

issued by the Reserve Bank of India. There was, however, a decline in the total credit granted by the banks by Rs 6.51 crores at Rs 2025.95 crores. Cash in hand was slightly lower by Rs 30 lakhs at Rs 68.34 crores against Rs 68.64 crores during the previous week. Balances with the Reserve Bank moved down from Rs 95.80 crores to Rs 94.75 crores. Investments of scheduled banks declined by Rs 1.57 crores at Rs 829.04 crores. Money at call and short notice increased modestly by Rs 35 lakhs at Rs 59.03 crores.

Notes in circulation during the week to August 20 showed a decline of Rs 33.80 crores at Rs 2580.58 crores, according to the latest Statement of Affairs of the Reserve Bank. Reserve

Bank holdings of rupee securities were lower as well by Rs 44.99 crores at Rs 2294.37 crores. Foreign securities continued unchanged at Rs 68.31 crores while balances held abroad showed a small improvement of Rs 12 lakhs at Rs 7.93 crores. Central government deposits advanced by Rs 18.09 crores at to Rs 89.37 crores but State government deposits declined from Rs 21.40 crores to Rs 10.61 crores. Scheduled bank deposits increased by Rs 9.40 crores to Rs 107.63 crores. Loans and advances to governments were higher by Rs 10-12 crores at Rs 57.37 crores. Advances to scheduled banks moved down from Rs 3.83 crores to Rs 1.92 crores. Investments during the week are better by Rs 16.30 crores at Rs 314.55 crores.

credit societies with 55,00,000 members. They had deposits of over Rs 115 crores and the loans advanced by them to members during 1962-63 amounted to Rs 166 crores. In 1963, commercial banks in India had 5,495 offices located at 1,860 places, the corresponding figures for co-operative banks were 2,360 offices at 1,864 places. The number of places served by co-operative banks were larger even though number of their "offices" was almost half that of commercial banks. If co-operative banking spreads all over the country with the same full coverage as within States like Maharashtra, it is estimated that within the next decade nearly 3,000 to 6,000 places will be covered by offices of co-operative banks. Moreover, if the primary credit societies further extend their field of service and begin to cater to the needs of the weaker sections of the society, at present not included in any institutional service, the bulk of the population will be within their fold.

The legislation regarding co-operative banks passed recently by the Lok Sabha would enable the co-operative banking institutions to be put on a more sound footing, and these institutions will help in spreading tin-banking habit in rural areas. The co-operative banking sector has to mobilise resources needed for economic development and to substitute the unorganised credit sector.

Big Advance in Cooperative Banking

THE inauguration last week in Bombay by the Finance Minister, T T Krishnamachari, of the mutual arrangement scheme initiated by the All-India State Co-operative 'Banks' Federation marks a new phase in the history of co-operative banking in India. This scheme places co-operative banks in the same position as joint stock banks so that transfer of funds or remittance facilities are made available to constituents at reasonable cost, as also collection of cheques, bills and hundies. With the growth of banking habits and increase in inter-State business, the need for such services and facilities is assuming greater importance in banking transactions. There is no co-operative bank of a federal type at the national level. We have instead 21 State co-operative banks, one in each State and the Union territories, and central co-operative banks at district level and at taluka or tehsil level in some States. All the central co-operative banks, which number 387, are affiliated to the state co-operative banks in their respective State. Now all these participating banks will transact business of issue of demand drafts and mail, transfers, collection of bills, cheques and hundies as if they were part and parcel of a single institution.

What is more, this scheme may pave the way for laying the foundation of an integrated approach to numerous other problems confronting the co-operative banking sector which is fairly widespread in the country. The volume of co-operative credit is of considerable significance in the economy as is indicated in the Government's proposal

to bring co-operative banking under fuller regulation and supervision of the Reserve Bank of India. The Finance Minister has already recognised the need to extending the deposit insurance scheme to the co-operative banking sector as it will help in deposit mobilising of a high order.

The development of co-operative banking has been rapid during the last 10 years. The working capital of the State co-operative banks expanded from Rs 47.6 crores in 1954-55 to Rs 281.5 crores in 1962-63. Progress in the subsequent two years is also expected to be equally encouraging. Whereas ten years ago the spread and development of co-operative banking was fragmentary and uneven, the position has undergone visible changes since then. State co-operative banks have been established for each State as the apex of the co-operative banking structure, with central banks for every district or part of a district in almost all the States in the country. At the base are the primary village credit societies or service societies. The co-operative banks at the district and State level do not deal with individuals: their main function being to supply finance other co-operative societies. In 1962-63, the State co-operative banks gave loans to individuals amounting to Rs 5.7 crores only against Rs 208.4 crores to societies. The corresponding figures for the Central banks were Rs 3.4 crores and Rs 288.7 crores respectively.

As on June 30, 1963 there were 2,11,000 primary agricultural societies in India with a membership of 217,00,000 and 12,850 non-agricultural

India Steamship

A RAMASWAMI Mudaliar, Chairman, India Steamship, has pleaded for increase in the freight rates of liner services which suffer on the one hand from rising expenditure and on the other, limitation on earnings. In his annual statement circulated to shareholders with the latest report of the company, Ramaswami Mudaliar says that apart from increase in wage bill, amenities and staff welfare expenses and port charges, shipping companies have been faced with certain extraneous factors which have a bearing on consideration of the freight rates and on the normal earnings of shipping lines. Both the Governments of Great Britain and India, with whose trade India Steamship is most concerned, have had to face the serious problems of balance of payments during the past year. In September last year, the Government of Great Britain imposed a surcharge of 15 per cent on all imports which, however, was reduced to 10 per cent in April this year. The Government of India

has recently put an embargo on practically all imports, though Ramaswami Mudaliar hopes that a relaxation of this drastic cut may come about shortly.

The effect of such fiscal policies is to reduce the volume of international trade, and it gravely affects the earnings of shipping lines, in the liner trade particularly. The difficult balance of payments position induces Governments to export goods and encounter competition in international markets. This fact in turn prompts Governments to rely on freight reductions for enabling goods being sold in extremely competitive markets abroad. Ramaswami Mudaliar argues that Governments have to appreciate that shipping companies also have to sustain themselves by earning a reasonable amount of profit on their stock, and this cannot be achieved unless freight rates are increased.

While other Conferences have increased their freights considerably time after time, there has been undue emphasis on maintaining low freight rates in the India/U K/Continent Conference, possibly, because Indian trade in this route forms the largest percentage of its external trade. If the level of service has to be maintained by liner companies, freight rates both eastward and westward should be increased simultaneously and at the same level. Bearing in mind the necessity of export promotion, however, Ramaswami Mudaliar has suggested that there should be two levels of freight, whether eastward or westward; one, a general level which will be fixed by the Conference concerned taking all factors into consideration, and the other, a lower level which can be constantly reviewed for certain specific commodities called 'sensitive commodities' which may not move without a certain amount of lowering of freight rates. He adds that the clamour of some shippers who want very low freights without examining diverse factors which militate against their ability to compete with like goods abroad, should not form the main criterion for inclusion of commodities in the list of 'sensitive commodities'.

During the year to March 1965, India Steamship completed 50 voyages of which 40 were liner voyages and 10 coastal voyages, as against 68 voyages in the previous year, of which liner and coastal voyages were 43 and 25, respectively. In spite of the increased cost of operation in every direction and strikes and go-slow tactics of dock workers in various

ports in U.K. freight earnings were slightly better at Rs 8.30 crores compared to the previous year's Rs 8.28 crores. After charging depreciation of Rs 1.08 crores (Rs 1.29 crores), the working resulted in a profit of Rs 32.36 lakhs (Rs 9.57 lakhs). Of this, Rs 31 lakhs have been set aside for development rebate for which no

amount could be provided during the last few years owing to unfavourable trading results. A sum of Rs 10.65 lakhs is to be transferred from general reserve and Rs 1.99 lakhs from dividend equalisation fund in order to pay the usual dividend on preference shares and dividend at five per cent on ordinary shares.



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