APPENDIX No. 3

SHARES.

The second point is whether or not there should be shares, and if there should be shares, then what should be the amount of each share, and how payable.

The capital should be variable and divided into an unlimited number of shares. That is the system universally adopted, because it is the only one that can be suitable to the classes likely to avail themselves of that form of association.

On this subject of shares, the report of the Indian Committee states:—

'We consider it desirable that, where the state of the country is sufficiently advanced and where circumstances permit, co-operative credit associations should be founded on a share basis. . . . .'

And later on:—

. . . . The various means by which working capital can be obtained may then be described as subscription for shares, deposits of members of the association. . . &c.

INSTALMENT SHARES.

Then, how are those shares to be paid in. It is most important that the payment thereof should be made as easy as possible, and on this, Mr. Wolff says:—

'However, we have still our "small capital" to provide. There is only one way in which it may be provided consistently with self-help. The members themselves must put their shoulders to the wheel, they must contribute their savings, it may be by six-penny or threepenny instalments, so as to create a fund which will at the same time benefit each individually and the whole number collectively, assuring to each a growing equivalent to a savings bank deposit, entirely his own, but so employed, by being invested in bank shares, as to enable the association to lay out the money fructifyingly in loans promising to benefit the borrower and yielding a small profit to itself.' (Co-operative Credit Bank(page 15.)

And Mr. Peters states:—

'The shares of stock in the co-operative credit associations can be purchased gradually by weekly or monthly payments. These may be fixed at an amount to suit the circumstances of the majority of the class in which the membership is to be mainly recruited, so that each member may be enabled to begin the process of accumulation by investing such sums as he is able to save, be these ever so small. Moreover, the small savings thus invested, when united with those of the other members, form a sum which can promptly be loaned to some member having a profitable use for the capital which they form, and are thus increased by the income which they earn instead of remaining idle in the owner's hands and subject, in many cases, to dissipation in needless or hurtful expenditure.' (Page 11.)

With regard to the amount of each share, Mr. Wolff says:—

'A bank may be as useful and as truly co-operative with small shares as with large. In Italy and France the shares issued are generally small, ordinarily of £1 or £2, but ranging from £4 down to 4s., according to the varying circumstances and requirements of the persons for whose benefit they are intended. Such shares have, as a rule, to be paid up in ten months, by equal instalments. But, this, though a good maxim, involves no question of principle, and the period may without detriment be extended, as indeed it often is. The people disposed to continue saving may in such cases satisfy their love of thrift by acquiring new shares after the first have been paid up.' (Idem—page 16.)

It is to be noted that the English law do not mention any amount for each share, this being wisely left to the discretion of the society, and should be fixed by the rules.

The amount of each share and of each instalment is a matter, therefore, to be fixed by the by-laws according to the circumstances of the various associations.