89. The present definition of a co-operative dairy company set out in section 48 of that Act is—

A company which is incorporated under the Companies Act, 1908 (whether before or after the coming into operation of this Act), and the principal object of which is the manufacture of butter, cheese, dried milk, casein, or other article from milk or cream supplied to the company by its shareholders, or the collection, treatment, and distribution for human consumption of milk or cream so supplied to the company.

The weakness of this definition is that there is no restriction on the proportion of milk actually received which shall be from shareholders. There could be several hundred suppliers to such a company of whom only a handful may be shareholders. Again, not all the shareholders may be holding shares in proportion to their supply, as large suppliers may and do have only a few shares, while small suppliers may hold many shares.

90. It has been suggested that the above definition be amended to require that of its supply no less than 60 per cent. shall be from its shareholders, but we think this would result in too many administrative difficulties. That there will be always odd supplies from intermittent sources and from persons having religious objections to the taking of shares is obvious from past and present-day experiences. The proportion thereof should, however, be small in relation to the whole.

91. The simplest definition may be found in the requirement that before a company may be registered under Part III of the Act it shall have Articles in the form or to the like effect of the Articles which we have suggested should be set out in a Schedule to the Act and that all existing companies be given a reasonable time in which to adopt those Articles if they wish to take advantage of the special statutory benefits appertaining to registered co-operative dairy companies.

92. Should any company desire to change its existing Articles in favour of the model set, it could do so as we suggested by a special resolution made by a three-fourths majority of its wet shareholders, *retaining, however, its present share standards* if these are related to butterfat. If in any case the share standard is not so related, then the share standard in the replacing Articles could be set out on such a basis as not to increase the share responsibility of the individual members beyond their previous responsibilities, unless, of course, all members concur.

93. It thus becomes necessary to define what is a wet shareholder. Our definition is—

A "wet shareholder" or "*bona fide* member" of a co-operative dairy company means any shareholder of such a company—

(*a*) Who, after making provision for his own domestic requirements, if any, and excepting so far as he may be relieved from supplying by consent of his company, supplies for the time being to that company the whole of the milk, cream, or butterfat obtained from cows owned by him or subject to his control and depasturing on land conveniently served by that company and from which that company is permitted and is willing to accept supply.

(*b*) Who so supplies that company continuously from the time he so commenced to supply during the particular financial year of that company down to the time in that particular year in which it becomes necessary to define his status as a supplier of that company: Provided, however, if he is not actually supplying at that time by reason of the said cows not being in profit, but will in the opinion of the directors of the company recommence to supply as above as soon as the said cows again come into profit in the ordinary course of dairy-farming, he shall be deemed to be supplying continuously.

(*c*) Who while so supplying shall have performed all his obligations in respect of shareholding which that company may have required of him to the time it becomes necessary to define his status as a supplier of that company.

But no shareholder who has not supplied at any time during the previous eight months to the time it becomes necessary to define his status as a supplier of that company shall be deemed to be a wet shareholder or a *bona fide* member.