

FEDERATED MALAY STATES.

ANNUAL REPORT ON THE WORKING OF THE CO-OPERATIVE SOCIETIES DEPARTMENT FOR THE YEAR 1923.

I.—INTRODUCTORY.

Mr. A. Cavendish, Officer in Charge of Co-operative Societies, Straits Settlements and Federated Malay States, proceeded on leave to Europe on May 11th, 1923. Mr. R. Boyd was in charge of the department for the remainder of the year.

2. Approval was given during the year for the creation in the department from 1st January, 1924, of five posts for Malay Officers and, subject to the approval of the Secretary of State, one appointment in Class V of the Civil Service. The open vote for departmental expenditure was correspondingly reduced.

II.—COST OF THE DEPARTMENT.

3. The cost of the department, including the salary and allowances of the Officer in Charge, was as follows:

Items.	1922.	1923.
Personal Emoluments	\$25,515	\$32,174
Other Charges	6,973	7,453
Total	\$32,488	\$39,627

III.—SUMMARY OF GENERAL PROGRESS.

4. The year 1923, which was the first complete calendar year since the passing of the Co-operative Societies Enactment, was chiefly marked by the increase both in number and financial standing of the thrift and loan societies amongst Government servants. Attention has been particularly directed to the formation and guidance of these societies because they are easily formed and easily run, and thus act as a useful introduction of the principles of co-operation and self-help. These societies should be able to carry on with very little supervision from the officers of the department, who will thus be free to deal with the more difficult problem of organising the agriculturist, skilled workman and the fisherman.

5. The activities of the department were extended to Negri Sembilan where meetings were held in all districts. It was decided to form two societies for Government servants—one for Malays conducted in the Malay language and one for other nationalities conducted in English. The latter society was registered before the close of the year while the former was still engaged in preparing its by-laws. A Malay Officer of the department was stationed in Negri Sembilan in October.

6. The six societies formed amongst the padi planters of Krian started active operations after the harvest when the first instalment of shares was collected. The members have shown great keenness which, when allied to greater knowledge, should result in enhanced prosperity. Four more societies were in the process of formation at the end of the year and will commence actual work after next harvest. In the meantime the committees, chairmen and secretaries are receiving regular instruction in the cardinal points of co-operative organisation and in the keeping of books, records and accounts. The formation of a large number of societies has not been encouraged, as it is considered that a small number of efficient societies is preferable to a large number of poorly instructed societies. Two Rural Co-operative Credit Societies have been organised in the Rembau district of Negri Sembilan by Dato Abdullah, Undang of Rembau.

7. There were two co-operative stores at the beginning of the year. As a result of poor support by its members one was closed.

8. The total number of existing societies at the end of the year was:

	Number of societies.	Membership.	Paid up capital.
<i>Agricultural.</i> —			\$
Rural Credit Societies	6	177	2,023
<i>Non-Agricultural.</i> —			
Thrift and Loan Societies	13	2,184	64,958
Co-operative Store	1	54	2,005
	20	2,415	68,986

IV.—AGRICULTURAL SOCIETIES.

9. The six societies formed amongst the Malay padi planters really began work after the harvest had been reaped, when every member subscribed ten dollars, being the first annual instalment of a \$100 share payable in ten years. This capital was employed for various purposes such as repayment of debts contracted at high interest, repair of houses and work on the bendangs. In order to save a member's landed property from being sold by order of a money-lender, the Bagan Tiang Society borrowed \$300 from the Krian and Selama Gurus Co-operative Thrift and Loan Society, added \$700 of its own and paid off the mortgage. Instalments of the loan have been repaid by the member regularly every month and before the close of the year the money borrowed from the Gurus Society had been repaid with interest. The same society was permitted to borrow \$800 at 8 per cent. per annum from the Government Rice Mill, Bagan Serai, to meet members' expenses at time of planting and to enable them to carry on till next harvest. The sum is repayable on or before the 30th June, 1924, i.e., after harvest.

10. It has long been the custom for the padi planters to borrow comparatively small sums from Chetties or Chinese at the time of planting or to tide them over till the harvest is reaped. Frequently a condition of the loan is that the padi at harvest shall be sold to the lender at a price which is usually far below the market price. This custom has been one of the chief contributing causes of the general indebtedness and lack of prosperity amongst the people. It was the aim of the department by means of propoganda amongst the members of these societies to stamp out this unprofitable custom. It is gratifying to be able to record that no member of any of the six rural credit societies had recourse to the "Padi ratus" or "Padi Kuncha" system this year. The Assistant Officer in Charge of Co-operative Societies, stationed in Krian, expresses his confidence that before long this unprofitable system will become a thing of the past. The result is noticeable in the great increase in the amount of padi taken to the Bagan Serai Mill by the Malays who grew it instead of by the middlemen.

11. Side by side with these activities, instruction has been given to chairmen, secretaries and committee-men of these societies in the proper discharge of their duties. When it is remembered that such things as cash-books and minute books were previously sealed mysteries, it will be realised that progress must of necessity be slow. The work in Krian has been in charge of Captain N. M. Hashim throughout the year. Particulars of these societies will be found in appendix A.

12. Officers of the department have investigated the economic conditions of the Malay coconut planters in Kuala Selangor and of the Malay padi and rubber planters of the river mukims of Lower Perak. No societies, however, had been formed by the end of the year in these districts.

13. Two societies formed in Rembau district by Dato Abdullah, Undang of Rembau, had applied for registration. Their membership totalled 48 and share subscriptions amounting to \$562 had been collected.

V.—THRIFT AND LOAN SOCIETIES.

14. Co-operative Thrift and Loan Societies amongst Government servants now exist in the Posts and Telegraphs Department, the F.M.S. Railway Department, Negri Sembilan, Selangor and all districts of Perak except Upper Perak, Batang Padang and Lower Perak. Some of the societies were only formed at the close of the year and will not start collecting subscriptions till January, 1924. Particulars of those that were active during the year are given in appendix B. Their membership totalled 2,184. Their capital amounting to \$64,958 has been entirely subscribed by the members themselves by monthly contributions of one or more dollars. Loans totalling \$92,766 have been granted to members for a variety of purposes, e.g., paying off old debts contracted at high rates of interest, expenses in connection with births, deaths, marriages, sickness, building houses, leave passages, etc. Most societies have charged interest on their loans at the rate of one per cent. per mensem on the unpaid principal. These loans have only been granted by societies after careful enquiry that the expenditure will meet a genuine need and will be of benefit to the applicants. It is estimated that these societies have, in the short time of their existence, already saved their members about \$10,000 in interest. Severe penalties are imposed in all by-laws of societies on the misapplication of loans. It is anticipated that during the course of the coming year several societies will have more money in hand than their members immediately require. The formation of a Co-operative Bank of Malaya will then have to be considered.

VI.—CO-OPERATIVE STORES.

15. At the beginning of the year there were two co-operative stores. The one at Taiping was from the first run strictly on a cash basis. Its monthly sales amounted to nearly \$1,500 and its profits for the first year just failed, after allowing for depreciation, to meet all expenses. Insistence on cash payments proved too great a strain on the loyalty of members and it was ultimately decided to close the store.

16. The store at Batu Gajah was run on a basis of limited credit for some time and then cash payments were insisted upon. Its turnover was much the same as that of the Taiping store but its profit has been slightly larger. This was partly due to profitable dealing in firewood.

17. The experience of these two stores points to the difficulty of running small detached stores which are rarely able to make their purchases on a sufficiently large scale to enable them to get the benefit of wholesale prices. Co-operative stores when federated and purchasing through a central society should result in an appreciable reduction in the cost of living of their members.

VII.—AUDIT.

18. The first audit of societies by the department was carried out by Mr. Leo Vaz, Superintendent, in July and August, when all existing societies, whether registered or not, were carefully examined. The need for definite forms of account books became apparent and officers of societies were gradually instructed in the use of new forms drafted and prepared by the department. The universal use of these will greatly facilitate the work of audit next year.

VIII.—DISPUTES AND LITIGATION.

19. There was no litigation in connection with societies during the year and there were no disputes calling for the Registrar's interference.

IX.—LAW, RULES AND BY-LAWS.

20. No alteration was made during the year in the Co-operative Societies Enactment or in the rules made thereunder.

X.—ATTITUDE OF THE PUBLIC.

21. There have been many enquiries during the year from places outside the Federated Malay States for information regarding the working of co-operative societies. Applications for literature have come from Singapore, Penang, Province Wellesley, Kedah, Johore, Kelantan, Trengganu, Brunei and Sarawak. Experience in other countries has shown that co-operative societies require special laws for their control and that they do not thrive under laws framed for companies or other forms of societies. Where, therefore, the formation of co-operative societies has been suggested in neighbouring territories the necessity for the prior enacting of suitable legislation has been urged.

22. A large association of Hock Chius in Sitiawan district asked to be organised on co-operative lines. The Protector of Chinese, Perak (Mr. A. M. Goodman) and the Acting Registrar paid several visits to Sitiawan and drew up by-laws for the control of the association. These by-laws were translated into Chinese and were being discussed by the committee of the association at the end of the year.

23. The thanks of the Registrar are due to the limited number of men who have voluntarily sacrificed their leisure to assist in the formation and running of societies. There is ample room for many more such honorary organisers. The office of the Registrar now contains a small library of literature on co-operation which will be readily placed at the disposal of interested enquirers. The Press has been uniformly sympathetic in its attitude towards the movement.

TAIPING,
9th February, 1924.

R. BOYD,
Ag. Officer in Charge of Co-operative Societies.

APPENDIX A.

RURAL CO-OPERATIVE CREDIT SOCIETIES.

Society.	Member- ship, 31-12-23.	Paid up capital, 31-12-23.	Deposits and loans, 31-12-23.	No. of loans granted, 1923.	Amount of loans granted, 1923.	Loans repaid, 1923.		Loans outstanding, 31-12-23.		Loans overdue, 31-12-23.		Reserve fund, 30-6-1923.
						P.	I.	P.	I.	P.	I.	
		\$	\$		\$	\$	\$	\$	\$	\$	\$	\$
1. The Bagan Tiang Rural Co-operative Credit Society.	53	755	1,100	42	2,025	430	86	1,595	253	...	...	3
2. The Sungei Labu Parit Haji Wahab Rural Co-operative Credit Society.	23	235	...	7	342	96	12	246	16	...	...	4
3. The Kuala Kurau Rural Co-operative Credit Society.	23	230	...	8	255	100	9	155	13	...	...	11
4. The Tanjong Piandang Rural Co-operative Credit Society.	21	250	...	3	250	...	...	250	28	...	...	19
5. The Tebok Haji Musa Rural Co-operaitve Credit Society.	41	500	...	11	520	20	1	500	131	...	...	5
6. The Batu Seblas Balik Bukit Semanggol Rural Co-operative Credit Society.	16	53	...	6	50	...	...	50	3	...	...	7
Total ...	177	2,023	1,100	77	3,442	646	108	2,796	444	...	...	52

APPENDIX B.

CO-OPERATIVE THRIFT AND LOAN SOCIETIES.

	Membership.	Paid up capital, 31-12-1923.	Deposits, 31-12-1923.	No. of loans granted, 1923.	Amount of loans granted, 1923.	Loans repaid, 1923.		Loans outstanding, 31-12-23.		Loans overdue, 31-12-23.		Reserve fund at 30-6-1923.
						P.	I.	P.	I.	P.	I.	
		\$	\$		\$	\$	\$	\$	\$	\$	\$	\$
1. The Federated Malay States Posts and Telegraphs Co-operative Thrift and Loan Society, Limited.	789	33,672	4,000	229	53,951	* 29,738	2,360	31,042	2,904	...	...	167
2. The Government Servants Co-operative Thrift and Loan Society, Limited, Ipoh.	135	1,976	...	10	1,030	234	24	796	36	...	...	...
3. The Selangor Government Servants Co-operative Thrift and Loan Society, Limited.	473	9,553	...	43	10,849	1,841	183	9,008	530	...	...	...
4. The Government Servants Co-operative Thrift and Loan Society, Limited, Kuala Kangsar.	111	3,017	...	23	3,136	1,372	92	1,764	81	...	...	6
5. The Krian Government Servants Co-operative Credit Society, Limited.	70	2,211	200	11	1,480	328	38	1,152	54	...	...	...
6. The Government Servants Co-operative Thrift and Loan Society, Limited, Larut, Matang and Selama districts.	266	8,125	700	83	15,154	* 8,525	660	8,267	382	833	34	107
7. The Malay Gurus Co-operative Thrift and Loan Society, Limited, Larut and Matang districts.	101	823	...	9	586	61	7	525	30	...	2	...
8. The Krian-Selama Gurus Co-operative Thrift and Loan Society, Limited.	102	2,447	...	22	2,725	1,268	121	1,457	94	...	...	76
9. The Malay Officers Agricultural Department Co-operative Thrift and Loan Society, Limited.	54	1,463	...	17	1,994	727	45	1,267	55	...	...	11
10. The Malay Government Servants Co-operative Thrift and Loan Society, Limited, Ulu Langat.	83	1,671	...	12	1,861	517	52	1,344	62	4	...	61
Total ...	2,184	64,958	4,900	459	92,766	44,611	3,582	56,625	4,228	837	36	428

* These figures include repayments of loans granted in 1922.