhs and had stock in hand valued at Rs. 10·26 lakhs. The net loss of the society which stood at Rs. 2·95 lakhs at the end of the previous year was reduced to Rs. 1·22 lakhs. The Hospet Sugar-cane Growers' society in Bellary issued loans to members to the extent of Rs. 19,056, and the members of the society sold to the India Sugars and Refineries, Limited, sugar-cane worth Rs. 1·32 lakhs. The Kirlampudi Sugar-cane Growers' Society in East Godavari granted loans totalling Rs. 89,741 and helped the members to bring 1,700 acres of land under intensive cultivation. The Coimbatore Sugar-cane Growers' Union issued loans amounting to Rs. 21,652 and also marketed sugar-cane and jaggery worth Rs. 25,139. A sugar factory on co-operative lines has recently been registered at Coimbatore. The Mangalore Sugar-cane Growers' Society sold jaggery worth Rs. 11,109.

Consolidation of holdings societies.—There were altogether 22 societies of this type in 13 districts. A special staff of Inspectors recruited from the Revenue Department was working in the districts of North Arcot, Trichinopoly, Nellore, West Godavari, Anantapur and Ramnad. In North Arcot 234·01 acres consisting of 1,009 plots were consolidated. While the minimum holding before consolidation was 0·01 acre, it was 0·14 acre after consolidation. The number of persons who resorted to consolidation was 112. Not much progress was made elsewhere, the total extent of land consolidated in all the other districts being only about 142 acres.

Fruit-growers' societies.—The number of societies of this type increased from 8 to 15. The Kodur Fruit-growers' Society in Cuddapah sold the produce of the members, chiefly oranges, for Rs. 86,454 and earned a commission of Rs. 3,257. The sales were effected mainly through the Madras Provincial Co-operative Marketing Society at Madras. With a view to capture other markets, the society has opened sales depots at Anantapur, Hindupur and Hyderabad (Deccan). The Guntur District Fruit-growers' Society sold limes and oranges for Rs. 4,169, the North Malabar Fruit-growers' Society sold pineapples for Rs. 1,848, the South Kanara Fruit-growers' Society marketed fruits and vegetables for Rs. 1,319 and the Kadayam Limes Marketing Society in Tinnevelly sold limes for Rs. 564. The other societies of this type are just starting business.

Colonization societies.—There was no specially noteworthy feature in the working of the four societies of this type, and the progress made was not very much. The two in Salem, however, which are intended for the toddy-tappers thrown out of work on the introduction of prohibition, have made a promising beginning and are being watched with interest.

Societies for cottage industries.—An account is given below of such of the societies for cottage industries as have done appreciable work. The value of the articles sold by them is noted against each: The figures in brackets indicate the profit (+) or loss (—) made by them. The Markanam Salt Licensees' Society in South Arcot Rs. 5,378 (+ Rs. 570), the Ongole Egg Marketing Society in Guntur Rs. 8,801 (—Rs. 77), the Vizianagram Khadder Spinning and Weaving Society in Vizagapatam Rs. 5,852 (+Rs. 716), the Cuddalore Cottage Industries Society, hand-pounded rice for Rs. 3,504 (— Rs. 113), the Pasupathipalayam Hand-pounded Rice Production Society in Trichinopoly Rs. 3,468 (—Rs. 47), the Satravada Bell Metal Workers' Society in Chittoor Rs. 2,625 (—Rs. 103), the Katpadi Egg Marketing Society in North Arcot Rs. 2,847 (+Rs. 135), the Sivaganga Hand-pounded Rice Production Society in Ramnad Rs. 2,040 (+Rs. 195), the Vellore Arunthathiyar Leather Workers' Society Rs. 1,678 (—Rs. 748), the Andhra Ayurvedic Pharmacy in East Godavari Rs. 1,622 (+Rs. 156), the Kondapalli Toy Manufacturers' Society in Kistna Rs. 1,467 (+Rs. 70).

There were 24 cottage industries societies exclusively for women but no real progress was made by these societies in developing cottage industries among their members. The value of the articles produced by members and sold by any of these societies did not exceed Rs. 200 except in the Indian Women's Society at Madras, which sold products worth Rs. 1,074.

Section V.—Overhauling and supervision.

33. *Rectification work.*—The work for the improvement and revival of co-operative societies started in previous years was continued. A comprehensive programme of reconstruction in respect of each central bank in the Province was drawn up by the District Officers in consultation with the banks concerned, the following being the most important features of the programme :—

(1) Intensive rectification work in societies involving an examination of loans and the obtaining of additional security, wherever the loans were found to be on inadequate security ;

(2) recovery of overdues, reconstitution of panchayats, where necessary, and revival of societies by admission of new members, grant of fresh loans, etc. ;

(3) grant of suitable concessions to defaulters, where possible and necessary, with a view to induce them to repay their dues ;

(4) disposal of land which had come into the possession of societies in the course of execution proceedings taken against defaulters ; and

(5) initiation and development of schemes like controlled credit, forecast loans, etc.

For effective and concentrated work, each district was divided into three areas and each of these areas was placed in charge of an officer, one under the Deputy Registrar, another under the Co-operative Sub-Registrar and the third under the Executive Officer of the Central Bank. Wherever possible, the departmental staff for administration work were also entrusted with a few societies each for rectification work.

The progress made by the central banks in this scheme of intensive overhauling is indicated below :—

(1) Number of societies in which examination was conducted	5,871
	RS. (IN LAKHS).
(2) Total amount of loans, including interest, involved in them	192·76
(3) Of the above sum, the amount which stands on adequate security	153·48
(4) The amount which stands on inadequate security ..	39·28
(5) Of the sum in (4), the amount—	
(a) for which additional securities were taken ..	2·28
(b) the amount collected	2·30
(6) Balance ill-secured	34·70
(7) Estimated bad debts in these societies	22·61
(8) Of this, the amount that will affect the central banks	6·53
(9) Amount of loans collected during rectification work	21·77

Certain central banks undertook a re-examination of the loans in societies with a view to collect fresh data, and this fact accounts for the decrease in the number of societies tackled and the amount of loans examined, compared with the figures of the previous year. In contrast to the practice adopted in previous years, the figures shown in the above statement in respect of collections effected and additional securities taken represent only the progress made during the year. The loans collected and the loans for which additional security was obtained amounted to 11·7 per cent of the total loans which stood on inadequate security. Considering the up-hill nature of the task, the progress made cannot be said to be poor; but much more remains to be done.

Inclusive of loans due from societies under liquidation, the total bad and doubtful debts as estimated in the last audit amounted to Rs. 40·77 lakhs. The Bad Debt Reserve of the banks amounted to Rs. 19·59 lakhs, while their statutory Reserve fund amounted to Rs. 34·67 lakhs. Both the reserves put together greatly exceeded the aggregate bad and doubtful debts.

Special action was taken in the case of the central banks at Cuddalore, Anantapur, Conjeeveram, Srivilliputtur, Kurnool, Cuddapah and Chicacole to improve their condition. In the South Arcot Central Bank, the Board was superseded and the management was entrusted to a special committee of five local gentlemen assisted by a Departmental officer. In the Anantapur District Bank, the Board of Management entrusted its functions to a small committee of three directors. In the Srivilliputtur bank area, a system of intensive supervision by the appointment of "group clerks" has been introduced. In the Conjeeveram Central Bank, a special scheme of rectification including the disposal of land in the possession of societies has been launched, and junior inspectors from the department have been lent to the bank for working it. In the case of the other banks also, an intensive 'drive' for the rectification of bad and dormant societies has been initiated and the progress is being watched and reviewed. The special measures taken have brought about a perceptible improvement in the position of most of the banks concerned.

One important question that was considered in connection with the improvement of the general financial condition of central banks and societies was the question of 'margin.' For some years, banks and societies have been following a policy of reducing their lending rates. It seemed as though far too much emphasis had been laid only on the desirability of affording the maximum relief to agriculturists and that due consideration had not been paid to the stability and interests of the financing institutions. In fact, in some cases, societies were found to be working on quite inadequate margins. The need for improvement in this respect was recognized by the Committee on Co-operation, and the Conferences of Deputy Registrars and Central Banks held during the year, and Government also observed that no steps should be taken to force down the rates to a level which would jeopardize the interests of the financing institutions. I have accordingly advised central banks and societies that they should try, as a general rule, to maintain a margin of 2 per cent between their borrowing and lending rates.

I have also suggested that societies may re-introduce the provision in their by-laws for the levy of a slightly higher rate of interest (say ¼ pie per rupee per mensem) on overdue instalments of principal. In my opinion, there should be a distinction between a member who is regular in his repayments and one who is not, and I believe that the levy of a higher rate will be a preventive against wilful default.

34. *Supervision.*—The primary societies were grouped for purposes of supervision under different agencies as shown below :—

Affiliated to local supervising unions	8,801
Affiliated to Central Banks	1,692
Under the Fisheries Department	54
Under the Special Police Officer for Kallars ..	261

The supervision of the large majority of the societies continued to be in the hands of the local supervising unions. There were 252 unions at the end of the year. The Central Banks continued to pool and administer the Supervision Fund. The amount at the credit of the District Supervision Fund at the beginning of the year was 0·46 lakh. The Supervision Fund collected from societies amounted to Rs. 1·42 lakhs, and the Supervision Fund paid by the Central Banks in accordance with their by-laws was Rs. 1·32 lakhs.

In addition to this sum, the Central Banks also contributed Rs. 1·34 lakhs from their general funds. The total amount pooled for purposes of supervision was Rs. 4·54 lakhs, of which Rs. 4·18 lakhs were spent on supervision.

The supervision done by the local unions was in general not very effective, and much remains to be done in this respect.

35. *Classification of societies.*—The classification of credit societies according to their general working during 1936–37, 1937–38 and 1938–39 is given below :—

	1936–37.	1937–38.	1938–39.
A. Thoroughly good societies ..	286	298	307
B. Societies with some defaulters and some mistakes in accounts ..	1,531	1,564	1,717
C. All other societies that do not come under class D.	8,236	8,044	8,388
D. Bad societies which probably may have to be liquidated should they fail to come under class C within two years	1,564	1,726	1,600
Total ..	11,617	11,632	12,012

It is satisfactory to note an increase, however slight, in 'A' and 'B' class societies and a decrease in the number of 'D' class societies. The fact, however, that about 13 per cent of the total number of societies are dormant and may have to be dissolved in the near future cannot be viewed with equanimity. The percentage is particularly high, being above 20, in Chingleput, Cuddapah, Kurnool and Malabar. A vigorous 'drive' for overhaul and improvement is the only remedy. Intensive schemes of rectification are now in progress in some of the districts and it is hoped that they would result in a few years in a definite improvement in the position.

The classification of societies audited up to the 10th October 1940 is given in Appendix 4, Section II.

Section VI.—The Acts and the Rules.

36. During the year there were no amendments to the Madras Co-operative Societies Act. The Committee on Co-operation has, however, suggested certain amendments which are being examined.

Section 29 of the Madras Land Mortgage Banks Act (X of 1934) was amended with a view to make it easier for land mortgage banks to secure documents in the possession of the creditors of members.

Rules Nos. XII, XIII-A, XXII, XXIV and XXVII issued under the Madras Co-operative Societies Act were amended. The amendment to rule XII was to reduce the maximum rate of dividend payable on share capital by Central Banks and other credit

societies with limited liability to 5 per cent and 6¼ per cent, respectively. The amendment to rule XIII-A required societies to obtain the previous permission of the Registrar before investing their funds in the purchase or lease of lands or in the acquisition, construction or renewal of any buildings that might be necessary for conducting their business. In rule XXII, a period of limitation of one year was prescribed for appeals against the orders of Deputy Registrars confirming or cancelling sales. By an amendment to rule XXIV the Registrar was empowered to permit societies to amend their by-laws by such smaller body than the general body as might be prescribed in the rules or by-laws. The amendment to rule XXVII was to prohibit the employee of a society (other than one exclusively for employees) from becoming a member or continuing to be a member of the committee of a society which finances it or is financed by it. After the end of the year, rule XI regarding the levy of audit fees was amended, making sale societies which did purely credit business or both credit and sales business, liable for the payment of fees for their audit.

PART III.

ADMINISTRATION.

37. *Organization of the department.*—The strength of the establishment on 30th June 1940 was as follows :—

Registrar	1	Principal, Central Co-operative Institute of Madras	1
Joint Registrar	1	Lecturers do.	2
Additional Joint Registrar under training	1	Senior Inspectors	69
Deputy Registrars on general duty	19	Junior Inspectors	710
For land mortgage banks ..	3	Routine Clerks	107
Personal Assistant to Registrar	1	Typists	3
Assistant Registrars	4	Attender	1
Co-operative Sub-Registrars ..	61	Duffadar	1
		Peons	328

The superior staff of the department consisted of the Registrar, the Joint Registrar, the Additional Joint Registrar and 23 Deputy Registrars.

I held the post of Registrar throughout the year. I toured for 177 days, inclusive of the time spent in a study tour in North India, and inspected 300 societies of all types, some of them more than once. During every tour I was in intimate touch with unofficial co-operative opinion.

In December 1939 I attended the 13th Conference of Registrars of Co-operative Societies, held at New Delhi, and before returning to Madras I visited the Punjab, the United Provinces and Bengal to study the working of the co-operative societies in those Provinces. Altogether, I was away in North India for about six weeks. My tour was interesting and useful, and my thanks are due to the Government and to the Registrars of the three provinces and their staff for giving me the necessary facilities for inspection. During the year I also visited the Imperial Dairy Institute, Bangalore, to study its working.

The post of Joint Registrar was vacant from the beginning of the year till 31st October 1939, when Sri Rao Bahadur M. Giriappa who was on leave rejoined duty.

Mr. R. Galletti, I.C.S., who was deputed for training in this department for one year as Additional Joint Registrar, joined duty on 12th September 1939. After completing his training he left the department on 12th September 1940.

Nineteen Deputy Registrars were on general duty, three were in charge of land mortgage banks and one was my Personal Assistant. The Deputy Registrars on general duty toured, altogether, for 3,817 days, that is, on an average 201 days per officer. Apart from the minimum number of tour days prescribed, viz., 100 days for a half year, I have been considering how best the efficiency of their tours could be increased. The Government have recently agreed to my proposal that the usual arithmetical test of the excess of halts over marches might be abandoned and that, instead, the requirement should be that the officers should spend at least 75 per cent of the nights in the total period of their tour, outside their headquarters. This will, I trust, lead to satisfactory results. The Deputy Registrars inspected 2,829 societies, of which 596 were bad societies, and they attended 656 meetings, of which 214 were of Central Banks and 90 of unions. They organized 245 special types of societies and registered 932 societies of all classes.

The main items of work done by the three regional Deputy Registrars for land mortgage banks were the inspection of the land mortgage banks in their jurisdiction and the scrutiny of the loan applications sent to the Madras Co-operative Central Land Mortgage Bank by the primary banks.

Four Deputy Registrars were on duty in other departments. One was the Secretary to the Committee on Co-operation from the beginning of the year till 15th April 1940, and the three others worked as Special Development Officers in Salem, North Arcot and Cuddapah-Chittoor.

Twelve new posts of Deputy Registrars were created during the year for a period of three months in connection with the deputation of officers for training in joint-stock banking.

One Deputy Registrar was in charge of the non-credit training classes in the Central Co-operative Institute, Madras, from 2nd October 1939 to 1st December 1939.

The subordinate staff consisted of 4 Assistant Registrars, 61 Co-operative Sub-Registrars, 69 Senior Inspectors, 710 Junior

Inspectors, 107 routine clerks and 3 typists. Besides, there were one Principal and two lecturers in the Central Co-operative Institute, Madras.

The four Assistant Registrars were in charge of the districts of Bellary, Kurnool, Nellore and West Godavari, for which there were no separate Deputy Registrars. These officers altogether toured for 804 days, inspected 543 societies and attended 86 meetings of societies.

Of the 61 Co-operative Sub-Registrars, 19 were on general duty assisting Deputy Registrars of districts, 33 were on duty in connection with the 119 primary land mortgage banks in districts, and five dealt with the execution of decrees. Of the remaining 4, one was the Manager of my office, another was in charge of the audit of departmental revenues, the third worked as Assistant to the Liquidator of the Madras Christian Central Bank and the fourth was the Secretary of the Madras Provincial Co-operative Marketing Society.

Of the 69 Senior Inspectors, 30 attended to the audit of Central Banks, big urban banks and certain special types of societies, 24 attended to non-credit work in the districts, eight worked as superintendents in my office and three were in charge of propaganda for non-credit activities in the districts of North Arcot, Cuddapah and Chittoor where prohibition had been introduced. There were also three Senior Inspectors for work in sugar-cane growers' societies and unions under the Sugar Excise Subsidy scheme, and one Senior Inspector was outdoor assistant to the Secretary of the Madras Provincial Co-operative Marketing Society. Five new posts were created during the year for a period of two months in connection with the training in non-credit work in the Central Co-operative Institute, Madras.

The strength of Junior Inspectors for various items of work was as follows :—

Two hundred and thirty-six Inspectors for the audit of societies at the rate of one auditor for 60 societies (or sometimes more); 26 Inspectors for the concurrent audit of urban banks and other societies which paid audit fees; 56 Inspectors for work in liquidated societies at the rate of one Inspector for about 25 liquidated societies; 92 Inspectors for work in connection with the execution of decrees obtained by societies; 76 Administrative Inspectors for investigation of petitions from members of societies, for the conduct of enquiries under section 38 of the Act, disposal of arbitration references and other miscellaneous items of work in the districts; 107 Inspectors for the supervision of scheduled castes societies at the rate of one Inspector for every 25 societies; seven Inspectors for the supervision of sale societies; six Inspectors recruited from the Revenue Department for consolidation-of-holdings societies; 12 Marketing Inspectors recruited from agricultural graduates for work in the bigger sale societies; and 92

Inspectors for clerical work in my office and in the Deputy Registrars' and Assistant Registrars' offices.

Ten additional posts of Junior Inspectors were created during the year, five for two months in connection with the training in non-credit work in the Central Co-operative Institute, Madras, and five for the supervision of thrift societies in Salem, Chittoor and Cuddapah.

For clerical work, there were also 107 routine clerks in my office and in subordinate offices, and three typists in my office and in the office of the Deputy Registrar, Madras.

In addition to the regular establishment there were four Senior Inspectors and nine Junior Inspectors sanctioned under Fundamental Rule 127 for work in the Coimbatore, Madura and South Arcot audit unions, the Vuyyur Co-operative, Agricultural, Industrial and Credit Society, the Posts and Telegraphs Co-operative Society, the Madras and Southern Mahratta Urban Bank and the City Bank, Madras. The cost of these Inspectors was recovered from the respective institutions.

The movement has been developing in many directions both on the credit and on the non-credit side, with the result that there has been a marked increase in the volume of work thrown on the department. The work has also become more complex. Not only have statutory duties like audit, liquidation, arbitration, execution, etc., increased with the increase in the number of societies, but other kinds of work of an administrative nature are taking a large part of the time of the officers. The condition of certain Central Banks and big Urban Banks has demanded close and constant attention and the development of marketing and other forms of co-operative activity, such as the organization of primary and wholesale stores, regional marketing societies, seed multiplication schemes, etc., has become equally important. The department is also being called upon to take up a larger share in all schemes of rural development and reconstruction, in collaboration with other development departments and the Revenue Department, especially after the introduction of prohibition in the province. I have been feeling that the work has become so varied and heavy in each district that not only is additional staff necessary but that, perhaps, a reorganization of the superior establishment is also called for. This matter, however, can only be taken up when financial conditions become easier after the war.

In my report for 1938–39 I had referred to the system that was being tried as an experiment in Madura and East Godavari, of posting Junior Inspectors on a territorial basis for all items of work except supervision of sale societies. As the results were reported to be satisfactory, Government sanctioned the extension of the scheme to two centres in each of the districts of Salem and Chittoor, in January 1940. The audit of scheduled castes societies in their charge was later taken away from the items of work entrusted to them. The system has the merit of simplicity and its adoption will result not only in economy of time and energy on the part of Inspectors but also in bringing them into closer touch with the members and the general working of societies as a whole, instead of only in part, but it is feared that if the same Inspector is put in charge of both audit as well as other duties, it will not lead to efficient administration. Perhaps, the best course would be for audit to be entrusted to an independent agency as before and for the remaining Inspectors to be posted on a territorial basis for attending to all other items of work, such as liquidation, execution of decrees, supervision of scheduled castes societies, the conduct of enquiries, etc. I am examining this question.

38. *Services rendered by the officers of the department*—(a) *Audit.*—Except for 24 societies included in the audit union at Madura and four societies in the Madras City audited by certified auditors authorized by the Registrar, all the societies in the province were audited by departmental Inspectors. The audit of all of them for the year 1938–39 was completed before the end of the year and certificates were issued in all cases except nine. Summaries of defects were issued to the societies as usual.

Owing to the large increase in recent years in the number of societies, Government were approached to sanction the necessary additional staff for their audit at the present standard of one Inspector for every 60 societies. They could not, however, sanction the staff on account of the need for economy in expenditure created by the war, and I was asked to manage with the existing staff, for the present, by allotting a few additional societies to each auditor. As this arrangement would throw additional work on the auditors, I permitted them to complete the audit of societies before the 31st of January instead of the 31st December as hitherto; and as the time available for the interim audit of societies would consequently be shortened by a month, I also instructed Deputy Registrars to dispense with interim audit in the case of societies having very small transactions. Out of 13,594 societies, the interim audit was therefore done only in respect of 9,586 societies. It is, however, becoming increasingly difficult for Deputy Registrars to get through the work with the present staff and many of them have been making representations for additional staff.

As stated in the last year's report, the new scale of audit fees based on the actual time taken for audit was applied during the year in levying fees for the audit of the accounts for 1938–39. As certain doubts were raised regarding the application of this scale, I had to issue clear instructions on the subject. A sum of Rs. 76,145 was levied on 410 societies for the year 1938–39. The types of societies which were benefited by the new scale of fees were largely urban banks, building societies, land mortgage banks and sale societies. Central Banks had to pay slightly more, and consumers' stores were rather badly affected. But as the fees are levied on the actual time taken for audit, there can be no serious grounds for complaint, except in regard to a feature inherent in the system, viz., the tangible differences in time due to the personal equation of the auditor.

Representations were, however, made by several weavers' and sale societies that they were unable to pay the fees levied, and they asked for their remission. As the new scale of fees does not provide for any amount being remitted by the Registrar Government were requested to grant these societies certain concessions; they have permitted the Registrar to grant remissions in a few cases. The remissions so granted amounted to Rs. 2,425-12-0.

The fees due were collected before the end of the year from all societies except three, and steps have been taken to recover the fees due from these societies also.

Till recently, audit fees were levied on loan and sale societies, under Rule XI (1) (*b*), only in cases where the value of the goods sold in the year exceeded Rs. 10,000. Therefore, such of the societies as did merely credit business were exempt from the payment of fees. As the transactions of these societies were large, it was considered necessary to levy fees from them as well as from those which did both credit and sales business. Government have recently issued an amendment to the rule, according to which fees will be levied from loan and sale societies which fall under any of the following categories :—

(i) societies which do merely sales business, whose sales exceed Rs. 10,000,

(ii) societies which do merely credit business, whose working capital exceed Rs. 20,000,

(iii) societies which do both kinds of business, whose sales *plus* 50 per cent their working capital together exceed Rs. 15,000.

These standards will be followed in the levy of fees for 1939-40.

(*b*) *Arbitration, civil suits and execution.*—From the year 1931-32 there was a steady fall in the number of arbitration references filed by societies against defaulting members; from 51,192 it fell to 16,859 in 1937-38. During the last two years, however, there has been a rise in their number, and in 1939-40 the number of references filed was 23,045. The steady fall in the number was during the period of the depression, when there was a shrinkage in transactions. If during the last two years it has again shown a tendency to increase, this is due to the fact that Central Banks have launched special measures for the recovery of overdues. It is, however, a good sign that, though the transactions have gone up to the level of pre-depression days, or even higher, the number of references filed has not increased to anything

like the same extent. This satisfactory feature is due to the fact that the percentages of overdues in agricultural and non-agricultural societies in 1939-40 were only 40·58 and 16·86, while they were 62·95 and 23·13 in 1931-32.

With the increase in the number of claims filed during the last two years there has also been a corresponding increase in the number of references disposed of. During 1939-40, 19,153 claims were decreed, leaving 5,212 references pending disposal at the end of the year. A large number were disposed of by honorary arbitrators and the rest were dealt with by the officers of the department.

During the year, appeals were preferred to me in 58 cases against the decisions of arbitrators and officers empowered to decide disputes. 38 of these cases were disposed of before the end of the year.

In their order No. 2407, Development, dated 27th October 1937, Government wanted that for a period of two years disputes filed under section 51 (1) (*c*) of the Madras Co-operative Societies Act against office-bearers who by their wilful negligence, etc., caused loss to societies should be decided by the Registrar himself. During 1938-39, the Government permitted the Joint Registrar also to dispose of such references. On my representation that the restriction that the Registrar or Joint Registrar should alone decide these references was causing delay in their disposal, the Government have permitted Deputy Registrars also to decide them, subject to the condition that they should obtain the previous sanction of the Registrar before entertaining any reference. During the year Deputy Registrars disposed of nine cases, leaving 34 cases pending disposal at the end of the year. Against the decision of the Deputy Registrar, in one case, appeal was preferred to me and it was disposed of before the end of the year.

Including suits pending disposal, 1,057 suits were filed in civil courts, and of these 496 cases involving Rs. 70,130 were pending disposal at the end of the year. Societies have at present to resort to civil courts in cases where non-members are involved, as the Registrar or the arbitrators appointed by him have no jurisdiction over them. Societies have often to proceed against such persons in cases where they have acquired any interest in properties mortgaged to them. To bring these alienees also within the scope of section 51 of the Madras Co-operative Societies Act, an amendment to the Act has been suggested to Government, and if it becomes law, there will be no more need for societies to file suits in civil courts.

The awards and decrees held by societies continued to be executed mainly through the department under section 57-A of the Act. During 1939-40, 22,068 applications were received, 24,904 disposed of, and 19,000 left pending on the last day of the year, in which a sum of Rs. 63,56,731 had to be recovered. The expenditure to the Government on account of the execution work undertaken by the department was fully covered by the fees realized.

In March 1936, Government doubled the strength of the staff for execution, and it was expected that the experience gained by the Inspectors in this branch of work would result in better progress in the disposal of execution petitions than had been possible till then. The full complement of staff was, however, not maintained evenly in any year and the strength was varied from time to time according to the volume of the work on hand. There has been a gradual increase in the average number of execution petitions disposed of by each sale officer since 1936. This number was 271 in the financial year 1936–37, 360 in 1937–38, 396 in 1938–39 and 394 in 1939–40. The work of each Inspector, especially in 1938–39 and 1939–40, was very nearly equal to the standard of 400 execution petitions for each sale officer. I expect this standard to be maintained.

Execution work is comparatively new to the department and I had to interfere in a number of cases brought to my notice by the aggrieved parties. During the year I took steps to issue detailed instructions on the subject with reference to the rules governing execution proceedings, and laid down certain broad principles for the guidance of sale officers. These had a salutary effect and I am glad to say that the number of irregularities now brought to my notice is much smaller than before.

(c) *Liquidation.*—The number of societies under liquidation increased from 1,392 at the beginning of the year to 1,406 at the end. This was because the number of societies liquidated (211) did not keep pace with the number of societies brought under liquidation (225). I am aware that the delay in winding up the affairs of societies constitutes a serious defect in liquidation proceedings. I have, therefore, been taking steps to hasten the completion of these proceedings as far as possible. I have instructed liquidators to extend all reasonable concessions to defaulters to induce voluntary payments. Consistently, of course, with the societies' obligations to their creditors, concessions such as waiver of interest, scaling down of debts or contribution orders to the level of the repaying power of the members were allowed. I have also asked liquidators to speed up the disposal of the properties in their possession by returning them to their original owners or to their next-of-kin, if they paid the market value or something near it, and in cases where there are no outside debts to be paid, by restoring them to their original owners even at less than the market value. Still, if better progress has not been made, it is because of the inherent difficulties involved in the proceedings. By the time the societies pass into the hands of liquidators all the loans would have frozen. Moral persuasion will be of no avail to collect them; coercive action will invariably be necessary, and owing to the poverty of the members even this will be difficult. Want of bidders when properties are brought to sale, alienation of properties by well-to-do members in anticipation of liquidation, difficulty in tracing the whereabouts of members who have left the jurisdiction of societies, prolonged litigation in civil courts in certain cases, all contribute to the delays in the process of winding up. I am, however, satisfied that the officers are doing their best to hasten the recovery of debts and complete the liquidation proceedings. They have been personally visiting societies to stimulate collections and to pass contribution orders against members, wherever necessary. Including Rs. 6·93 lakhs written off, they collected during the year Rs. 11·92 lakhs out of Rs. 72·05 lakhs to be collected. This included Rs. 0·93 lakh collected by the enforcement of unlimited liability. They disposed of properties worth Rs. 29,200, out of those valued at Rs. 2·92 lakhs held by them. All possible concessions were also extended to defaulters to facilitate the repayment of their dues. In 541 societies, loans due from members to the extent of Rs. 6·24 lakhs were written off. By this, the creditors of 118 societies were affected to the extent of Rs. 1·39 lakhs. The creditors, whose consent was in all cases obtained before writing off the loans, were in almost all cases the district central banks and the Christian Central Bank, and in one case the Government. The loss to the Government was Rs. 1,558 and related to the sum due from the Nandalur Co-operative Building Society in the Cuddapah district.

In spite of all these efforts there are still serious delays in finally liquidating the societies. Of the 1,406 societies under liquidation on 30th June 1940, 82 have been under liquidation for over ten years, and 545 for over five years. These societies are now receiving my special attention.

(d) *Criminal prosecutions and cases of corruption.*—Forty cases of fraud were reported during the year. In 22 cases the prosecution of the delinquents was sanctioned by me. Of the 22 prosecutions launched, 13 were still proceeding at the end of the year. Eight cases have resulted in the conviction of the delinquents, and in one case the accused was discharged.

Forty-eight persons were involved in the 40 cases, of whom 39 were honorary office-bearers, 7 were paid employees of societies, one a supervisor of the Central Bank and one an agent appointed under by-law 62.

The amount involved in these cases was Rs. 35,402, of which Rs. 13,402 were recovered before 30th June 1940. In order that the recovery of the amount involved in each case is not lost sight of, I have prescribed returns to be sent by officers. I am also taking severe disciplinary action in every case of misappropriation in which the departmental officers had either failed to detect the crime in time or had not taken reasonable steps to prevent its occurrence.

(e) *Supersession.*—Out of nearly 15,000 societies, the committees of only four societies and one Central Bank had to be superseded during the year. The number of societies under supersession went down from 20 at the beginning of the year to 13 at the end. Of these 13 societies, one (a Central Bank) was in charge of a non-official committee assisted by a departmental officer, another in charge of a non-official, and the rest in charge of departmental officers. The total assets to be collected in the societies (other than the Central Bank) on the date of their supersession were Rs. 6·14 lakhs under principal and Rs. 0·88 lakh under interest. Before the end of the year Rs. 1·17 lakhs under principal and Rs. 0·51 lakh under interest had been collected.

The power to supersede was exercised only in absolutely necessary cases. The mere contemplation of supersession effected the necessary improvement in other instances.

(*f*) *Officers in foreign service*.—The number of officers of the department in foreign service has increased from 33 to 46. Ten of them were Co-operative Sub-Registrars, six were Senior Inspectors and 30 were Junior Inspectors, and they were employed by 11 central banks, 11 urban banks and 16 other institutions such as land mortgage banks, stores and the Madras Handloom Weavers Provincial Co-operative Society.

I have been observing that, of late, far too many requests are being made by Central Banks for the deputation of departmental officers to work as their Secretaries. Whatever might have been the justification in the past for banks to ask for the services of officers, I feel it is time that this practice should be limited to very exceptional cases. While I recognize that in many instances the presence of the officers has contributed to the efficient administration of the banks, I wish to discourage this practice for more than one reason. Firstly, I am inclined to believe that in some cases committees of banks ask for the services of departmental officers with a view to relieve themselves of their responsibility for the proper administration of the banks, as they seem to think that once a departmental man is appointed there is an end of their own responsibility. This is not a happy sign of development. The co-operative movement is essentially non-official in character and the ideal that its entire running should ultimately devolve on unofficials has always been prominently held in view. The employment of departmental officers will certainly not hasten the attainment of this ideal. Secondly, by the deputation of officers for work in Central Banks, the department is deprived of the services of some of its efficient men. Now that the several schemes for the intensive training of unofficial employees, particularly the training in the functions of Secretaries and Managers of Central and Urban Banks, have been in operation for some years, there should be no difficulty for co-operative institutions to secure the services of suitable men to run their administration. If any of the banks have not yet taken advantage of this opportunity for training their men, it is up to them to do so as soon as possible. I have recently told the banks that I would not countenance applications from them for the loan of services of departmental officers, unless it be for urgent or exceptional reasons, and that ordinarily there should be no need to inject departmental blood into the non-official frame; and I hope that before long Central Banks will be manned by efficient unofficial paid Secretaries.

39. *Training of departmental officers*.—The training of departmental officers during the year received increased attention and several new schemes were introduced with the help of the Government of India grant. Twelve Deputy Registrars, in two batches of six each, were deputed for training in up-to-date methods of joint-stock banking for a period of three months. They spent nearly two months in three joint-stock banks in Madras, viz., the Central Bank of India, the Indian Bank and the Indian Overseas Bank, and nearly one month in the Agricultural Credit Department of the Reserve Bank of India, Bombay. After the end of the year, a third batch of six Deputy Registrars has been deputed for training, and with the deputation of one more batch nearly all the permanent Deputy Registrars would have been trained. The training in joint-stock banking has helped the officers to equip themselves with a knowledge of modern banking methods and technique and should stand them in good stead in guiding and inspecting the central banks in their jurisdiction. The training in the Reserve Bank of India has afforded them an opportunity to know, at first hand, the views of that Bank on several important matters published in its bulletins and statutory reports, and to study the trend of co-operative thought in other provinces and the way in which their problems were tackled.

As part of the policy of forming milk supply societies and unions in as many centres as possible and for giving a practical knowledge of the dairy business to the officers engaged in their organization and supervision, ten Deputy Registrars and ten Senior Inspectors were deputed for a period of one week to study the working of the Imperial Dairy Institute, Bangalore. This, together with the recent appointment of a Dairy Expert, is expected to supply the necessary technical advice to the milk supply societies in the province.

During the year one Deputy Registrar and one Co-operative Sub-Registrar were deputed for a period of two months to each of the provinces of Bombay and Bengal to study the working of co-operative societies there. The Co-operative Sub-Registrar who went to Bengal was the Secretary of the Madras Provincial Marketing Society, and he was permitted to visit Nagpur on his way back to Madras from Calcutta to study the arrangements made by the Government of the Central Provinces and other private agencies for marketing oranges.

Equal attention was paid during the year to the training of the subordinate staff. Twenty-four Senior Inspectors who attended to non-credit work in the districts were deputed for ten days to the Rural Reconstruction Centre at Martandam in the Travancore State, where they were trained in poultry-farming, bee-keeping and other rural industries. Five Senior Inspectors and five Junior Inspectors, along with office-bearers and employees of certain non-credit institutions, were trained in non-credit work for a period of two months in the Central Co-operative Institute, Madras, as was done in previous years. The classes were conducted by a Deputy Registrar.

Refresher courses for Inspectors were conducted in all districts in June and July 1939 and in January 1940. An innovation was, however, made in the conduct of the classes. The Inspectors were divided into groups of six or seven and each group was assigned one or two definite subjects. Each group made a special study of the problem referred to it and the tentative conclusions reached were discussed at the full meeting. Apart from the usual instructions on departmental matters, three or four days were devoted to such discussions. This arrangement gave opportunities to the Inspectors to think out questions for themselves and to discuss with one another important matters relating to the working of co-operative societies. This system was adopted in the classes held in June and July 1940.

For the Central Co-operative Institute examinations in Co-operation, Banking, Book-keeping and Auditing held during the year, there were in all 488 applications, and the number of 'passes' was 196. When the Institute was temporarily closed for five months owing to the stoppage of the recruitment of Junior Inspectors, the examinations in the four subjects were conducted by me.

A minor but rather interesting innovation was the collection and printing of all the important circulars of the Registrar in the last few years. They were issued in hinged boards, so that they might be added to from year to year; and were supplied to all officers and subordinates of the department.

40. *Grants-in-aid to societies.*—Co-operative societies are receiving assistance from Government in various forms, by way of subsidies, services of departmental officers to attend to their day-to-day work, etc. The main forms in which help is being given are described below.

Loan and sale societies which put up godowns are given a free grant of 25 per cent of the estimated cost of the godowns, provided the remaining 75 per cent is either taken as a loan from Government repayable in 30 years or is met from the societies' own funds. This concession has also been extended to agricultural credit societies which intend to construct godowns for their own use. So far, 23 sale societies and 21 credit societies have been given grants to the extent of Rs. 80,818, and loans have been given to sale societies to the extent of Rs. 2,13,186. Under the

scheme sanctioned in 1938–39 to help loan and sale societies to maintain adequate staff, ten of the larger societies are having the services of marketing inspectors; and during 1939–40 they contributed 25 per cent of the cost of this staff. Thirty-eight smaller societies received subsidies to the extent of Rs. 11,532, to meet 75 per cent of the cost of the staff employed by them.

Under the State Aid to Industries Act, two cottage industries societies were given subsidies during the year. The Quilandy Artisans' Society in Malabar got a non-recurring subsidy of Rs. 500 and a recurring subsidy of Rs. 10 a month, and the Santhapet Basket Makers' Society in Chittoor received a non-recurring subsidy of Rs. 192.

The Sugar Excise Subsidy scheme sanctioned in 1937–38 for helping the sugar-cane growers to secure fair prices for their produce was, in 1939–40, in operation in Vizagapatam, Kistna, East Godavari, Bellary and Coimbatore. The cost of the special staff sanctioned under the scheme and other items of expenditure amounted to Rs. 0·22 lakh.

A sum of Rs. 83,421 was given during the year to the Madras Handloom Weavers' Provincial Co-operative Society out of the Government of India subvention for the handloom weaving industry. This was utilized by the Provincial Society for its working expenses and for granting subsidies to the primary weavers' societies for maintenance of staff.

The Madras Provincial Co-operative Marketing Society continued to have free of charge the services of a Co-operative Sub-Registrar to act as its secretary, a Senior Inspector as out-door assistant, a clerk and two peons. The payment of a cash subsidy of Rs. 2,800 a year to meet the expenditure on rent and the pay of godown-keepers and other servants, which the society had been receiving during the first three years of its working, was, however, stopped during the year.

Cattle-breeding societies are receiving assistance from Government by way of assignment of waste land for use as grazing ground and for raising fodder crops. They are also given premia at a rate not exceeding Rs. 100 a year for each stud bull maintained by them. Three societies in Salem and Madura have secured 172 acres of waste land and the 21 stud bulls maintained by them have been admitted to the premium scheme.

Scheduled castes societies are given grants by Government for payment of remuneration to persons who write their accounts. Rs. 3,000 were sanctioned for this purpose during the year.

Societies which have worked at a loss are given subsidies to the extent of the amount actually spent by them during a year in the purchase of stamp paper for obtaining certificates of sale in the course of execution proceedings, subject to the condition that such subsidy to any society shall not exceed the net loss sustained by the society in the year. The subsidy so sanctioned amounted to Rs. 1,600 during the year.

Apart from the assistance that they get from Government, many of the non-credit societies are also receiving financial help from the Madras Provincial Co-operative Bank, Central Banks, Municipalities, etc.

I am afraid, however, that some of these societies have not realized that they cannot for ever be receiving such outside assistance and that within a reasonable time they should try to develop enough business to be in a position to dispense with such help and work with their own resources. No useful purpose will be served by giving assistance to an institution which cannot survive when once that help is withdrawn, and it will be a waste of public money and energy to prop it up. Co-operative institutions are essentially business organizations; if they cannot be run on business lines, they can have no claim for existence, much less for special treatment. I have recently asked the district officers to bear the above points in mind, not only when organising societies but also when recommending their requests for special help. It is not that I want to discourage the formation of societies or to withdraw the help given to them: I am only anxious that only such societies as have a chance to grow into strong and healthy institutions and be of real benefit to the class of people for whom they are intended should be fostered.

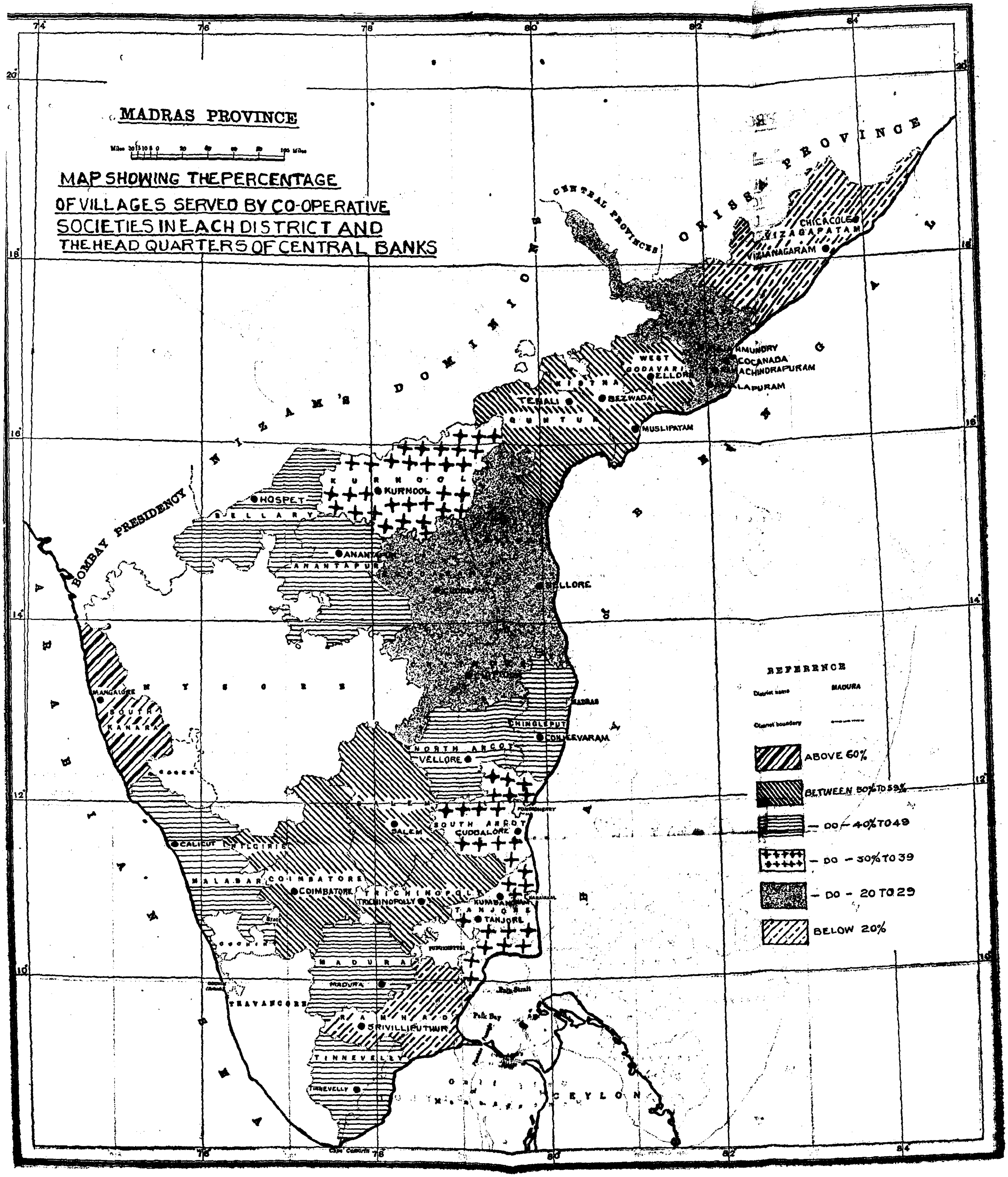
41. *Cost of working.*—The total expenditure incurred on the department amounted to Rs. 14·255 lakhs, as shown below:—

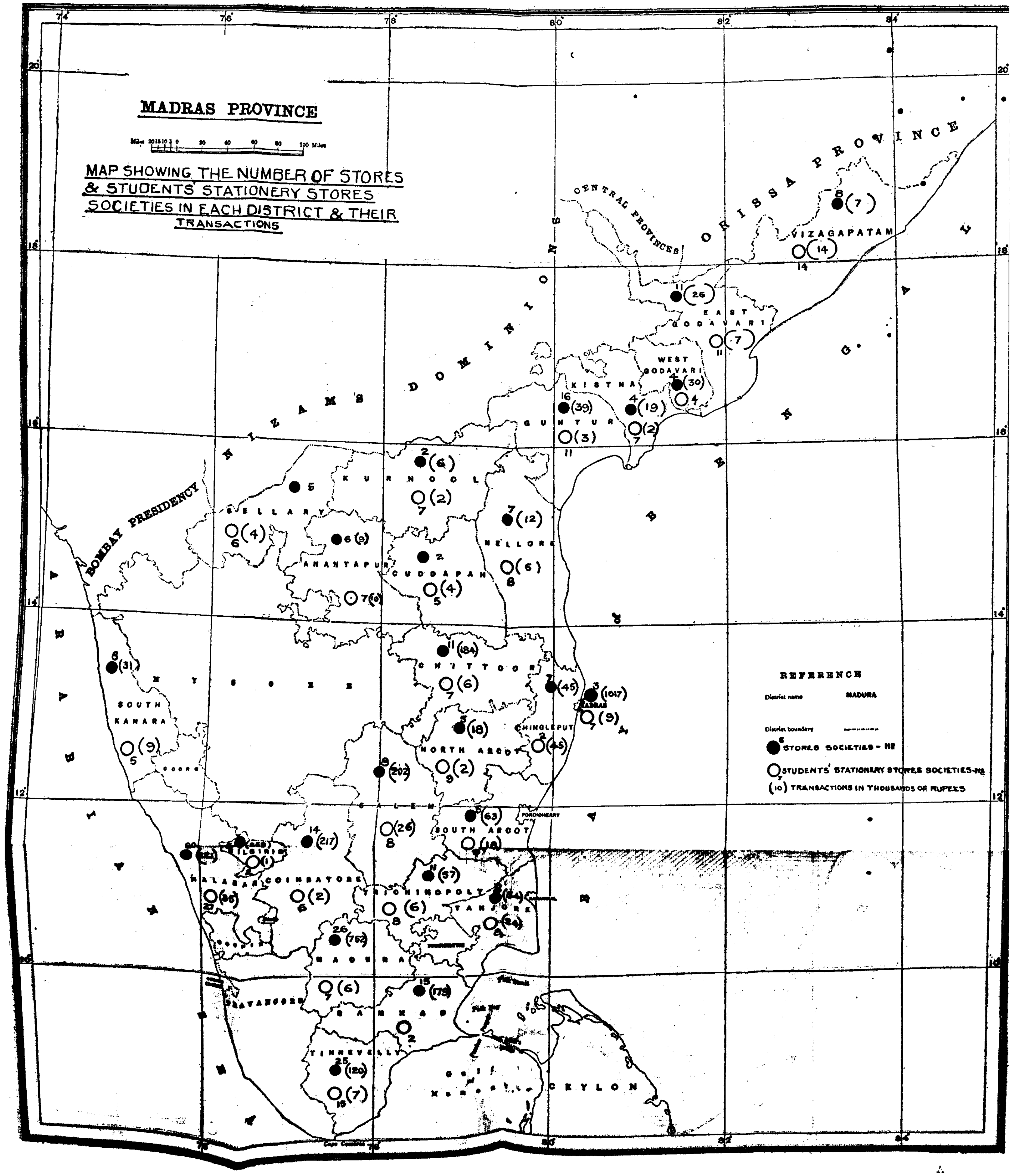
	RS. (IN LAKHS.)
Pay of Registrar	0·29
,, Joint Registrar	0·095
,, Officers	1·24
,, Establishment	8·48
Allowances	2·55
Contingencies	0·77
Grants-in-aid	0·40
Co-operative training and education	0·43
Total	14·255

Receipts during the year amounted to Rs. 3·88 lakhs; thus the net cost to Government in respect of the department was Rs. 10·375 lakhs, or less than 0·006 of the total Provincial Expenditure for 1939–40 (17·17 crores of rupees). I venture to hope that, in the light of the information given in this report, it will be readily

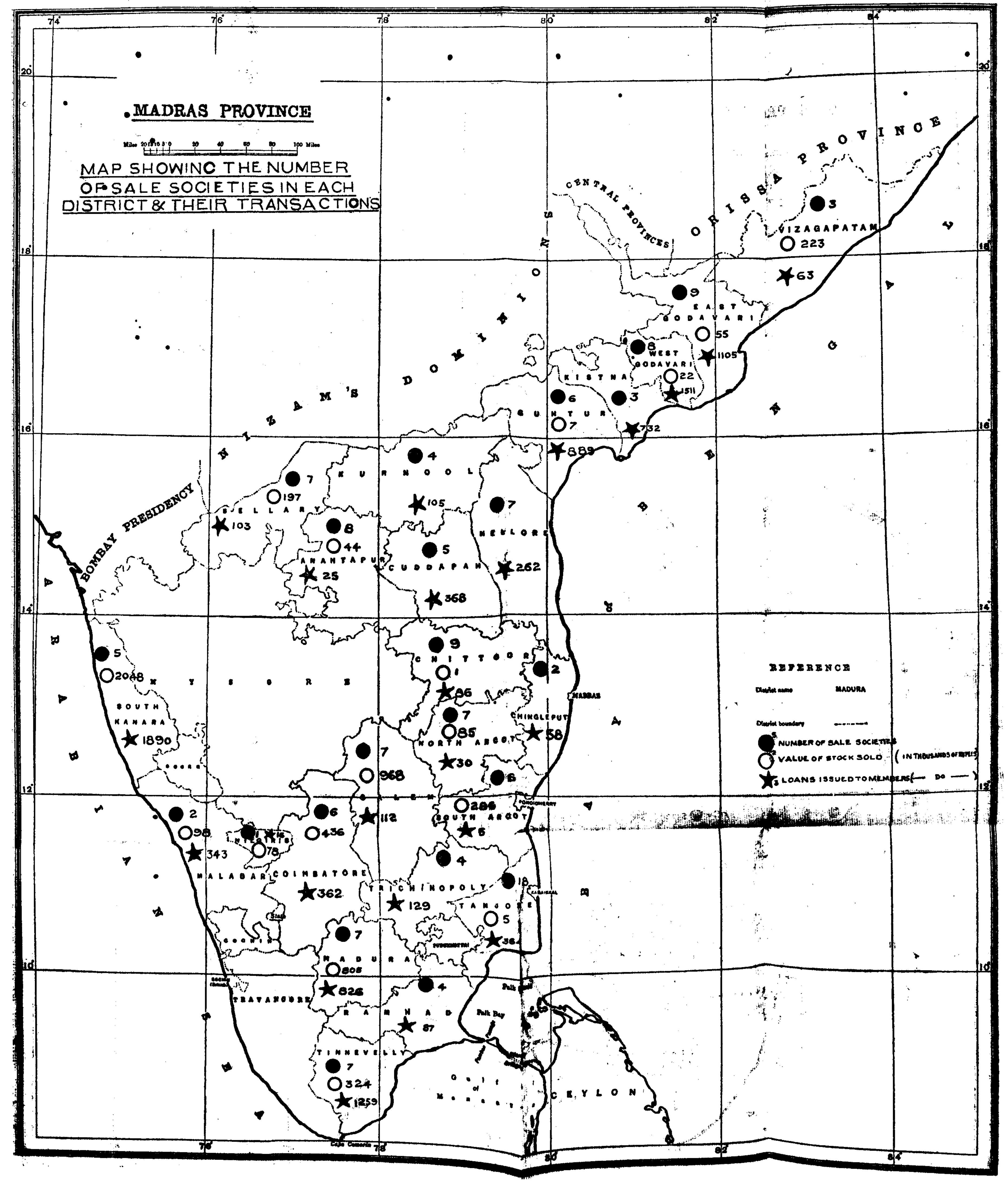
conceded that this comparatively small expenditure was more than amply repaid by the services rendered.

42. *General.*—I must gratefully acknowledge the assistance received by me from the Director of Industries and Commerce and the Director of Agriculture in many matters concerning the development of co-operative activities. The system of occasional joint tours by the officers of the Agricultural and Co-operative Departments, recently introduced, is already producing good results. My thanks are also due to the District Collectors and the District Superintendents of Police who have given their full support to co-operative stores, to the Director of Public Instruction and the Presidents of District Boards who have helped me to organize stationery stores in colleges and schools, and to the municipal authorities who have given their help to milk supply societies and unions.

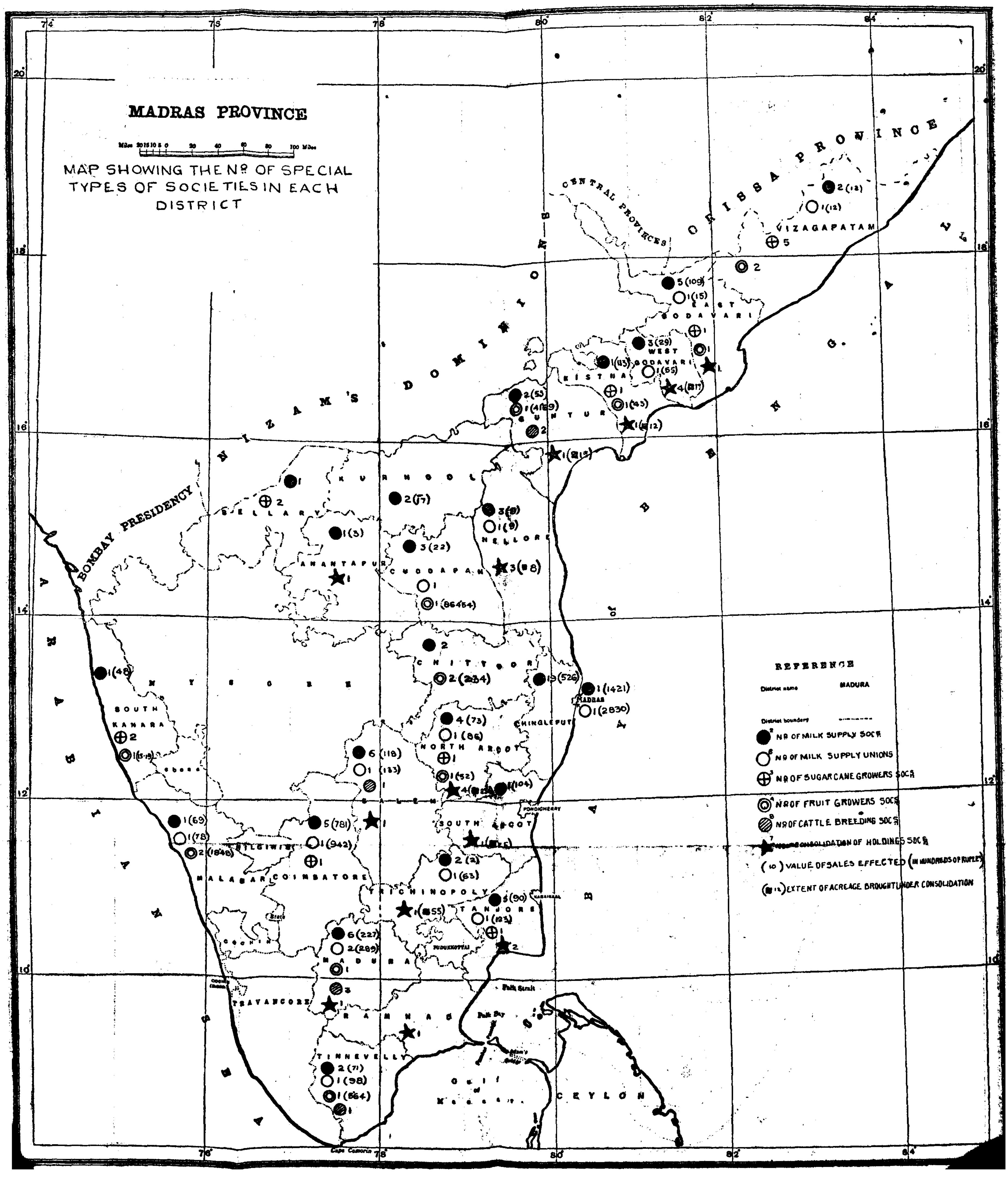

MADRAS PROVINCE
MAP SHOWING THE PERCENTAGE
OF VILLAGES SERVED BY CO-OPERATIVE
SOCIETIES IN EACH DISTRICT AND
THE HEAD QUARTERS OF CENTRAL BANKS
REFERENCE
ABOVE 60%
BETWEEN 50% TO 59%
- DO - 40% TO 49
- DO - 30% TO 39
- DO - 20 TO 29
BELOW 20%
ORISSA PROVINCE
CENTRAL PROVINCES
NIZAM'S DOMINIONS
BOMBAY PRESIDENCY
MYSORE
CHICACOLE
VIZAGAPATAM
VIZIANAGARAM
WEST GODAVARI
COCANADA
ELLORE
KISTNA
TENALI
BEZWADA
GUNTUR
MUSLIPATAM
KURNOOL
HOSPET
BELLARY
ANANTAPUR
NELLORE
MADRAS
CHINGLEPUT
CONJEEVARAM
NORTH ARCOT
VELLORE
SALEM
SOUTH ARCOT
CUDDALORE
MANGALORE
SOUTH KANARA
CALICUT
NILGIRIS
MALABAR
COIMBATORE
TRICHINOPOLY
KUMBAKONAM
TANJORE
MADURA
TRAVANCORE
RAMNAD
SRIVILLIPUTHUR
TINNEVELLY
Palk Bay
CEYLON



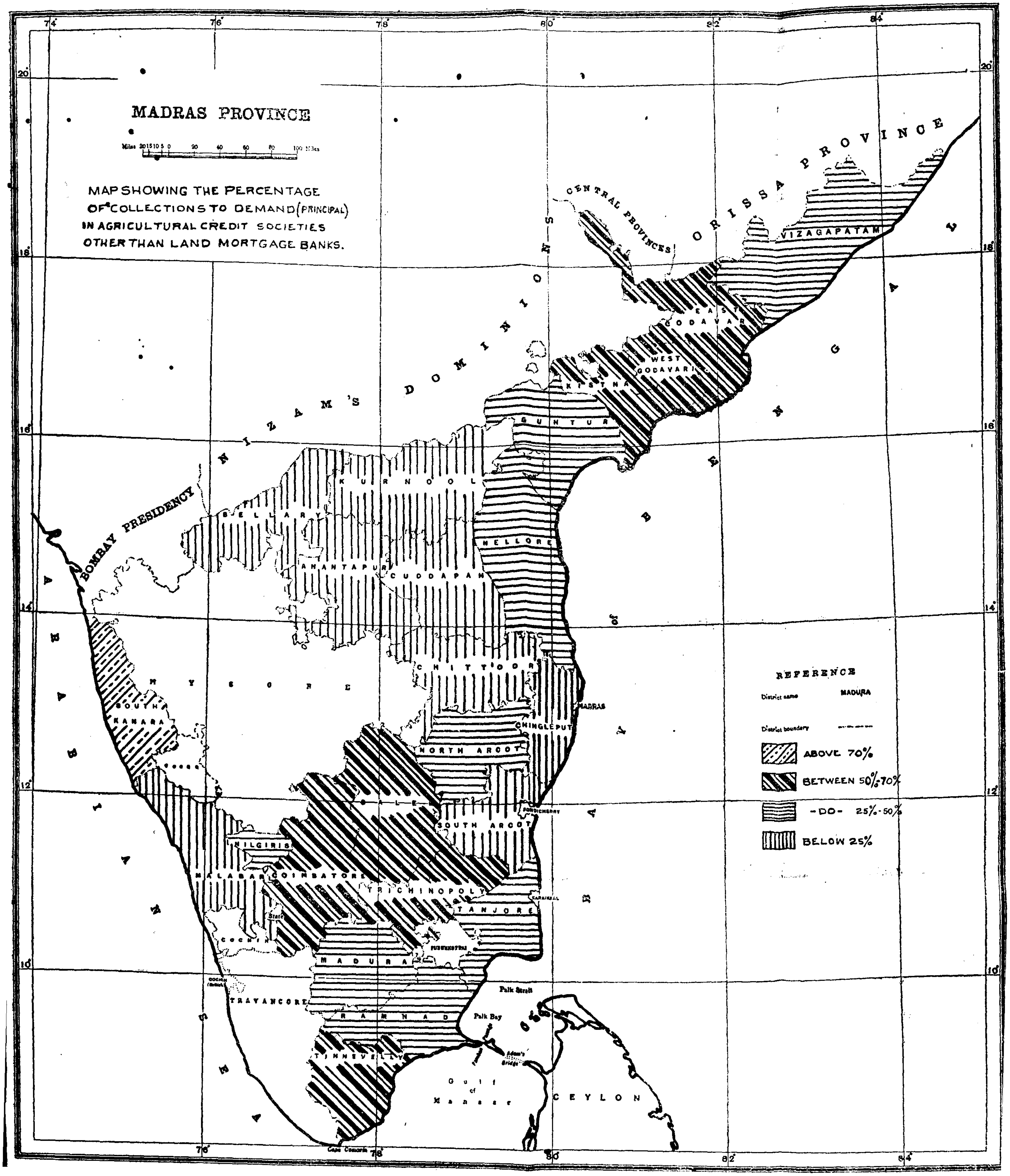
MADRAS PROVINCE
MAP SHOWING THE NUMBER OF STORES & STUDENTS' STATIONERY STORES SOCIETIES IN EACH DISTRICT & THEIR TRANSACTIONS
CENTRAL PROVINCES
ORISSA PROVINCE
NIZAM'S DOMINIONS
BOMBAY PRESIDENCY
VIZAGAPATAM
EAST GODAVARI
WEST GODAVARI
KISTNA
GUNTUR
KURNOOL
BELLARY
ANANTAPUR
CUDDAPAH
NELLORE
CHITTOOR
CHINGLEPUT
MADRAS
NORTH ARCOT
SOUTH ARCOT
SALEM
MYSORE
SOUTH KANARA
MALABAR
COIMBATORE
TRICHINOPOLY
TANJORE
MADURA
RAMNAD
TINNEVELLY
TRAVANCORE
CEYLON
REFERENCE
District name MADURA
District boundary
STORES SOCIETIES - No
STUDENTS' STATIONERY STORES SOCIETIES-No
(10) TRANSACTIONS IN THOUSANDS OF RUPEES



MADRAS PROVINCE
MAP SHOWING THE NUMBER OF SALE SOCIETIES IN EACH DISTRICT & THEIR TRANSACTIONS
CENTRAL PROVINCES
ORISSA PROVINCE
NIZAM'S DOMINIONS
BOMBAY PRESIDENCY
VIZAGAPATAM
EAST GODAVARI
WEST GODAVARI
KISTNA
GUNTUR
KURNOOL
BELLARY
ANANTAPUR
CUDDAPAH
NELLORE
CHITTOOR
CHINGLEPUT
MADRAS
NORTH ARCOT
SOUTH ARCOT
SALEM
MYSORE
SOUTH KANARA
MALABAR
COIMBATORE
TRICHINOPOLY
TANJORE
MADURA
RAMNAD
TINNEVELLY
TRAVANCORE
CEYLON
REFERENCE
District name MADURA
District boundary
NUMBER OF SALE SOCIETIES
VALUE OF STOCK SOLD (IN THOUSANDS OF RUPEES)
LOANS ISSUED TO MEMBERS (— DO —)

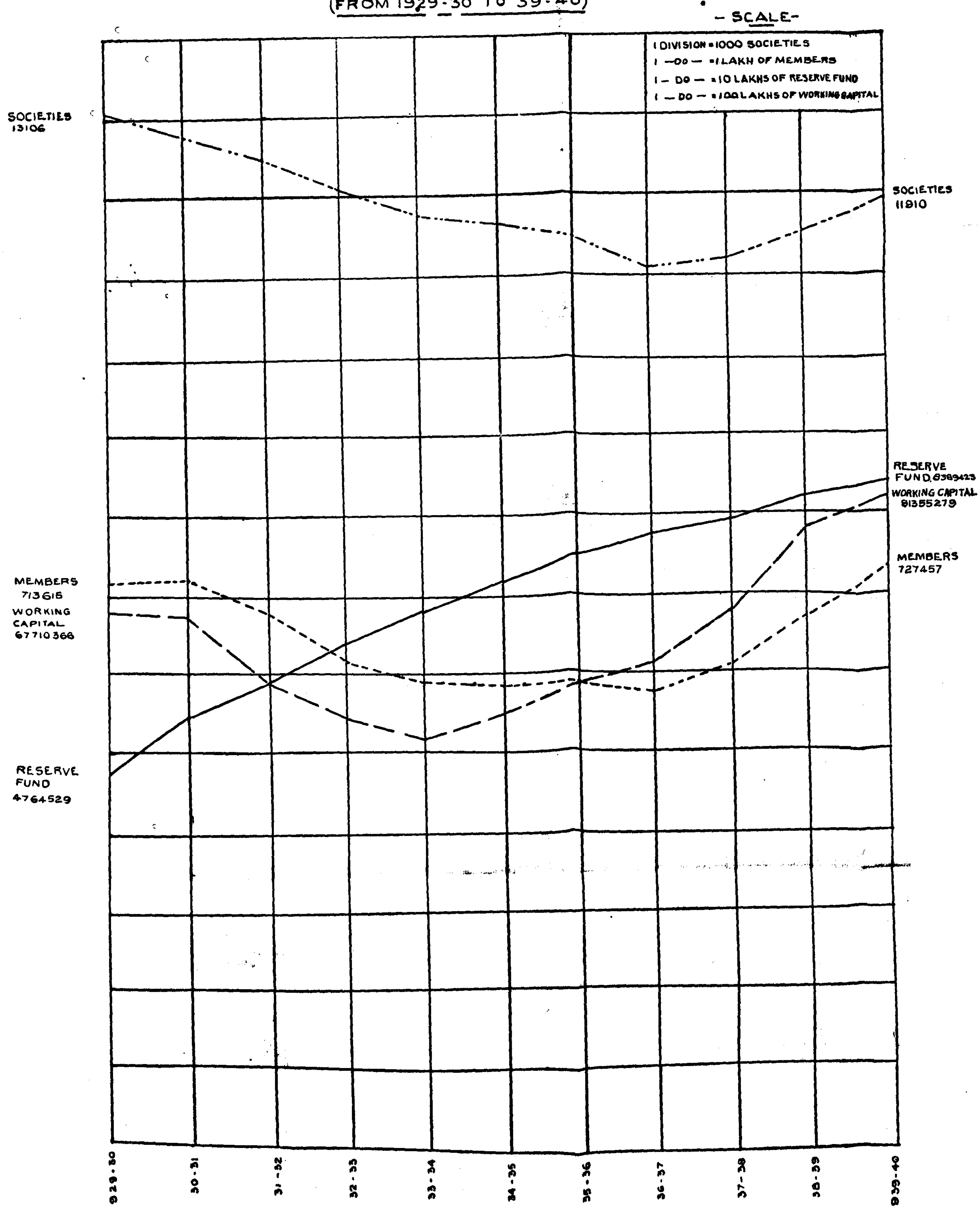


MADRAS PROVINCE
Miles 20 15 10 5 0 20 40 60 80 100 Miles
MAP SHOWING THE No OF SPECIAL TYPES OF SOCIETIES IN EACH DISTRICT
REFERENCE
District name MADURA
District boundary
No OF MILK SUPPLY SOCS
No OF MILK SUPPLY UNIONS
No OF SUGARCANE GROWERS SOCS
No OF FRUIT GROWERS SOCS
No OF CATTLE BREEDING SOCS
CONSOLIDATION OF HOLDINGS SOCS
(10) VALUE OF SALES EFFECTED (IN HUNDREDS OF RUPEES)
EXTENT OF ACREAGE BROUGHT UNDER CONSOLIDATION
CENTRAL PROVINCES
ORISSA PROVINCE
VIZAGAPATAM
EAST GODAVARI
WEST GODAVARI
KISTNA
GUNTUR
NIZAM'S DOMINIONS
BOMBAY PRESIDENCY
KURNOOL
BELLARY
ANANTAPUR
CUDDAPAH
NELLORE
CHITTOOR
MYSORE
SOUTH KANARA
MADRAS
CHINGLEPUT
NORTH ARCOT
SALEM
SOUTH ARCOT
PONDICHERRY
NILGIRIS
MALABAR
COIMBATORE
TRICHINOPOLY
TANJORE
COCHIN
MADURA
PUDUKKOTTAI
TRAVANCORE
RAMNAD
TINNEVELLY
Palk Strait
Palk Bay
CEYLON
Cape Comorin


MADRAS PROVINCE
MAP SHOWING THE PERCENTAGE OF COLLECTIONS TO DEMAND (PRINCIPAL) IN AGRICULTURAL CREDIT SOCIETIES OTHER THAN LAND MORTGAGE BANKS.
ORISSA PROVINCE
CENTRAL PROVINCES
NIZAM'S DOMINIONS
BOMBAY PRESIDENCY
MYSORE
VIZAGAPATAM
EAST GODAVARI
WEST GODAVARI
KISTNA
GUNTUR
KURNOOL
BELLARY
ANANTAPUR
CUDDAPAH
NELLORE
CHITTOOR
MADRAS
CHINGLEPUT
NORTH ARCOT
SOUTH ARCOT
SOUTH KANARA
NILGIRIS
MALABAR
COIMBATORE
TRICHINOPOLY
TANJORE
MADURA
RAMNAD
TINNEVELLY
COCHIN
TRAVANCORE
PONDICHERRY
KARAIKAL
Palk Strait
Palk Bay
Adam's Bridge
Gulf of Manaar
CEYLON
Cape Comorin
ARABIAN SEA
BAY OF BENGAL
REFERENCE
District name MADURA
District boundary
ABOVE 70%
BETWEEN 50%-70%
-DO- 25%-50%
BELOW 25%

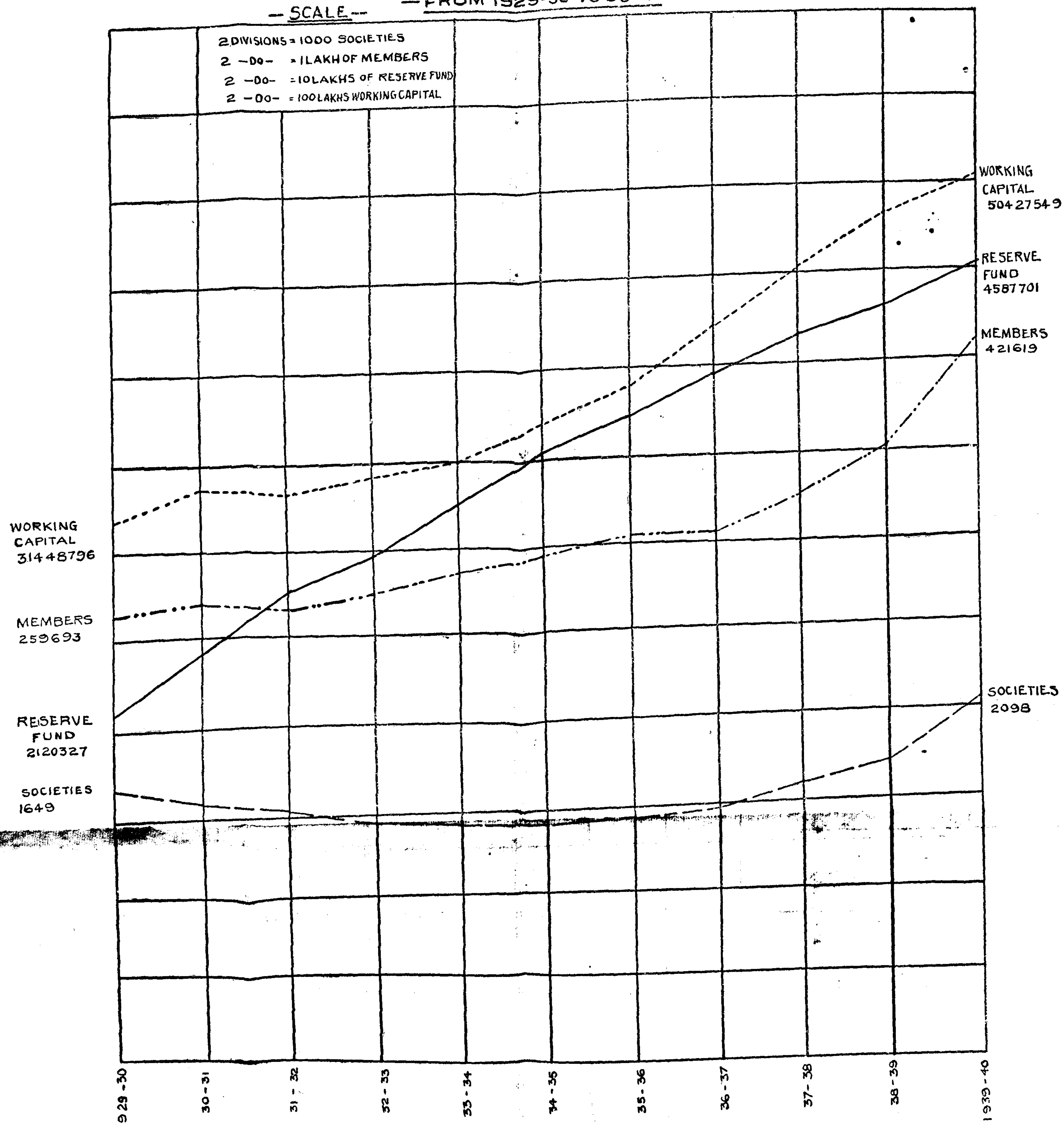
PROGRESS OF AGRICULTURAL SOCIETIES IN THE MADRAS PRESIDENCY

(FROM 1929-30 TO 39-40)



PROGRESS OF NON-AGRICULTURAL SOCIETIES IN THE MADRAS PRESIDENCY

— FROM 1929-30 TO 39-40 —



APPENDICES

APPENDIX No. 1.—*General Summary of Progress of Co-operative Societies in 1939–40.*

SECTION I—WORKING CAPITAL OF SOCIETIES ON 30TH JUNE 1940.

(1)	The Madras Provincial Co-operative Bank. (1). (2)	The Madras Co-operative Central Land Mortgage Bank (1). (3)	Central Banks (30). (4)	Societies affiliated to unions (264) (c). (5)	Agricultural societies. Land mortgage banks (119). (6)	Agricultural societies. Credit societies (other than land mortgage banks) (11,097) (d). (7)
	RS.	RS.	RS.	RS.	RS.	RS.
Share capital	6,65,600	8,65,600	49,42,979	..	15,36,737	54,89,420
Deposits from members ..	(a) 1,63,20,564	..	(a) 2,34,61,432	..	143	9,04,817
Loans from other societies ..	65,35,221	1,91,913	2,30,40,769	..	2,18,98,830	2,87,98,545
Loans and deposits of—Non-members (individuals).	..	(b) 1,99,60,892	..	..	2,24,981	17,54,055
Loans from Government ..	..	26,05,000	..	..	..	2,83,074
Reserve fund	18,25,000	2,15,785	34,67,460	..	1,87,680	80,36,573
Other funds	11,44,789	2,58,923	31,17,295	..	44,502	22,67,017
Total working capital on 30th June 1940	2,64,91,174	2,40,98,113	5,80,29,935	5,25,67,230	2,38,92,873	4,75,33,501
Total working capital on 30th June 1939	2,36,45,194	2,04,38,558	5,66,24,435	5,24,42,651	2,07,48,806	4,73,00,006
Divisible profits	2,38,206	1,20,541	3,01,650	..	1,23,176	4,23,110
Loss un-recouped	..	..	3,512	..	19,356	20,52,523
Reserve fund including additions to be made as per account of 1939–40 ..	18,84,552	2,45,920	35,42,483	..	2,16,979	82,42,094
Value of goods purchased as owner	..	..	..	..	..	..
Value of goods sold as owner.	..	..	..	..	..	..
Value of goods purchased as agent	..	..	..	..	..	..
Value of goods sold as agent.	..	..	..	..	..	..

(1)	Agricultural societies. Societies for purposes, other than credit (694) (e). (8)	Total of agricultural societies. (9)	Non-agricultural societies. Credit societies (1,161) (f). (10)	Non-agricultural societies. Societies for purposes other than credit. (937) (g). (11)	Total of non-agricultural societies. (12)	Total, 1939–40. (13)	Total, 1938–39. (14)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Share capital	7,69,591	77,95,748	93,26,792	17,92,971	1,11,19,763	2,53,89,690	2,46,84,216
Deposits from members	9,32,476	18,37,436	1,14,83,307	2,91,429	1,17,74,786	5,33,94,168	5,23,07,995
Loans from other societies	75,68,889	5,82,66,264	31,24,832	7,95,270	39,20,102	9,19,54,269	8,52,55,120
Loans and deposits of—Non-members (individuals).	92,413	20,71,449	1,37,57,094	3,24,535	1,40,81,629	3,61,13,970	3,26,77,204
Loans from Government	2,27,368	5,10,442	32,490	22,11,163	22,43,653	53,59,095	48,07,128
Reserve fund	1,65,170	83,89,423	40,05,122	5,82,579	45,87,701	1,84,85,369	1,78,06,672
Other funds	1,72,998	24,84,517	13,31,330	13,68,635	26,99,965	97,05,489	95,52,183
Total working capital on 30th June 1940	99,28,905	8,13,55,279	4,30,60,967	73,66,582	5,04,27,549	24,04,02,050	..
Total working capital on 30th June 1939	98,12,868	7,78,61,680	4,17,42,884	67,77,767	4,85,20,651	..	22,70,90,518
Divisible profits	98,705	6,44,991	6,96,968	2,51,718	9,48,686	22,54,074	21,41,518
Loss un-recouped	1,97,552	22,69,431	1,21,815	1,62,383	2,84,198	25,57,141	27,74,056
Reserve fund including additions to be made as per account of 1939–40	1,90,142	86,49,215	41,78,709	6,19,479	47,98,188	1,91,20,358	1,84,35,856
Value of goods purchased as owner	9,12,786	9,12,786	..	40,21,507	40,21,507	49,34,293	33,38,927
Value of goods sold as owner.	10,14,978	10,14,978	..	39,62,621	39,62,621	49,77,599	33,88,056
Value of goods purchased as agent	69,19,062	69,19,062	..	10,18,374	10,18,374	79,37,436	87,98,836
Value of goods sold as agent.	58,72,151	58,72,151	..	12,13,500	12,13,500	70,85,651	55,81,782

(a) Includes deposits of non-members, joint stock banks, local bodies, etc.
(b) Includes debentures.
(c) Includes the Madras Provincial Co-operative Union, 2 Language Federations, 5 Training Institutes and 3 Audit unions.
(d) Excludes 94 societies not started.

(e) Excludes 16 societies not started.
(f) Excludes 7 societies not started.
(g) Excludes 45 societies not started.

SECTION II—DEMAND, COLLECTION AND BALANCE OF PRINCIPAL AND INTEREST DUE TO SOCIETIES IN 1939–40.

1939–40. (1)	Demand. Central Banks. (2)	Demand. Agricultural. (3)	Demand. Non-agricultural. (4)	Demand. Total. (5)	Collection. Central Banks. (6)	Collection. Agricultural. (7)
	RS.	RS.	RS.	RS.	RS.	RS.
Principal including arrears ..	2,97,37,563	4,16,88,188	3,51,67,062	10,65,92,813	(a) 1,91,63,139	(b) 2,47,71,193
Interest due in previous years (arrear interest)	2,33,295	43,26,449	11,02,932	56,62,676	1,19,525	10,62,467
Interest due in 1939–40 (current interest)	19,33,338	38,75,748	24,76,291	82,85,377	17,97,074	27,46,106

1939–40. (1)	Collection. Non-agricultural. (8)	Collection. Total. (9)	Balance. Central Banks. (10)	Balance. Agricultural. (11)	Balance. Non-agricultural. (12)	Balance. Total. (13)	Percentage of balance to demand. Central Banks. (14)	Percentage of balance to demand. Agricultural. (15)	Percentage of balance to demand. Non-agricultural. (16)
	RS.	RS.	RS.	RS.	RS.	RS.			
Principal including arrears	(c) 2,82,34,669	7,21,69,001	1,05,74,424	1,69,16,995	69,32,393	3,44,23,812	35·55	40·58	16·86
Interest due in previous years (arrear interest)	4,37,409	16,19,401	1,13,770	32,63,982	6,05,523	40,43,275	48·76	75·44	60·34
Interest due in 1939–40 (current interest)	20,35,567	65,78,747	1,36,264	11,29,642	4,40,724	17,06,630	7·04	29·14	17·79

(a) Includes extension for Rs. 11,57,326. (b) Includes extension for Rs. 3,83,182.

(c) Includes extension for Rs. 9,89,194.

APPENDIX No. I—SECTION III—DEMAND, COLLECTION AND BALANCE OF PRINCIPAL AND INTEREST DUE TO SOCIETIES IN 1938-39.

1938-39.	Demand.				Collection.			
	Central Banks.	Agricultural.	Non-agricultural.	Total.	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 ..	2,51,42 914	3,61,06,528	3,28,10,880	9,40,60,322	(a) 1,45,28,407	(b) 1,90,74,354	(c) 2,62,66,872	5,98,69,633
Interest due in previous years.	2,32,074	45,36,432	11,85,827	59,54,333	88,398	10,56,624	4,21,726	15,66,748
Interest due in 1938-39 (current year).	17,40,719	32,73,012	23,76,652	73,90,383	16,03,307	21,16,053	19,71,979	56,91,339

1938-39.	Balance.				Percentage of balance to demand.		
	Central Banks.	Agricultural.	Non-agricultural.	Total.	Central Banks.	Agricultural.	Non-agricultural.
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	RS.	RS.	RS.	RS.			
Principal including arrears ..	1,06,14,507	1,70,32,174	65,44,008	3,41,90,689	42·21	47·17	19·94
Interest due in previous years.	1,43,676	34,79,808	7,64,101	43,87,585	64·21	76·70	64·44
Interest due in 1938-39 (current years).	1,37,412	11,56,959	4,04,673	16,99,044	7·63	35·35	17·03

(a) Includes extension for Rs. 7,93,706. (b) Includes extension for Rs.2,73,556. (c) Includes extension for Rs. 8,85,818.

APPENDIX No. 2.

Synopsis of Loans in Agricultural and Non-Agricultural Societies (other than Central Banks and Land Mortgage Banks), 1939-40 and 1938-39.

APPENDIX No. 2.—*Synopsis of Loans in Agricultural and Non-Agricultural Societies (other than Central Banks and Land Mortgage Banks), 1939–40 and 1938–39.*

A.—LOANS ISSUED DURING THE YEAR CLASSIFIED ACCORDING TO (1) PURPOSE AND (2) VALUE.

Classification.	Agricultural, 1939-40. Amount.	Agricultural, 1939-40. Percentage.	Agricultural, 1938-39. Amount.	Agricultural, 1938-39. Percentage.	Non-Agricultural, 1939-40. Amount.	Non-Agricultural, 1939-40. Percentage.	Non-Agricultural, 1938-39. Amount.	Non-Agricultural, 1938-39. Percentage.
(1) PURPOSE.	RS.		RS.		RS.		RS.	
For cultivation expenses.	75,26,018	28·94	70,97,937	28·58	4,44,966	1·46	5,46,117	1·80
For purchase of cattle ..	11,99,924	4·61	14,9[illegible],674	6·03	1,50,787	0·49	1,41,704	0·47
For payment of kist ..	34,21,774	13·16	26,73,363	10·76	1,11,522	0·37	1,01,777	0·34
For improvement of lands	19,34,498	7·44	9,48,743	3·82	2,22,404	0·73	2,29,878	0·76
For purchase of raw-materials	68,641	0·27	1,69,459	0·68	2,80,616	0·92	2,72,215	0·90
For trade	37,50,785	14·42	30,93,973	12·46	41,58,150	13·64	41,50,308	13·69
For education	45,492	0·17	46,562	0·19	4,49,231	1·47	4,25,160	1·40
For building, buying and repairing of houses ..	5,32,915	2·05	6,81,585	2·74	23,32,812	7·65	26,57,356	8·76
For manufacture and purchase of country carts	35,911	0·13	70,837	0·28	29,534	0·09	43,675	0·14
For purchase of lands ..	4,32,096	1·67	5,17,606	2·08	4,00,741	1·31	3,54,134	1·17
For purchase of food and necessaries of life ..	27,37,603	10·53	25,69,105	10·35	66,32,485	21·76	62,39,258	20·58
Total, Loans for productive purposes	2,16,85,660	83·39	1,93,65,934	77·97	1,52,13,248	49·89	1,51,61,582	50·01
For paying prior debts ..	39,82,696	15·32	47,21,571	19·01	1,03,49,186	33·95	99,90,942	32·95
For marriages	1,32,472	0·51	1,76,073	0·71	33,65,998	11·04	34,32,227	11·31
For other ceremonies ..	16,833	0·06	20,924	0·09	5,84,094	1·91	7,58,324	2·50
For litigation and other non-productive purposes	1,86,653	0·72	5,51,284	2·22	9,77,340	3·21	9,80,812	3·23
Total Loans for non-productive purposes ..	3,35,958	1·29	7,48,281	3·02	49,27,432	16·16	51,71,363	17·04
Grand total ..	2,60,04,314	100·00	2,48,35,786	100·00	3,04,89,866	100·00	3,03,23,887	100·00
(2) VALUE.								
Loans not exceeding Rs. 50	32,60,872	12·54	33,24,931	13·39	38,82,561	12·73	36,84,607	12·15
Loans exceeding Rs. 50, but not exceeding Rs. 100	30,19,312	11·61	33,02,498	13·29	43,41,078	14·24	42,79,668	14·11
Loans exceeding Rs. 100 but not exceeding Rs. 250	50,77,971	19·53	48,12,041	19·38	63,34,971	20·78	59,97,504	19·78
Loans exceeding Rs. 250.	1,46,46,159	56·32	1,33,96,316	53·94	1,59,31,256	52·25	1,63,62,108	53·96
Total ..	2,60,04,314	100·00	2,48,35,786	100·00	3,04,89,866	100·00	3,03,23,887	100·00

B.—LOANS OUTSTANDING AGAINST MEMBERS AT THE END OF THE YEAR CLASSIFIED ACCORDING TO (1) SECURITY AND (2) PERIOD.

Classification.	Agricultural, 1939-40. Amount.	Agricultural, 1939-40. Percentage.	Agricultural, 1938-39. Amount.	Agricultural, 1938-39. Percentage.	Non-Agricultural, 1939-40. Amount.	Non-Agricultural, 1939-40. Percentage.	Non-Agricultural, 1938-39. Amount.	Non-Agricultural, 1938-39. Percentage.
(1) SECURITY.	RS.		RS.		RS.		RS.	
1 Loans on security of deposits	84,609	0·20	52,176	0·12	16,03,728	4·16	14,43,244	3·86
2 Loans on pledge of movables—								
(a) Jewels	58,553	0·14	54,137	0·13	7,30,430	1·89	5,73,726	1·54
(b) Standing crops ..	2,71,396	0·65	3,48,482	0·83	97	..	49,661	0·13
(c) Produce and finished products.	70,79,995	16·84	70,44,511	16·69	1,04,986	0·27	2,34,695	0·62
Total, movables (a+b+c)	74,09,944	17·63	74,47,130	17·65	8,35,513	2·16	8,58,082	2·29
3 Loans on mortgage of immovable properties	1,76,81,298	42·15	1,87,41,318	44·42	1,34,43,632	34·86	1,26,51,277	33·87
4 Loans on the joint security of one or more members ..	1,64,48,126	39·21	1,58,34,395	37·53	2,16,50,163	56·17	2,16,33,058	57·91
5 Loans on simple bond of borrowers ..	3,43,264	0·81	1,17,766	0·28	10,04,461	2·65	7,75,091	2·07
Total (1) to (5) ..	4,19,37,241	100·00	4,21,92,785	100·00	3,85,37,497	100·00	3,73,60,752	100·00
(2) PERIOD.								
Loans not exceeding one year	2,00,0[illegible],083	47·70	1,90,01,346	45·03	98,61,200	25·59	91,65,860	24·58
Loans exceeding one year but not exceeding two years	19,25,385	4·57	20,52,353	4·87	72,64,775	18·85	75,89,252	20·31
Loans exceeding two years but not exceeding five years	1,57,29,413	37·56	1,58,90,399	37·66	1,59,13,763	41·29	1,50,87,788	40·39
Loans exceeding five years	42,76,360	10·17	52,48,[illegible]87	12·44	54,97,759	14·27	55,17,852	14·77
Total ..	4,19,37,241	100·00	4,21,92,785	100·00	3,85,37,497	100·00	3, 3,60,752	100 00

APPENDIX NO. 3—SECTION I (*a*).—*Demand, Balance and Percentage of Loans due by Land Mortgage Banks to the Madras Central Land Mortgage Bank and others*—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*, 1939–40.

District.	Principal. Long term. Demand.	Long term. Balance.	Long term. Percentage.	Short term. Demand.	Short term. Balance.	Short term. Percentage.	Interest. Demand.	Interest. Balance.	Interest. Percentage.
	RS.	RS.		RS.	RS.		RS.	RS.	
(1) *Agricultural Societies.*									
Anantapur	7,74,673	6,51,263	84·06	1,20,580	91,411	75·80	65,716	1,523	2·31
Arcot, North	9,50,773	7,11,825	74·86	1,78,712	76,744	42·94	89,859	9,613	10·69
Arcot, South	7,87,600	6,77,997	86·08	1,17,247	85,297	72·74	88,444	35,755	40·42
Bellary	5,84,179	3,89,494	66·67	2,01,554	81,318	40·34	51,849	10,879	20·98
Chingleput	13,22,543	11,10,351	83·95	2,39,615	15,777	6·58	1,45,110	59,369	40·91
Chittoor	3,30,984	2,76,085	83·41	46,639	16,847	36·12	35,158	7,336	20·86
Coimbatore	10,89,918	2,86,920	26·32	8,77,214	1,69,322	19·30	1,84,473	1,544	0·83
Cuddapah	3,46,025	3,06,637	88·61	70,287	33,686	47·92	53,927	29,938	55·51
Godavari, East	3,[illegible]9,576	1,10,351	29·07	17,10,895	5,43,521	31·76	1,61,776	32,382	20·01
Godavari, West	2,30,888	1,29,831	56·23	11,41,390	4,33,839	38·00	96,836	18,242	18·83
Guntur	2,47,853	1,55,660	62·80	3,40,894	1,55,833	45·71	43,912	5,535	12·60
Kanara, South	1,02,274	3,881	3·79	6,37,537	27,723	4·34	43,943	1,698	3·86
Kistna	1,97,597	1,26,756	64·14	22,14,884	5,13,979	23·20	1,24,061	4,636	3·73
Kurnool	4,84,186	4,12,120	85·11	36,089	22,820	63·23	51,159	19,894	38·88
Madras	..	..	..	..	..	..	..	..	..
Madura	4,95,169	1,96,535	39·69	3,46,242	59,667	17·23	82,162	14,998	18·25
Malabar	2,77,919	2,00,235	72·04	65,386	36,035	55·11	48,234	15,612	32·36
Nellore	2,36,895	1,92,172	81·12	4,82,872	1,98,956	41·20	69,508	34,316	49·36
Nilgiris	1,25,805	78,120	62·09	1,23,169	43,720	35·49	15,914	235	1·47
Ramnad	3,48,674	2,43,310	69·78	1,69,346	77,272	45·62	45,512	14,661	32·21
Salem	9,37,255	1,51,058	16·11	7,52,807	16,335	2·16	1,47,717	30	0·02
Tanjore	9,91,936	7,08,384	71·41	3,70,446	61,824	16·68	1,32,705	46,062	34·71
Tinnevelly	1,11,625	43,305	38·79	4,75,150	45,504	9·57	36,471	1,249	3·42
Trichinopoly	7,08,677	2,74,817	38·77	6,53,752	53,252	8·14	1,23,270	8,051	6·53
Vizagapatam	2,12,401	1,44,060	67·82	9,89,145	5,25,111	53·08	94,093	20,195	21·46
Total ..	1,22,75,425	75,81,167	61·75	1,23,61,852	33,85,793	27·38	20,31,809	3,93,753	19·37
(2) *Non-Agricultural Societies.*									
Anantapur	2,47,035	3,452	1·39	10,27,271	106	0·01	31,893	186	0·58
Arcot, North	4,52,500	8,379	1·85	15,87,201	452	0·02	29,398	368	1·25
Arcot, South	2,57,400	9,589	3·72	7,47,275	3,132	0·41	29,505	2,386	8·08
Bellary	44,184	10,170	23·01	2,56,018	10,441	4·07	11,408	1,446	12·67
Chingleput	6,75,560	20,290	3·03	2,07,322	1,513	0·72	18,674	1,140	6·10
Chittoor	1,65,462	10,532	6·36	21,35,629	4,408	0·20	42,100	7,463	17·72
Coimbatore	2,77,835	13,766	4·95	35,03,673	69,761	1·99	66,025	518	0·78
Cuddapah	45,909	15,785	34·38	4,44,756	3,208	0·72	12,331	2,094	16·97
Godavari, East	14,305	313	2·18	4,69,410	12,187	2·59	15,820	993	6·27
Godavari, West	4,876	101	2·07	1,40,856	9,225	6·54	5,894	921	15·62
Guntur	4,597	2,586	56·25	11,31,844	31,058	2·74	17,174	4,284	24·94
Kanara, South	2,40,348	7,810	3·24	12,65,845	14,945	1·18	34,805	1,906	5·47
Kistna	1,04,554	2,190	2·09	4,54,375	24,215	5·32	16,610	964	5·80
Kurnool	76,362	8,191	10·72	60,289	8,580	14·23	15,557	3,845	24·71
Madras	16,54,820	41,713	2·52	45,81,459	1,309	0·02	3,53,768	2,241	0·63
Madura	2,13,627	84	0·03	29,87,833	1,65,356	5·53	43,230	2,296	5·31
Malabar	1,64,859	7,004	4·24	2,87,169	12,402	4·31	21,509	794	3·69
Nellore	69,066	24,816	35·93	2,98,057	10,760	3·61	15,440	2,635	17·06
Nilgiris	33,791	..	..	8,20,733	4,952	0·60	7,459	546	7·32
Ramnad	95,334	12,622	13·23	18,46,012	1,086	0·05	26,218	397	1·51
Salem	2,78,369	15,901	5·71	39,04,984	560	0·01	68,917	..	..
Tanjore	3,34,401	13,136	3·92	15,45,623	9,614	0·62	51,475	1,447	2·81
Tinnevelly	1,52,036	3,051	2·00	13,51,018	1,018	0·07	28,826	1,682	5·83
Trichinopoly	5,18,926	11,055	2·13	18,84,048	3,692	0·19	97,207	1,269	1·30
Vizagapatam	2,16,259	9,298	4·29	15,88,600	12,754	0·80	35,978	508	1·41
Total ..	63,42,415	2,51,834	3·97	3,45,27,300	4,16,734	1·20	10,97,221	42,329	3·85

APPENDIX NO. 4—SECTION I (*a*).—*Demand, Balance and Percentage of Loans due by members to Land Mortgage Banks, 1939–40.*

Districts.	Principal. Demand.	Balance.	Percentage of balance to demand.
	RS.	RS.	
Anantapur	4,073	1,346	33·04
Arcot, North	55,572	14,725	26·49
Arcot, South	30,737	7,212	23·45
Bellary	3,953	..	..
Chingleput	47,076	12,387	26·31
Chittoor	8,233	94	1·14
Coimbatore	1,52,276	16,601	10·90
Cuddapah	5,591	..	..
Godavari, East	95,952	3,025	3·15
Godavari, West	93,894	4,900	5·22
Guntur	37,961	320	0·84
Kanara South	1,671	..	..
Kistna	1,13,577	20,546	18·09
Kurnool	4,698	106	2·25
Madras	..	..	..
Madura	40,958	7,806	19·06
Malabar	373	..	..
Nellore	30,282	85	0·28
Nilgiris	1,776	..	..
Ramnad	4,700	..	..
Salem	16,660	..	..
Tanjore	99,632	21,319	21·39
Tinnevelly	9,423	222	2·36
Trichinopoly	46,534	4,642	9·97
Vizagapatam	52,899	9,742	18·42
Total ..	9,58,561	1,25,078	13·04

APPENDIX NO. 4—SECTION I (*a*).—*Demand, Balance and Percentage of Loans due by members to Land Mortgage Banks, 1939–40*—cont.

Districts.	Interest. Arrears. Demand.	Balance.	Percentage of balance to demand.	Current. Demand.	Balance.	Percentage of balance to demand.
	RS.	RS.		RS.	RS.	
Anantapur	204	..	..	4,523	168	3·71
Arcot, North ..	1,974	..	..	45,444	1,700	3·74
Arcot, South ..	1,494	..	..	31,356	510	1·62
Bellary	..	..	..	3,778	..	..
Chingleput	3,378	1,565	46·33	31,675	1,345	4·25
Chittoor	..	..	..	9,208	83	0·90
Coimbatore	4,895	..	..	1,82,935	2,120	1·15
Cuddapah	..	..	..	7,552	..	..
Godavari, East ..	212	..	..	1,54,742	1,328	0·85
Godavari, West ..	844	..	..	1,26,538	728	0·58
Guntur	144	100	69·45	48,339	256	0·53
Kanara, South ..	..	..	..	2,863	..	..
Kistna	12,699	..	..	88,937	2,831	3·18
Kurnool	..	..	..	4,954	47	0·95
Madras	..	..	..	..	..	..
Madura	1,521	449	29·52	41,072	884	2·15
Malabar	..	..	..	694	..	..
Nellore	108	..	..	31,592	125	0·39
Nilgiris	..	..	..	3,428	..	..
Ramnad	..	..	..	6,347	..	..
Salem	..	..	..	29,208	..	..
Tanjore	2,290	..	..	1,20,652	2,071	1·71
Tinnevelly	44	..	..	16,463	426	2·59
Trichinopoly ..	279	..	..	33,092	126	0·38
Vizagapatam ..	337	45	13·35	43,213	1,263	2·92
Total ..	30,423	2,159	7·09	10,68,605	16,011	1·49

Appendix No. 4—Section I (b).—*Demand, Balance and Percentage of Loans due by Members of Agricultural and Non-Agricultural Societies (excluding Land Mortgage Banks)*, 1938–39 and 1939–40.

District.	Out of principal.											
	1938–39.						1939–40.					
	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	8,73,196	7,43,076	85·10	1,34,134	1,03,310	77·01	8,51,848	7,08,496	83·17	1,44,006	1,13,508	78·82
Arcot, North	12,17,169	9,48,887	77·96	2,58,230	1,86,097	72·07	11,26,487	8,86,935	78·73	2,97,935	1,82,079	61·11
Arcot, South	8,89,886	7,56,024	84·96	1,44,306	96,237	68·69	8,10,209	7,09,565	87·57	1,40,875	1,05,852	75·13
Bellary	6,76,119	6,65,543	89·56	1,80,286	1,11,320	61·75	6,09,031	5,22,686	85·82	2,16,454	1,07,282	49·56
Chingleput	14,62,887	12,82,509	87·60	1,64,569	79,774	48·47	13,72,884	11,81,616	86·06	1,84,939	86,652	46·85
Chittoor	3,66,083	3,06,959	83·85	46,176	30,654	66·39	3,40,847	2,71,388	79·62	55,590	34,452	61·97
Coimbatore	13,79,520	7,25,844	52·62	7,88,213	3,16,445	40·15	16,08,165	7,66,803	47·68	10,36,138	3,56,571	34·41
Cuddapah	3,38,818	2,95,646	87·26	54,035	40,861	75·62	3,11,769	2,60,544	83·56	89,255	51,766	57·09
Godavari, East	5,64,727	3,56,426	63·11	14,80,027	7,34,647	49·64	6,49,276	3,71,540	57·22	19,22,642	8,13,620	42·31
Godavari, West	2,62,404	2,01,112	76·64	12,43,261	5,53,869	44·54	2,81,469	1,90,981	67·85	13,25,624	5,75,486	43·41
Guntur	2,97,491	1,79,109	60·21	3,34,735	1,90,242	56·83	3,05,675	2,00,931	65·73	4,42,398	2,47,464	55·93
Kanara, South	1,85,372	64,662	35·26	7,35,431	2,05,399	27·93	2,15,769	78,967	36·59	7,30,751	1,72,093	23·55
Kistna	2,87,636	2,07,812	72·25	15,03,701	5,49,765	36·43	2,59,004	1,82,497	70·46	24,61,404	7,52,540	30·57
Kurnool	4,91,359	4,33,487	88·22	53,848	44,841	83·27	5,04,433	4,29,670	85·17	62,722	54,241	86·47
Madras	..	..	..	..	..	..	..	..	..	..	..	..
Madura	7,70,704	4,58,988	59·55	2,47,433	81,541	32·99	8,34,488	4,93,060	59·08	3,97,519	1,35,592	34·10
Malabar	3,46,168	2,83,827	81·99	3,87,673	3,12,667	84·82	3,34,607	2,71,691	81·19	3,65,751	2,93,412	80·22
Nellore	2,84,408	2,19,185	77·07	4,76,577	2,63,950	55·38	2,62,928	2,03,562	77·42	5,62,863	2,89,531	51·43
Nilgiris	1,54,599	1,00,452	64·98	1,87,049	92,952	49·69	1,61,320	1,10,843	68·71	1,48,818	70,245	47·20
Ramnad	3,97,662	2,84,882	71·64	1,34,187	62,154	46·32	3,79,495	2,90,787	76·62	1,64,540	79,829	48·03
Salem	12,10,856	6,67,619	55·14	4,27,076	1,10,030	25·76	13,70,280	5,79,948	42·32	6,10,615	1,10,339	18·07
Tanjore	13,30,567	10,38,031	78·01	4,09,161	1,92,274	46·99	12,95,203	10,01,053	77·28	4,42,112	1,73,663	39·28
Tinnevelly	2,09,830	1,20,017	57·20	4,30,810	1,13,035	26·24	1,80,756	98,680	54·59	5,37,094	1,22,973	22·89
Trichinopoly	10,72,076	5,77,584	53·88	4,75,472	1,15,022	24·19	11,02,348	5,89,836	53·50	6,73,900	1,68,357	24·98
Vizagapatam	2,70,683	2,07,681	76·72	9,36,561	5,72,356	61·11	2,63,182	1,83,092	69·58	11,43,723	6,38,964	55·86
Total ..	1,53,40,199	1,10,65,362	72·13	1,12,32,951	51,59,442	45·93	1,54,31,423	1,05,85,171	68·59	1,41,57,668	57,35,711	40·51
Non-Agricultural Societies.												
Anantapur	4,48,810	2,16,925	48·33	1,91,478	25,607	13·63	4,76,966	1,87,807	39·38	2,04,912	22,999	11·22
Arcot, North	7,03,170	1,36,929	19·47	2,35,630	9,178	3·91	7,86,585	1,27,149	16·16	2,35,472	10,451	4·43
Arcot, South	4,72,784	1,90,878	40·37	1,31,574	13,907	10·58	4,58,669	1,57,661	34·37	1,77,348	15,700	8·85

Bellary	2,59,549	1,09,451	42·17	43,135	10,618	24·64	2,89,916	1,09,413	37·73	53,243	10,174	19·10
Chingleput	6,39,480	2,45,284	38·36	92,620	11,284	12·18	6,87,561	2,64,865	38·52	1,11,860	12,497	11·22
Chittoor	5,15,458	2,14,281	41·57	2,44,196	28,983	11·86	5,78,360	2,33,899	40·44	2,89,177	25,169	8·70
Coimbatore	9,26,359	2,63,181	28·41	5,87,391	66,526	12·43	8,90,275	2,65,360	29·80	5,29,611	63,988	12·08
Cuddapah	2,37,057	1,05,495	44·50	1,28,144	35,391	27·40	2,75,996	1,32,240	47·91	98,088	18,261	18·61
Godavari, East	2,77,553	87,298	31·45	2,59,208	1,01,818	39·18	2,77,752	93,089	33·51	2,57,919	97,888	37·95
Godavari, West	32,720	15,561	47·56	1,47,854	51,808	35·17	37,573	16,225	43·18	1,70,548	59,511	34·89
Guntur	1,49,719	61,057	40·78	1,80,901	60,609	33·60	1,93,333	64,220	33·21	1,90,315	65,020	34·11
Kanara, South	4,52,176	1,14,424	25·25	5,84,616	75,761	12·98	4,58,230	1,15,841	25·28	6,13,341	54,264	8·84
Kistna	2,19,858	97,629	44·41	2,97,491	95,672	32·18	2,50,218	1,18,589	47·39	2,86,272	1,08,793	38·00
Kurnool	2,37,503	99,737	41·99	22,775	6,993	30·79	2,61,317	1,07,430	41·11	53,165	12,322	23·17
Madras	89,23,241	8,10,218	9·08	14,43,057	1,32,662	9·16	92,30,441	9,70,769	10·51	20,45,351	1,74,592	8·53
Madura	6,93,475	1,71,616	24·76	10,92,476	4,14,368	37·91	8,04,239	2,21,015	27·48	11,65,569	4,21,784	36·18
Malabar	3,42,177	1,21,016	35·35	3,57,172	83,713	23·44	4,62,320	1,37,237	29·66	3,99,172	93,549	23·43
Nellore	3,54,937	1,73,906	48·86	1,09,508	19,465	17·77	3,50,911	1,73,792	49·52	1,00,660	18,278	18·15
Nilgiris	1,55,199	39,873	25·61	96,959	5,775	5·96	1,84,856	53,771	29·08	1,04,617	7,265	6·94
Ramnad	3,83,543	1,66,144	43·32	3,56,281	88,281	24·77	3,89,293	1,77,755	45·66	4,24,110	76,118	17·94
Salem	7,46,088	1,72,018	23·03	15,42,406	1,08,363	7·03	7,79,380	1,79,856	23·07	15,30,093	1,25,207	8·18
Tanjore	10,28,264	3,88,699	37·87	3,52,891	74,593	21·18	10,26,861	3,94,343	38·40	3,58,116	76,726	21·42
Tinnevelly	7,05,670	2,05,485	29·07	2,04,203	26,241	12·87	6,96,006	1,76,097	25·30	2,18,426	30,124	13·79
Trichinopoly	4,91,242	1,34,276	27·28	27,65,834	52,958	1·91	4,95,789	1,43,916	29·03	28,32,210	51,520	1·81
Vizagapatam	6,52,852	2,06,516	31·64	7,09,010	1,75,846	24·80	7,08,499	2,48,982	35·14	7,93,156	1,41,436	17·83
Total ..	2,00,48,884	45,47,887	22·61	1,21,26,310	17,76,410	14·62	2,10,51,296	48,71,321	23·14	1,32,42,211	17,93,586	13·54

APPENDIX No. 4—SECTION I (b).—*Demand, Balance and Percentage of Interest due by Members of Agricultural and Non-Agricultural Societies (excluding Land Mortgage Banks),* 1938–39 *and* 1939–40.

District.	Out of interest overdue at the end of the previous year (arrears).						Out of interest accrued and fallen due during the year (current).					
	1938–39.			1939–40.			1938–39			1939–40.		
	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	2,23,139	1,45,649	65·20	2,00,221	1,34,989	67·42	74,011	53,420	72·19	83,761	60,295	71·98
Arcot, North	3,11,160	2,31,529	74·10	2,72,934	2,11,158	77·36	1,14,870	76,322	66·48	1,15,988	70,[illegible]44	6[illegible]·56
Arcot, South	3,18,984	2,61,591	81·79	3,13,667	2,63,836	84·11	81,294	66,522	82·01	7,356	56,447	76·74
Bellary	2,41,339	1,93,922	80·38	2,10,454	1,[illegible]5,065	78·43	47,862	34,137	71·40	43,226	30,432	70·40
Chingleput	4,12,468	3,46,308	83·95	4,06,813	3,33,190	81·90	1,19,550	96,255	80·58	1,20,105	88,599	73·76
Chittoor	1,65,448	1,44,078	87·00	1,42,938	1,17,617	82·28	33,903	27,117	80·00	42,257	32,494	76·89
Coimbatore	1,89,694	1,31,341	69·25	1,94,428	1,14,110	58·69	2,36,947	79,152	33·40	2,45,548	69,731	28·39
Cuddapah	1,55,706	1,41,950	91·28	1,52,553	1,34,442	88·12	29,475	24,561	83·01	23,800	8,178	34·36
Godavari, East	1,58,373	98,010	61·89	1,44,971	80,777	55·71	1,63,800	61,117	37·37	3,32,195	48,3[illegible]5	14·55
Godavari, West	1,53,391	1,20,953	77·75	1,68,357	1,30,313	77·40	1,00,687	41,691	41·45	1,06,662	50,070	46·94
Guntur	96,630	65,579	67·82	85,014	57,322	67·42	48,958	31,804	64·91	59,276	33,702	56·85
Kanara, South	1,31,571	98,453	74·82	1,09,360	80,570	73·67	73,278	24,627	33·61	72,192	21,686	30·03
Kistna	1,33,038	89,916	67·52	1,37,420	94,428	68·71	1,15,232	54,792	48·81	1,56,5[illegible]9	59,167	37·80
Kurnool	1,54,550	1,18,034	76·30	1,41,274	1,09,198	77·29	49,053	42,927	87·65	46,522	37,590	80·80
Madras	..	..	..	..	..	..	..	..	..	..	..	..
Madura	1,83,293	1,47,504	80·45	1,78,882	1,39,833	78·17	1,03,945	45,983	44·26	1,22,877	51,419	41·84
Malabar	2,12,773	1,77,370	83·35	1,79,561	1,47,311	82·03	45,021	35,266	78·71	56,437	44,564	78·96
Nellore	1,22,737	90,606	73·85	1,25,718	99,057	78·78	56,301	42,973	76·38	54,542	34,757	63·72
Nilgiris	34,872	24,991	71·45	35,583	18,071	50·78	26,882	15,081	56·10	24,582	13,513	54·97
Ramnad	1,51,942	1,26,988	83·63	1,36,431	1,2[illegible],140	88·05	47,690	27,034	56·61	46,208	28,049	60·70
Salem	1,27,912	73,990	57·85	1,23,005	62,767	51·02	1,74,676	51,551	29·58	2,14,363	44,819	20·90
Tanjore	4,86,063	3,88,622	79·85	4,77,528	4,05,023	84·81	1,54,168	1,02,400	66·42	1,50,716	99,224	65·83
Tinnevelly	54,132	39,921	73·72	44,957	33,141	73·71	45,015	13,374	29·71	53,669	15,105	28·14
Trichinopoly	1,69,762	1,20,805	71·15	1,61,882	1,20,945	74·71	1,47,934	41,815	28·24	1,66,201	44,601	26·83
Vizagapatam	77,621	58,222	75·00	85,232	59,015	69·24	76,867	24,291	31·62	1,00,926	31,668	31·37
Total ..	44,66,598	34,36,332	76·85	42,29,183	32,32,318	76·42	21,67,419	11,14,212	51·48	25,12,118	10,74,689	42·78
Non-Agricultural Societies.												
Anantapur	32,248	16,321	50·25	33,999	12,104	35·60	53,280	17,224	32·32	48,693	15,272	31·36
Arcot, North	18,471	11,026	59·65	18,678	8,332	44·60	70,849	7,258	10·24	69,640	9,881	14·18
Arcot, South	60,008	45,346	75·57	39,637	23,743	59·90	50,058	16,068	32·10	46,257	10,182	22·01
Bellary	22,391	11,187	49·74	17,607	9,743	55·33	23,756	6,652	28·06	23,455	4,865	20·74
Chingleput	79,576	62,396	78·34	78,982	49,689	62·91	61,579	5,178	8·42	59,644	4,262	8·41
Chittoor	30,374	18,022	59·28	33,309	14,465	43·42	70,953	16,774	28·62	71,260	10,933	15·34
Coimbatore	43,466	26,818	61·76	44,561	28,516	63·99	1,36,077	19,129	14·06	1,37,852	20,915	15·17
Cuddapah	20,546	12,097	58·82	22,525	14,872	66·02	26,692	9,887	37·05	27,393	10,998	40·14
Godavari, East	27,005	14,779	54·68	24,412	14,623	59·90	39,064	10,782	27·60	41,988	11,468	27·31
Godavari, West	6,854	2,848	87·01	6,030	3,718	61·57	10,899	4,897	44·90	11,852	3,797	32·03
Guntur	37,685	28,045	73·62	30,253	21,028	69·50	24,845	8,647	34·79	28,259	6,991	24·73
Kanara, South	44,929	23,027	51·25	42,664	29,108	68·22	76,430	18,933	24·76	65,821	10,600	16·10
Kistna	28,796	15,096	52·45	31,747	16,169	50·93	35,396	13,221	37·08	37,143	16,302	43·88
Kurnool	18,858	11,470	60·78	19,747	8,610	43·60	25,475	10,256	40·25	27,413	12,165	44·37
Madras	1,61,174	1,09,192	67·58	1,57,988	96,029	60·78	6,55,194	73,148	11·17	6,69,022	80,486	12·03
Madura	1,18,747	85,018	72·32	1,17,725	85,135	72·31	1,14,546	36,075	31·50	1,22,052	39,720	32·54
Malabar	36,583	26,741	73·10	35,079	27,613	78·71	42,419	11,034	26·01	53,364	8,786	16·46
Nellore	45,203	40,624	89·80	41,489	37,584	90·58	30,651	9,560	31·19	43,160	21,332	49·42
Nilgiris	9,486	7,797	82·22	12,277	10,543	85·87	19,310	3,485	18·05	17,153	2,379	13·86
Ramnad	46,838	25,303	54·02	40,559	25,109	61·90	48,312	14,988	30·97	54,900	14,092	25·66
Salem	25,841	14,370	40·15	31,356	20,329	64·83	1,28,942	16,954	13·16	1,32,655	13,045	9·83
Tanjore	76,919	45,683	59·85	70,467	39,595	56·18	1,07,439	23,883	22·28	1,06,242	30,663	28·86
Tinnevelly	27,168	13,641	50·21	24,550	9,316	37·94	71,958	10,470	14·56	65,152	9,586	14·71
Trichinopoly	58,812	32,468	55·15	45,707	28,353	62·03	2,11,701	13,123	62·10	2,28,882	16,119	7·04
Vizagapatam	28,405	7,756	27·28	25,598	16,274	63·57	79,042	17,461	21·06	96,558	16,271	16·85
Total ..	11,05,883	7,07,121	63·98	10,46,946	6,50,595	62·14	22,14,867	3,95,087	17·84	22,76,810	4,01,110	17·61

APPENDIX No. 4—SECTION II.—*Classification of Societies, 1939–40*
(Audited up to 10th October 1940.)

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	4	13	145	27	187
Arcot, North	8	23	232	17	280
Do. South	3	23	232	31	289
Bellary	2	15	113	17	147
Chingleput	5	37	183	49	274
Chittoor	5	40	103	20	168
Coimbatore	12	80	182	9	283
Cuddapah	4	26	43	23	96
Godavari, East	11	15	119	33	178
Do. West	9	26	108	12	155
Guntur	1	39	172	28	240
Kanara, South	18	31	69	12	130
Kistna	9	111	84	23	227
Kurnool	2	8	64	21	95
Madras	13	10	7	1	31
Madura	12	40	127	9	188
Malabar	3	23	64	31	121
Nellore	4	18	87	11	120
Nilgiris	5	6	25	1	37
Ramnad	6	15	68	20	109
Salem	9	22	114	23	168
Tanjore	7	33	236	23	299
Tinnevelly	9	26	180	21	236
Trichinopoly	4	38	169	35	246
Vizagapatam	11	36	148	10	205
Total ..	176	754	3,074	507	4,511

IMPERIAL STATEMENTS.

STATEMENT A.—*Operations of the Provincial and the Central Banks, 1939–40.*

Banks.	Number of the Banks.	Number of members. Individuals.	Number of members. Societies.	Number of affiliated societies holding shares in Central Banks. Central credit.	Agricultural credit.	Non-agricultural credit.	Others.	Loans made during the year to Individuals. LONG TERM.	Individuals. SHORT TERM.	Banks and societies. LONG TERM.	Banks and societies. SHORT TERM.	Receipts from loans repaid during the year. Individuals. LONG TERM.	Individuals. SHORT TERM.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)		(11)	
								RS.	RS.	RS.	RS.	RS.	RS.
Provincial Co-operative Bank.	1	184	32	30	..	2	..	6,13,820	..	12,57,990	101,36,569	6,65,297	..
Previous year	1	184	32	32	..	..	..	10,30,581	..	12,12,602	65,80,636	8,97,096	..
The Madras Co-operative Central Land Mortgage Bank.	1	461	119	..	119	..	..	492	..	42,81,940	..	438	..
Previous year	1	466	106	..	106	..	..	578	..	58,52,865	..	479	..
Total of District Co-operative Central Banks	30	4,160	10,881	197	9,258	963	468	2,27,374	15,53,840	46,81,752	3,36,29,503	1,76,979	14,18,658
Total of previous year ..	30	4,114	10,263	194	8,771	911	387	1,93,818	15,90,619	63,41,098	2,93,52,926	1,88,859	15,29,264

STATEMENT A.—*Operations of the Provincial and the Central Banks*, 1939–40—cont.

Banks.	Receipts from loans repaid during the year. Banks and societies. (12) Long term.	(12) Short term.	Loans due by Individuals. (13) Long term.	(13) Short term.	Loans due by Banks and societies. (14) Long term.	(14) Short term.	Loans and deposits received during the year. Provincial and Central Banks. (15) Long term.	(15) Short term.	Primary societies. (16) Long term.	(16) Short term.	Individuals and other sources. (17) Long term.	(17) Short term.
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Provincial Co-operative Bank.	6,12,853	79,71,448	3,99,490	1,11,479	42,75,488	84,67,195	..	..	8,32,973	12,48,739	15,60,040	12,11,71,541
Previous year	6,17,764	39,92,596	4,50,967	48,171	38,30,351	62,18,994	..	..	1,20,145	15,34,953	1,24,909	12,48,13,449
The Madras Co-operative Central Land Mortgage Bank.	13,18,970	..	372	..	2,18,80,950	..	..	..	49,080	96,109	73,37,740	45,65,127
Previous year	10,14,743	..	318	..	1,89,17,981	..	..	..	35,936	..	1,33,57,044	..
Total of District Co-operative Central Banks	58,52,035	3,21,87,212	1,91,765	6,99,612	2,18,10,621	1,96,98,259	11,56,052	2,88,62,468	6,39,733	2,27,88,067	29,32,385	5,89,72,547
Total of previous year ..	48,89,334	2,49,54,197	1,41,370	5,59,479	2,29,65,370	1,82,70,370	7,21,020	2,13,41,944	7,18,913	2,23,14,353	42,73,506	5,66,84,719

STATEMENT A.—*Operations of the Provincial and the Central Banks*, 1939–40—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) Long term.	(22) Short term.	Provincial and Central Banks. (23) Long term.	(23) Short term.	Government. (24) Long term.	(24) Short term.	Individuals and other sources. (25) Long term.	(25) Short term.
			RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Provincial Co-operative Bank.	..	..	2,41,747	6,65,600	..	..	40,90,706	24,44,515	..	..	22,37,984	1,40,82,580
Previous year	..	..	95,616	6,55,800	..	..	32,68,764	27,34,360	..	..	8,64,188	1,33,49,221
The Madras Co-operative Central Land Mortgage Bank.	..	..	72,266	8,65,600	2,63,747	..	..	79,966	..	26,05,000	1,98,09,092	..
Previous year	..	..	49,625	7,76,500	1,98,582	..	..	33,857	..	21,52,184	1,66,22,105	3,44,150
Total of District Co-operative Central Banks	..	..	8,59,251	49,42,979	1,10,96,751	24,40,671	16,68,509	78,34,888	..	..	1,07,94,630	1,26,66,802
Total of previous year ..	..	..	5,00,096	49,52,555	1,10,00,169	21,16,047	8,01,832	60,29,271	..	..	1,17,26,648	1,35,29,243

STATEMENT A.—*Operations of the Provincial and the Central Banks, 1939–40*—cont.

Banks.	Funds. Reserve fund.	Funds. *Other funds.*	Working Capital.	Profit and loss for the year. Book profit.	Profit and loss for the year. Divisible profit.	Profit and loss for the year. Loss (excluding overdue interest).	Most usual rate of dividend paid on shares.	Most usual rate of interest. On borrowings.	Most usual rate of interest. On lendings.	Uncalled and subscribed share capital.
	(26)		(27)	(28)	(29)	(30)	(31)	(32)		(33)
	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.	RS.
Provincial Co-operative Bank.	18,25,000	11,44,789	2,64,91,174	2,38,295	2,38,206	..	9	2	3½	..
Previous year	17,50,000	10,22,911	2,36,45,194	2,36,431	2,36,144	..	9	2	3½	..
The Madras Co-operative Central Land Mortgage Bank.	2,15,785	2,58,923	2,40,98,113	1,20,541	1,20,541	..	4	3½	5	..
Previous year	1,75,761	1,85,419	2,04,38,558	1,12,715	1,12,715	..	4	3	5	..
Total of District Co-operative Central Banks	34,67,460	31,17,295	5,80,29,935	10,73,615	2,85,740	3,512	5	3½	5½	11,[illegible]5,072
Total of previous year ..	33,80,053	30,88,617	5,66,24,435	11,12,172	3,18,494	6,535	5	3½	5	11,69,512

STATEMENT B.—*Operations of Agricultural Societies*, 1939-40.

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 ... by Banks and societies.	Loans due by Individuals		Loans due by — Of which overdue.		Loans due by Banks and societies.
(1)	(2)	(3)		(4)		(5)	(6)		(7)	(8)		(9)		(10)
Agricultural Societies.		(a)	(b)	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.
Class I (*a*) Credit—Limited—Land Mortgage Banks ..	119	..	55,575	..	42,56,750	..	..	13,01,501	..	..	2,22,08,678	..	1,25,078	..
Class I (*a*) Credit—Limited—*Others*	56	..	2,665	1,14,469	52,092	..	1,23,623	28,916	..	77,843	89,742	10,055	7,258	..
Class I (*b*) Credit—Unlimited..	11,041	..	597,747	1,03,62,841	41,99,835	..	89,83,597	51,83,014	..	1,40,11,491	2,12,36,082	57,25,656	1,05,77,913	..
Class II (*a*) Purchase, Purchase and Sale—Limited ..	175	2,493	35,247	1,07,52,353	..	..	1,09,02,834	133	..	53,87,715	307	1,62,985	..	..
Class IV (*a*) *Production*, Production and Sale—Limited..	96	144	3,869	42,235	..	..	29,873	14	..	32,125	1,115	1,376	1,061	..
Class IV (*b*) Production, Production and Sale—Unlimited.	1	..	13	13,536	..	..	12,918	..	..	17,044	..	..	..	..
Class VI (*a*) Others—Limited.	133	55	12,832	4,56,146	2,757	..	4,87,311	1,13,691	..	4,33,084	5,86,779	69,873	1,79,992	..
Class VI (*b*) Others—*Unlimited*.	289	..	16,817	4,640	3,410	..	5,927	1,597	..	47,017	16,897	42,714	13,034	..
Total	11,910	2,692	724,765	2,17,46,220	86,14,844	..	2,05,46,083	66,28,866	..	2,00,06,319	4,41,39,600	60,12,659	1,09,04,336	..
Total, previous year ..	11,502	2,412	671,482	1,90,66,528	1,17,12,633	..	1,49,47,043	57,17,365	..	1,89,99,114	4,24,49,417	54,32,575	1,15,99,599	2,232

STATEMENT B.—*Operations of Agricultural Societies*, 1939-40—cont.

Types of societies.	Loans and deposits received during the year from — Individuals. Members. (11)	Individuals. Non-members. (12)	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.
Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (*a*) Credit—Limited—Land Mortgage Banks ..	..	..	..	42,77,729	..	..	..	..	54,912	..	13,22,070	..	..	7,000
Class I (*a*) Credit—Limited—Others	62,025	34,983	23,622	27,045	..	..	..	48,596	48,128	27,297	11,765	..	..	..
Class I (*b*) Credit—Unlimited.	6,50,455	12,19,477	95,28,149	35,76,857	6,701	..	28,351	5,95,742	12,01,746	81,39,424	46,30,626	2,299	94	58,078
Class II (*a*) Purchase, Purchase and Sale—Limited ..	50,680	53,966	1,08,46,325	15,100	..	..	16,100	55,752	31,871	1,10,74,432	1,795	..	..	2,874
Class IV (*a*) Production, Production and Sale—Limited.	50	3,074	19,976	..	17,000	..	..	..	2,249	13,188	700	12,410	..	..
Class IV (*b*) Production, Production and Sale—Unlimited.	..	18,862	..	..	..	..	..	..	..	16,694	..	..	..	..
Class VI (*a*) Others—Limited..	24,389	54,662	18,38,187	7,816	312	..	13,000	2,122	83,759	15,33,620	1,53,292	305	..	25,868
Class VI (*b*) Others—Unlimited.	20	55	1,050	3,005	..	..	..	1,234	41	2,479	949	..	..	27
Total ..	7,87,619	13,85,079	2,22,57,309	79,07,552	24,013	..	57,451	7,03,446	14,22,706	2,08,07,134	61,21,197	15,014	94	93,847
Total, previous year ..	7,28,964	13,70,593	1,91,43,620	1,11,99,487	14,625	2,520	94,958	6,84,614	12,90,332	1,49,29,996	51,85,216	23,623	2,520	86,142

STATEMENT B.—*Operations of Agricultural Societies*, 1939-40—cont.

Types of societies.	Sale 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)	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)
Agricultural Societies—cont.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Class I (*a*) Credit—Limited Land Mortgage Banks ..	..	..	1,68,478	2,63,124	62,988	15,36,737	..	2,25,124	..	..	2,18,98,830	..
Class I (*a*) Credit—Limited Others	208	..	2,412	7,553	4,584	28,557	40,716	37,605	..	18,915	45,836	..
Class I (*b*) Credit—Unlimited.	22,513	1,266	4,21,847	6,60,016	4,50,158	54,60,863	8,64,101	17,16,450	4,618	1,10,40,954	1,76,93,222	2,83,074
Class II (*a*) Purchase, Purchase and Sale—Limited ..	9,12,309	7,65,508	2,20,100	55,779	9,261	3,01,638	23,602	49,906	3,500	54,09,171	24,184	1,49,062
Class IV (*a*) Production, Production and Sale—Limited.	53,663	2,37,478	19,017	11,573	1,197	67,070	668	1,621	6,660	19,565	20,838	..
Class IV (*b*) Production, Production and Sale—Unlimited.	..	..	673	1,000	1,000	5,240	..	..	..	31,802	..	..
Class VI (*a*) Others—Limited.	1,15,240	6,90,670	97,767	38,633	11,640	3,41,306	9,06,771	40,633	107	11,88,653	8,51,434	78,045
Class VI (*b*) Others—Unlimited.	..	..	706	1,202	1,668	54,337	1,435	253	..	3,921	9,054	261
Total ..	11,03,933	16,94,922	9,31,000	10,38,880	5,42,496	77,95,748	18,37,293	20,71,592	14,885	1,77,07,981	4,05,43,398	5,10,442
Total, previous year ..	3,66,075	12,47,547	7,94,826	11,49,911	5,11,465	73,69,808	17,87,028	21,27,806	38,147	1,63,75,133	3,89,63,851	5,46,745

STATEMENT B.—*Operations of Agricultural Societies*, 1939-40—cont.

Types of societies.	Reserve Fund. (32)	Other Funds. (33)	Working capital. (34)	Interest collected. (35)	Profit and loss for the year. (36) Book profit. (a)	Divisible profit. (b)	Loss (excluding overdue interest from profits—profit and loss statement). (c)	Loss (including overdue interest in profits—Balance sheet). (d)	Usual rate of dividend paid on shares. (37)	Most usual rate of interest. On borrowings. (38)	On lendings. (39)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.
Agricultural Societies—cont.											
Class I (a) Credit—Limited Land Mortgage Banks ..	1,87,680	44,502	2,38,92,873	10,93,498	1,45,978	1,23,176	19,356	16,828	5	5	6
Class I (a) Credit—Limited Others	34,746	5,319	2,06,694	10,009	7,724	3,949	34	8	6½	6	7½
Class I (b) Credit—Unlimited.	80,01,827	22,61,698	4,73,26,807	24,36,900	32,56,154	4,19,161	20,52,489	3,71,938	6¼	6	7¼
Class II (a) Purchase, Purchase and Sale—Limited ..	99,630	1,28,892	61,89,585	2,14,548	77,980	72,292	23,987	22,054	6¼	5	6¼
Class IV (a) Production, Production and Sale—Limited..	15,322	1,450	1,33,194	27,678	3,505	2,354	21,325	20,172	6¼	5	6¼
Class IV (b) Production, Production and Sale—Unlimited.	1,019	..	38,061	1,666	..	..	169	169	..	..	..
Class VI (a) Others—Limited..	27,545	30,929	34,65,423	51,251	35,906	22,243	1,45,598	1,21,957	6	5	6¼
Class VI (b) Others—Unlimited.	21,654	11,727	1,02,642	2,305	22,622	1,316	6,473	1,855	6¼	7½	9⅜
Total ..	83,89,423	24,84,517	8,13,55,279	38,37,855	35,49,869	6,44,991	22,69,431	5,54,981	..	..	..
Total, previous year ..	81,62,328	24,90,839	7,78,61,680	31,97,550	37,47,068	5,84,700	23,94,981	6,70,704	..	..	..

STATEMENT C.—*Operations of Non-Agricultural Societies*, 1939-40.

Types of societies. (1)	Number of societies. (2)	Number of members. Societies. (3)(a)	Individuals. (3)(b)	Loans made during the year to Individuals. (4) Short term.	Long term.	Banks and societies. (5)	Receipts from loans and deposits repaid during the year by Individuals. (6) Short term.	Long term.	Banks and societies. (7)	Loans due by Individuals. (8) Short term.	Long term.	Of which overdue. (9) Short term.	Long term.	Banks and societies. (10)
				RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Non-agricultural Societies.														
Class I (a)—Credit—Limited.	1,030	..	331,433	1,14,82,663	1,78,65,641	..	1,09,99,484	1,72,29,107	..	96,23,879	2,46,87,227	17,51,914	47,14,956	..
Class I (b)—Credit—Unlimited.	131	..	11,324	1,33,383	1,76,708	..	1,29,352	1,69,420	..	1,10,308	3,82,641	41,672	1,56,365	..
Class II (a)—Purchase, Purchase and Sale—Limited.	603	571	49,492	29,152	833	1,26,975	27,147	2,590	1,22,775	17,974	8,972	6,057	7,398	82,164
Class II (b)—Purchase, Purchase and Sale—Unlimited.	7	..	807	..	..	..	239	1,219	..	1,605	[illegible],520	1,605	3,520	..
Class IV (a)—Production, Production and Sale—Limited.	88	7	4,462	2,114	..	..	2,269	50	..	1,746	1,18,774	1,283	124	..
Class V (a)—Insurance—Limited.	2	63	13,620	..	..	..	..	..	..	..	..	..	..	..
Class VI (a)—Others—Limited.	222	386	8,360	17,459	6,54,429	..	23,928	5,34,731	..	21,576	34,74,657	15,213	2,31,445	..
Class VI (b)—Others—Unlimited.	15	..	1,094	496	13	..	503	19	..	1,948	506	626	215	..
Total ..	2,098	1,027	420.592	1,16,65,267	1,86,97,624	1,26,975	1,11,82,922	1,79,37,136	1,22,775	97,79,036	2,86,76,297	18,18,370	51,14,023	82,164
Total, previous year ..	1,773	718	351,583	1,11,58,487	1,91,65,400	..	1,01,84,453	1,72,14,036	..	91,65,860	2,81,94,892	17,97,117	47,46,891	..
Grand total ..	* 14,008	3,719	1,145,357	3,34,11,487	2,72,12,468	1,26,975	3,17,29,005	2,45,66,002	1,22,775	2,97,85,355	7,28,15,897	78,31,029	1,60,18,359	82,164
Grand total, previous year.	* 13,275	3,125	1,028,065	3,02,25,085	3,05,43,876	..	2,51,31,496	2,29,31,401	..	2,81,64,974	7,06,44,309	72,29,692	1,63,46,490	2,282

* Excludes societies which had not started work at the end of the year.

STATEMENT C.—*Operations of Non-Agricultural Societies, 1939-40*—cont.

Types of societies.	Loans and deposits received during the year from: Individuals: Members. (11)	Individuals: Non-members. (12)	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.
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Non-agricultural Societies—cont.														
Class I (a)—Credit—Limited.	1,22,25,930	1,99,22,490	77,07,135	11,74,738	72,715	..	..	1,18,49,419	1,95,57,665	75,37,709	9,40,177	1,18,085	..	464
Class I (b)—Credit—Unlimited.	63,602	77,567	69,756	29,952	..	1,000	..	51,731	64,122	68,298	36,337	..	..	..
Class II (a)—Purchase, Purchase and Sale—Limited.	3,83,322	1,86,715	5,17,924	50	16,891	6,000	..	3,74,192	1,44,140	3,86,459	2,113	17,201	6,000	..
Class II (b)—Purchase, Purchase and Sale—Unlimited.	..	..	900	..	..	..	..	..	..	571	1,006	..	..	..
Class IV (a)—Production, Production and Sale—Limited.	2,951	8,755	77,438	..	10,909	..	1,000	1,082	2,253	77,757	256	13,230	..	..
Class V (a)—Insurance—Limited.	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Class VI (a)—Others—Limited.	70,993	62,597	28,878	2,090	..	..	5,00,519	51,877	47,917	24,564	8,774	10,225	..	3,85,266
Class VI (b)—Others—Unlimited.	1,506	..	350	..	..	..	..	318	..	327	700	..	..	..
Total ..	1,27,48,304	2,02,58,124	84,02,381	12,06,830	1,00,515	7,000	5,01,519	1,23,23,619	1,98,16,097	80,95,685	9,89,363	1,58,741	6,000	3,85,730
Total, previous year ..	1,21,93,082	1,87,76,785	81,50,777	13,53,333	1,13,489	1,000	5,86,935	1,14,82,844	1,80,89,482	75,14,220	10,16,291	55,582	..	2,74,898
Grand total ..	1,35,35,923	2,16,50,094	3,06,59,690	91,07,491	1,24,528	7,000	5,58,970	1,30,32,065	2,12,38,803	2,89,02,819	71,10,560	1,73,755	6,094	4,79,577
Grand total, previous year.	1,29,22,046	2,01,47,378	2,72,94,397	1,25,52,820	1,28,114	3,520	6,81,893	1,21,67,458	1,93,79,814	2,24,44,216	62,01,507	79,205	2,520	3,61,040

STATEMENT C.—*Operations of Non-Agricultural Societies*—1939-40—cont.

Types of societies.	Sale 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)	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)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
Non-Agricultural Societies—cont.												
Class I (a)—Credit—Limited.	2,967	136	6,98,971	11,01,024	9,17,874	91,71,669	1,14,32,680	1,36,88,150	19,504	15,32,854	13,67,159	30,490
Class I (b)—Credit—Unlimited.	13,840	7,927	11,528	15,757	11,690	1,55,123	50,627	68,944	..	48,662	1,56,653	2,000
Class II (a)—Purchase, Purchase and Sale—Limited.	40,62,283	8,47,209	2,58,267	1,89,641	35,925	5,16,149	1,58,781	1,54,833	12,873	2,47,675	5,444	30,000
Class II (b)—Purchase, Purchase and Sale—Unlimited.	..	1,930	195	38	528	2,099	..	..	..	2,112	3,819	..
Class IV (a)—Production, Production and Sale—Limited.	6,58,769	4,15,764	32,842	8,824	1,221	1,84,982	5,161	3,582	9 246	65,868	3,88,120	2,108
Class V (a)—Insurance—Limited.	..	..	..	..	..	26,945	..	..	..	..	..	..
Class VI (a)—Others—Limited.	322	463	37,026	1,27,895	1,45,462	10,56,356	1,24,726	1,66,120	9,340	32,452	10,723	21,79,055
Class VI (b)—Others—Unlimited.	..	..	125	453	78	6,440	2,761	..	..	1,627	5,971	..
Total ..	47,37,581	12,73,402	10,38,954	14,43,636	11,12,778	1,11,19,763	1 17,74,736	1,40,81,629	50,963	19,31,250	19,37,889	22,43,653
Total, previous year ..	31,59,712	12,46,634	9,03,550	15,19,096	10,27,842	1,09,29,558	1,10,51,717	1,35,83,143	1,05,280	18,15,445	17,74,382	21,08,199
Grand total ..	58,41,514	29,68,324	19,69,954	24,82,516	16,55,274	1,89,15,511	1,36,12,172	1,61,53,078	65,848	1,96,39,231	4,24,81,287	27,54,095
Grand total, previous year	35,25,787	24,94,181	16,98,376	26,69,007	15,39,307	1,82,99,361	1,28,38,745	1,57,10,949	1,43,427	1,81,90,578	4,07,38,233	26,54,944

Statement C.—*Operations of Non-Agricultural Societies*—1939-40—*cont.*

Types of societies.	Reserve fund. (32)	Other funds. (33)	Working Capital. (34)	Interest collected. (35)	Profit and Loss for the year. (36) Book profit. (a)	Divisible profit. (b)	Loss (excluding over-due interest from profits—Profit and Loss statement). (c)	Loss (including over-due interest in profits — Balance sheet). (d)	Usual rate of dividend paid on shares. (37)	Most usual rate of interest. On borrowings. (38)	On lendings. (39)
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	PER CENT.	PER CENT.	PER CENT.
Non-Agricultural Societies—*cont.*											
Class I (a)—Credit—Limited.	38,72,042	12,91,003	4,24,05,551	22,38,469	15,22,901	6,83,751	1,03,063	39,189	6¼	4	6¼
Class I (b)—Credit—Unlimited.	1,33,080	40,327	6,55,416	35,209	53,111	13,217	18,752	7,108	6¼	[illegible]	7½
Class II (a)—Purchase, Purchase and Sale—Limited.	2,89,887	1,39,222	15,54,864	4,436	1,41,710	1,40,834	39,104	37,470	6¼	..	..
Class II (b)—Purchase, Purchase and Sale—Unlimited.	1,784	747	10,561	352	263	1	1,563	931	6¼	..	..
Class IV (a)—Production, Production and Sale—Limited.	8,645	10,471	6,78,183	137	31,716	31,302	96,884	96,760	6	..	..
Class V (a)—Insurance—Limited.	20,000	11,10,048	11,56,993	..	..	..	..	..	..	..	..
Class VI (a)—Others—Limited.	2,61,459	1,07,895	39,48,126	1,96,490	1,29,152	79,563	21,398	19,496	6¼	4¼	5¼
Class VI (b)—Others—Unlimited.	804	252	17,855	96	275	18	3,434	3,301	6¼	7½	9
Total ..	45,87,701	26,99,965	5,04,27,549	24,75,189	18,79,128	9,48,686	2,84,198	2,04,255	..	..	..
Total, previous year ..	43,38,530	28,14,397	4,85,20,651	23,97,106	19,92,486	8,89,465	3,72,540	2,95,082	..	..	..
Grand total ..	1,29,77,124	51,84,482	13,17,82,828	63,13,044	54,28,997	15,93,677	25,53,629	7,59,286	..	..	..
Grand total, previous year.	1,25,00,858	53,05,236	12,63,82,331	55,94,656	57,39,554	14,74,165	27,67,521	9,65,786	..	..	..