CHAPTER XII

CONSUMERS' COOPERATION

Consumers' societies did not meet with such success till the beginning of forties in their objects of supplying cheap and better quality goods to their members by eliminating a number of intermediaries. This state of affairs was mostly due to the low margin of profits in retail trade in India, comparatively higher administrative costs, sale on cash by societies, cut-throat competition from private and vested interests, lack of well-trained, honest managerial staff with business ability and the disloyalty of members in their purchases.

Favourable conditions were created by the second World War as by the first World War for encouragement to this aspect of the movement. Increasing purchasing power of the people, scarcity of a number of consumers' goods due to heavy military demands, various State Governments' encouragement and preference to cooperatives over private dealers in entrusting distribution work of controlled, rationed and essential goods by grant of licences and allotment of quotas were some of the important reasons leading to the expansion of consumers' cooperative movement during the second World War and sometime thereafter.
Consumers' cooperative movement in India is essentially urban in complexion save in Madras and Bombay and to a lesser extent in Madhya Pradesh, Mysore and Delhi where some rural stores supplied essential and rationed consumers goods, such as foodstuffs, mill cloth, yarn, sugar, kerosene, cement, iron and steel, agricultural implements, fertilizers, etc. In Bombay, West Bengal, Uttar Pradesh, Kashmir, Delhi, Madhya Bharat, Ajmer, Travancore-Cochin and Pepsu consumer cooperatives hardly sold any other goods than those that were rationed and controlled due to scarcity conditions. In Madras, East Punjab, Orissa and to a lesser extent in Kashmir, Hyderabad and Delhi some of these societies sell products of industrial cooperatives and supply non-rationed articles to their members. Primary consumers' societies with strong financial position procured foodgrains in Madras and Bombay.

Some of the employees' societies and people's banks in urban areas and credit, multipurpose and marketing societies in rural areas in Bombay and Madras and to a lesser extent in M.P., Mysore and Delhi helped the Government Civil Supplies departments by undertaking the distribution of rationed articles and other controlled and essential goods during the war and sometime thereafter by opening fair price and ration shops. Even at present some of the well-organized credit societies in rural and urban areas continue supply work of foodstuffs, cloth etc.
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The linking of credit business with supply is sometimes not without danger to the society, shareholders, members and non-members. Often, when there is not enough business, a stores society opens banking business such as receiving of deposits to make the unit economic. Where there is not sufficient banking business, some credit societies open stores business to earn greater profits. Since these societies have not efficient staff to manage both credit and retail business, there is the danger of incurring losses by the society running all - the members, non-members and shareholders. In a credit society engaged in stores business there is a risk of the society's employing deposits of non-members in its store-business. The credit society with a stores section may not resist the temptation of appropriating profits on sales to swell dividends on share capital. Therefore, it is advisable, to have as far as possible, a separate store if sufficient business is available or to separate credit and stores business with expanding volume of sale. Alternatively, qualified, and well-paid staff with separate sections must be arranged to avoid confusion in accounts, dealings etc.

Since the removal of controls on the distribution of foodstuffs, mill cloth and other rationed goods, most of the primary stores in almost all the States face liquidation. Successful attempts have been made in Madras, Bombay, Assam and on a moderate scale in Orissa, Coorg, Hyderabad, Travancore-Cochin and Kashmir to organise central cooperative stores to coordinate the activities of primaries, supply them with goods
In Bombay and Mysore, steps are to be taken to wind up uneconomic primary stores or to federate them into consumers' federation. In Bombay it is also thought of to convert primary stores as branches of the central store and thereby conserving the share-capital, reserves and other working capital with the central store so necessary to strengthen the latter's finances. Such a position of primary stores is the result of their restricting business simply to the supply of controlled and essential goods. Wholesale stores which are in a formative stage in Bombay are formed to safeguard the interests of primaries which might be affected by the lifting of controls. They distribute cloth with financial accommodation from cooperative banks which are given State guarantee in regard to the advance made by them on the hypothecation or pledge of stock.

The Kaira District Cooperative Wholesales Federation at Nadiad in Bombay State had its business seriously affected with the removal of controls on foodgrains, cloth, sugar, kerosene, etc. More than 80 per cent of its affiliates will have to be wound up unless they start to deal in non-rationed commodities. With financial accommodation from the District Central Cooperative Bank, the Federation purchases sugar and gur at wholesale prices directly from the sugar factories of Cawnpore for distribution to its affiliates and builds up reserves of these commodities and cotton seeds so that private dealers to whom it supplies these commodities at a slightly higher price than to cooperatives, cannot corner sugar, gur and cotton seeds for blackmarketing and profiteering. The C

1 Personal visits to these cooperatives.
The Federation charges nominal fee for internal audit of its affiliates but has not kept any subscription fees for membership for affiliates. Though the Federation does not maintain a Market Intelligence Service or field staff, it remains into contact with market prices, supply, demand etc. and advises its affiliates when the latter approach for such information.

Since the removal of controls on foodgrains, cloth and other essential consumer goods, the All-Bombay Consumers' Cooperative Societies' Federation, Limited, Bombay supplies its members with sugar and gur. More than 60 per cent of its affiliates face liquidation in view of their restriction of business to controlled commodities only. It meets its monetary requirements from members' deposits with it and financial accommodation from cooperative banks. It gives legal advice to its affiliates over and above marketing information when the latter approach for the same. It arranges occasional conferences of affiliates to discuss problems arising out of their working. The Federation complaints of not getting preference in purchases even from cooperative produce such as the sugar factory at Loni which gives sugar only to the highest bidder and not to consumer cooperatives. Kopergaon cooperative jaggery on certain occasions denied giving jaggery to those consumer cooperatives which could not pay as high prices as private traders, saying that the stocks were exhausted.

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1 Personal visits to these cooperatives.
The Bombay State Consumers' Cooperative Society Limited, Bombay has, besides 10 stores in the city, branches in almost every district centre in the State and deals in a very large number of commodities, mainly non-rational. It meets its financial needs from its share-capital, overdraft accommodation from the State Cooperative Bank and a loan from the State amounting to Rs. 1.5 lakhs originally given to it in the form of cloth quota on credit. It runs branches to distribute cloth which it purchases from the Mulji Jetta Market, Bombay, at wholesale prices. It acts as a corrective to market prices by lowering the prices charged by private dealers and as a wholesaler supplies goods to branches at almost wholesale prices to pass on the benefit of low prices to the ultimate consumer. It deals in provision stores and those commodities which other consumers' societies normally do not deal in. It maintains two experts to study market trends in regard to wholesale and retail prices, supply and demand, positions of various commodities and guides the branches in various matters. Despite keen competition from private dealers who do not charge sales tax, adulterate goods, give on credit and charge less prices even if they run in loss temporarily, the society and its branches expect to prosper since their policy is one of consolidation rather than expansion.

In Assam there were 19 central trading cooperatives in 1949 to function as feeder institutions to trading cooperatives which were newly organised multipurpose cooperatives or old consumer cooperatives converted into trading societies and to

1 Personal visits to these cooperatives.
serve as federals by coordinating the activities of affiliates by purchasing articles in bulk for them and marketing their surplus produce profitably.

It will be interesting to note the remarkable achievement of the Naga Hill's Cooperative Stores, Limited, organised for the Nagas, a backward community in Assam to save them from being exploited by marwaris and other middlemen. The membership the President, the Secretary and the staff are all Nagas, running successfully the store, with the help of Government servants. It has its own working capital and is financially independent except that it obtains goods on credit.

Its sales activities range from motor-parts, tyres and petrol to sickles and other agricultural implements, from tinned goods, butter and biscuits to salt, dal and millets; from porcelain and enamel wares to locally made tin cans and iron pots, from foreign boots and shoes and mill made cloth to the handloom cloth woven by the Nagas. It purchases some articles, as tea, rice, etc. directly from the source of production through its agents to get them cheap and owns trucks to bring supplies from plains and nearest railway station which is about 50 miles away. It has its own bakery and a tea shop to serve members. Due to its dealings in a large number of commodities and volume of business it has been divided into seven separate

2 Reserve Bank of India; "The Naga Hills Cooperative Stores, Ltd. Assam" in More Typical Non-Credit Societies in India (Agricultural Credit Department, Publication 8 ), pp.1-6 passim.
sections each housed separately for the convenience of its members and the easy maintenance of accounts. It has also its own periodical internal audit system.

Hyderabad has recently organised a federation of consumers' cooperatives. Orissa has also started a Central Cooperative Store. Regional marketing societies in Orissa deal only with cooperative societies in iron, cement, yarn and mill handloom cloth, sugar, foodstuffs, sugar, etc. Cochin and Coorg Wholesale Stores have not much to show on their credit. The Trivandrum District Wholesale Cooperative Society distributes controlled articles, condiments, oil, sugar, fuel, etc; has branches in the city; maintains three lorries, owns buildings and a godown in the city. The Central Store at Srinagar gets its supplies from the Government and by imports from outside for distribution as a wholesaler to tehsil stores which in turn supply goods to multipurpose primaries. Where there are no central or apex cooperative stores, Provincial Cooperative Marketing Societies generally undertake distribution of rationed and controlled articles, marketing of produce of producer cooperatives and such other activities which federal stores are undertaking.

In East Punjab, Bombay and Madhya Pradesh most of the consumer cooperatives depend on their own funds for their business transactions. In Bombay, State government guarantees

advances of cooperative central and apex banks to some of these cooperatives which borrow from the farmer against hypothecated produco. In Bombay consumer cooperatives encourage their members to deposit their surplus money with the societies so that the latter may not have to borrow from outside and members form the habit of thrift and receive good interest on their deposits. In Madras and Kashmir these cooperatives normally depend upon central banks for their financial needs. In other States, consumer cooperatives depend for their funds on their own resources, central banks and the Government.

A direct link with producers' cooperatives as well as other producers to get steady and cheap supply of consumer goods at wholesale rates is effected by some of the consumer cooperatives in Madras. In Madras, Hyderabad, Kashmir, Travancore, Madhya Pradesh and West Bengal some of these cooperatives enter into contract with producers' cooperatives and other producers for the supply of goods at wholesale prices. In Bombay, many Central Stores directly make their purchases from the source of production or wholesalers at reasonable prices to pass over the benefits to ultimate consumers. Some of the well-established wholesales in Madras and a Hyderabad consumers' society have undertaken food processing activities to convert grains into flour, etc.

State assistance has been very liberal to these cooperatives in most States save in East Punjab where the
attitude of the Civil Supplies Department and the Government was not helpful and encouraging. In Madras liberal quotas of essential goods, relaxation of rules for licence, appointment of additional staff for their promotion, supervision and audit, permission to cooperative banks for liberal credit to stores and purchases of requirements by educational institutions, local boards, jails and Government hospitals from stores were among the important facilities and help given by the State to these cooperatives. In Bombay, besides giving increasing preference and encouragement to cooperatives to undertake distribution work, the State guarantees to the State Cooperative Bank for its advances to these cooperatives against goods hypothecated. Consumer cooperatives in Madhya Pradesh, West Bengal and Uttar Pradesh receive government preference and support to carry on the distribution of essential and controlled goods. In most of the States, Government entrusted the distribution of foodstuffs and essential goods to consumer cooperatives.

Students' Stores are an important cooperative development in recent years, particularly in Madras, Bombay, Coorg and Travancore-Cochin. Usually, these stores deal in stationery, sports materials, laboratory equipments, toilets, and such other articles that are of use to students in their daily life and studies. Such stores educate students not only in business affairs but also in cooperative living and the development of a spirit of mutual and self-help. On the organisation of such stores on an increasing scale depends partially the moulding of the future generations of cooperators.
With the help of employers, consumers' stores are organised for industrial labour in a large number of factories in most of the States. Many such stores are helped by the management of industrial establishments with storage and transportation facilities, free services of clerks, annual subsidies, free establishment and capital at a favourable rate. Such stores are particularly important in Madras, Bihar, Bombay and West Bengal and are likely to be permanent adjuncts to those industrial establishments as affording social security to industrial labour.

Consumers' movement in India has a chequered growth as compared with its progress in the West, particularly in Great Britain and Scandinavian countries. Reasons for this state of affairs are not far to seek. First, the consumer cooperatives in India have restricted their sale activities only to controlled, rationed and essential goods without developing business on non-rationed lines. As a result, with the recent removal of controls on foodgrains, cloth distribution and sale of essential goods, most of the "war babies" suffer from infantile paralysis. Whatever such stores earned due to wartime controls, they distributed in the form of high dividends on share capital and rebates on purchases, instead of increasing share-capital, reserves and owned funds. These primary stores cannot build up non-rationed business immediately to compete with organised private dealers who may
underbid consumer societies by sale without levying sales tax, on credit, at below cost price for the time being, adopting adulteration and supplying inferior quality, etc., which the cooperatives cannot do due to limitations under the bye-laws and cooperative principles and ideology. Under these circumstances, therefore, weak and uneconomic primary stores should federate themselves into unions or wholesales to pool their resources for the purchase and distribution of a large number of commodities of everyday use to the public. Prompt and cheap service, free home delivery and medical services and such other attractions may be offered to members and customers to expand membership and thereby increase share-capital and owned funds to broaden the basis of its sale activities and ensure loyalty among the members. Stores must have honest, well-paid and competent staff in business affairs. Merchants should not be permitted to become members to avoid mismanagement for vested interests. Members' should be persuaded to deposit their savings with the store to increase its working capital and share capital and reserves should be sufficiently great to have increased borrowing power. Fundamental principles of consumer cooperation, namely, open membership, cash sale at market prices and rebates according to purchases by members, ceiling on dividend, maintenance of well-paid competent staff, self-help and mutual help, etc., should be strictly observed. A study of members' tastes for their required consumer goods of a definite quality in relation to prices and purchasing power should precede a society's expanding business to new channels.
Consumer movement in India has not penetrated into rural areas save in Madras. This may perhaps be due to self-sufficient village economy of the Indian village, extremely low purchasing power of the villager and his consequent few needs which are supplied to him by the village mahajan who combines in himself the functions of a moneylender, a trader and a buyer of the agriculturists' produce. The income in the village is neither regular, nor steady and the villagers are not quite habituated with the cash nexus. Lack of proper supervision and management due to incompetent staff and illiterate members are other difficulties. Despite these troubles the Rural stores organised at important village market places can supply their members with ghee, oil, kerosene, matches, spices, cloth, etc. and agricultural implements on credit to the extent to which they hold share-capital and deposits with the store. Where it is found that a store cannot be run economically due to lack of sufficient business, a multipurpose or a credit society, with trained and well-paid staff on the management, should take up the supply work to members or the store may take up credit business with separate accounts for both sections. Alternatively, the store may extend its area of operations over a group of villages. Anyhow, the penetration of consumer cooperatives in rural areas will save millions of rupees of villagers which at present fill the pockets of the moneylenders and the middlemen.

Secondly, there are very few central cooperative stores, wholesales or federations which may take up wholesale purchase directly from the sources of production or wholesalers
at reasonable prices to supply to affiliated primaries and therefore make it obligatory upon the latter to purchase from private dealers at high prices putting them in a weak position to compete with private business. Supervision and inspection of primaries remain unattended due to non-existence of such wholesales. Wholesales can ensure steady, cheap and prompt supply by direct contacts with producers, whether cooperatives or others. State can compel those producers' cooperatives and marketing societies receiving its assistance, to sell their produce to consumer cooperatives. Due to their greater owned funds and consequent better credit in the market for financial accommodation they can use some of their funds to maintain a field staff to study market conditions - fluctuations in prices, demand, output, changes in tastes, fashions, purchasing power of the public and general economic trends. With such information they can issue a directory giving detailed market information to primaries. They should also, if funds permit, undertake processing activities specially regarding food-articles and manufacture of provisions that are of daily use.

Thirdly, there must be a State Cooperative Store at the apex in each State on the lines of those established in Ceylon to coordinate the activities of district wholesalers and primaries in the State as a manufacturer of provision stores wholesaler to other stores in the State, organiser of processing activities to develop food-industries and new stores after an exhaustive preliminary survey of the area keeping in view the advisability and future prospects of having such stores in particular localities. The apex store should provide facilities
for storage, transportation and arrange for credit and market information to all the stores in the State. It should procure required consumer goods from outside the State and develop inter-state consumer trade on cooperative basis. It should keep itself into close touch with all producers cooperatives and other sources of production for cheap, adequate, prompt and regular supply of required goods for distribution to central wholesales and through them to primaries. It should convene occasional conferences of representatives of wholesales and primary stores to discuss their views and difficulties regarding the working of the stores, competition among the stores and guide them in general administrative and business policy when the latter approach for such advice. For undertaking all these activities, it will have a strong capital structure with cooperatives only as members and some financiers and business talent to strengthen the management of the store. As far as possible the apex store and the movement as a whole would remain outside government interference. Lastly, it should not be lost sight of, that the extent to which the consumer cooperatives replace private business, capital engaged in the latter will tend to be released into productive channels for other national development programmes.

Table VIII

Consumers' Stores 1948-50

Table VIII
Consumers' Stores 1949-50


<table>
<thead>
<tr>
<th></th>
<th>Wholesale Consumers' Stores</th>
<th>Primary Consumers' Stores</th>
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<tbody>
<tr>
<td>1. Number</td>
<td>85</td>
<td>8,949</td>
</tr>
<tr>
<td>2. Membership</td>
<td>20,998</td>
<td>21,55,470</td>
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<tr>
<td></td>
<td></td>
<td>(Rs. in Lakhs)</td>
</tr>
<tr>
<td>3. Paid-up capital</td>
<td>46.05</td>
<td>313.55</td>
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<tr>
<td>4. Reserve fund and other funds</td>
<td>103.37</td>
<td>135.91</td>
</tr>
<tr>
<td>5. Value of purchases made</td>
<td>2,221.21</td>
<td>6,745.80</td>
</tr>
<tr>
<td>6. Value of sales affected</td>
<td>2,750.52</td>
<td>7,045.41</td>
</tr>
</tbody>
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Cooperative Housing Societies:

In India housing conditions are highly unsatisfactory both quantitatively as well as qualitatively in rural and urban areas. In rural areas six to eight persons live in a mud-hut without adequate provision for light, air, water, privacy and other sanitary facilities even of the most rudimentary nature and to aggravate the already unhealthy surroundings there is a cowshed nearby. In cities the housing problem is even more acute and sometimes as many as eight to ten persons
Mostly industrial labourers have to live in a single room which serves as their living room, kitchen and bedroom without adequate facilities for water, ventilation, latrine, privacy etc. with the result that attendant evils like vice, crime and diseases are generated. Thousands sleep on foot-path, verandahs or open-spaces without any home or shelter. Cooperative housing schemes work since last thirty years with the objects of relieving these intolerable and indescribable housing conditions by providing decent and healthy accommodation in wholesome surroundings.

Cooperative housing societies are mostly organised in urban areas and help their members in getting cheap finance sites and building materials and technical knowledge of house building. Housing societies did not make much headway before the economic depression of 1929-33 because housing difficulties had not assumed serious proportions as during the Second World War and since. Decline in trade and industry during that economic depression led to the lowering of rents in private houses and the housing societies which charged rents according to pre-arranged schedules incurred the displeasure of tenants and became unpopular. These societies failed to repay loans to the Government and other creditors and overdues both in respect of principal and interest mounted high. There was an overall decline in number, membership, share-capital, loans outstandings etc., during the thirties. In Bombay, Government had to rush to help existing societies in rehabilitating their financial
position to save them from liquidation by remissions of sums, reduced rate of interest and giving moratorium.

During the second World War house building activities came to a standstill from the private sector due to difficulties of getting land sites, building materials, transport facilities, cheap finance, etc. Most of the available building materials were diverted for war purposes to construct military installations, aerodromes etc. and replacement, repairs and new constructions of houses for the civil populations were neglected. The growing disintegration of the joint family system, influx of large rural population to cities for employment due to enhanced trade and commerce during the war and increasing population overcrowded the cities. Immediately after the cessation of the hostilities, the partition of the country further deteriorated the housing conditions in urban areas due to large-scale immigration of displaced persons in big cities. Housing cooperatives seized the opportunity during this period with active State encouragement, preference and help in finance requisition of land sites, building materials and technical aid specially in Bombay and Madras. Despite State help, various ways these societies could not expand their activities in actual construction of tenements due to scarcity of men, money and materials.

Due to fall in private house building activity as a result of the abnormal rise in building costs and the difficulty of getting required things in house building, cooperative

1 Reserve Bank of India: Cooperative Housing (Agricultural Credit Department, Bombay, 1950, Bulletin 28), p. 44.
Housing movement has received an unprecedented spurt since the Second World War under State encouragement and preference.

Housing societies in India are mainly of two types, one based on individual house ownership where the society helps the member in acquiring and purchasing land, building materials and in the sites and buildings which are mortgaged to it as security till the loans are cleared through instalments and the other, the co-partnership type, where the building is society's property owned by each member in common having tenancy rights subject to certain conditions and in certain cases, having the right to purchase the building from the society on paying the required number of instalments. Ordinary Building Societies, House Building Societies, House Reconstruction Societies and Cooperative House Mortgage Banks are of the copartnership type. Cooperative townships are formed either on individual ownership system or of copartnership tenancy.

Cooperative housing societies based on copartnership tenancy are as a whole more cooperative than those based on individual ownership. A housing society based on individual ownership and helping members in finance for sites, building materials, cost of construction, etc. often runs the danger by offering its members a chance to misuse the privileges and concessions by a sale of transfer of the constructed house at a premium. Since ownership is individual in such a society, a member cannot provide for regular expenses in insurance, sinking funds, interest on
capital, upkeep of the building, etc. and reduction in expenditure in constructing a house by joint purchase of men, money and materials.

Contrasted to this, a housing society formed on the basis of copartnership tenancy offers to its members manifold advantages. In such a society, from the acquisition of land to the hiring of the house, all processes of building activities are undertaken by the society itself on behalf of its members and the ownership of houses is joint. The members of such a society can get sites, finance, building materials, labour supply and technical and administrative services at reduced costs due to collective action of the managing committee elected from among themselves. They can provide for taxes, insurance, sinking funds, replacement and repair funds, etc. which are included in the rent they pay for the houses constructed for them by the society. Whatever bonus a member receives from the profits of the society, which is calculated on the basis of rent paid by him is credited to his share capital until his total holding in the society amounts to the value of the house. Defaults in payment of rent by a member are made over from his share capital or deposits with the society. A member is permitted to withdraw from the society by transferring his investment to the incoming tenant or by getting payment from the society of the funds invested by him in it. Sinking funds are used to repay the society's outside debts and to build up funds sufficient to replace old buildings with new ones without the said of outside capital.
Supply of adequate and cheap finance is the most important item in the successful implementation of cooperative housing schemes. At present, the chief sources of finance for cooperative housing societies are their members' share capital and deposits and borrowings from outside agencies such as public bodies, insurance companies, urban and other cooperative banks, land mortgage banks and the Government. Where housing societies are organised for industrial labour, the management of industries contributes to the capital and current expenditure of housing schemes in the form of subsidies and loans at concessional rate of interest. Since funds invested by urban banks are for short period and inadequate to meet the housing societies' needs, it is necessary that municipalities, local boards and insurance companies invest their surplus funds in these societies with government guarantee to the principal and interest thereon. Government should also guarantee the principal and interest on the debentures or bonds issued by housing societies or their federation to raise finance to fulfil their activities. Land Mortgage Banks and Cooperative Insurance Societies must invest their surplus funds in housing schemes since Government alone cannot go on helping these ever-increasing number all the time. The Planning Commission have recommended that State Governments may, from the allocations made to them by the centre, give subsidies to cooperative housing societies to the extent of 25 per cent and loans to the extent of 37½ per cent of the actual cost of construction, including the cost of land.

In Madras, State Government finances these societies to the full and the latter are not permitted under their bye-laws to borrow from outside. In Bombay, State gives loans to societies under certain conditions to the extent of 75 per cent of the value of lands and buildings in the case of a tenant copartnership society, 60 per cent in the case of other types of societies and 60 per cent of the cost of house construction to backward class societies as interest free loans. In Punjab, Mysore and U.P. Government gives loans at reasonable rate of interest to cooperative housing societies to finance their members' building needs. In Rajasthan, housing societies for displaced persons from Pakistan get 75 per cent of the cost of the house as loans from the Central Government through the Rehabilitation Finance Administration. Housing societies are also financed by central banks in the Punjab, the apex cooperative bank in Mysore and the Provincial Land Mortgage Bank and some urban banks in Bombay.

In Bombay there is the Bombay Cooperative Housing Finance Society organised in 1952 with an authorized share capital of one crore of rupees, of which Rs. 64 lakhs are paid-up, Rs. 50 lakhs by Government of Bombay and Rs. 14/- lakhs by cooperative housing societies, individuals, banks and insurance companies. It will keep its funds in the Bombay State Cooperative Bank as deposits, earning 2½ per cent if rate of interest and lend to member societies only at 6 per cent if demands are legitimate and adequate security is offered.

1. Personal visit.
It is empowered under the by-laws to float debentures to four times its paid-up share capital at 4½ per cent with Government guarantee to the principal and interest at 3½ per cent thereon. It is to finance its member societies and not to help them in any other way. It has appointed solicitors to examine application for loans from member societies and an engineer to examine the feasibility of giving construction loans to societies. Though it has not yet started financing its member societies, it will do so in very near future to 50 per cent of the security offered if the demands are found legitimate by its experts. As soon as it starts financing housing societies, urban and other cooperative banks including Land Mortgage Banks should divert their funds to serve men of limited means in rural and urban areas and for development of agricultural and small industries.

Another major difficulty that the housing societies face is that of getting required sites at reasonable price. Government, Municipalities, Improvement Trusts and other similar public bodies have helped these societies in some States in the acquisition of suitable sites at favourable rates without selling the land by auction to the highest bidder. These societies which are mostly composed of poor and middle-class members cannot afford to pay high prices for land and therefore deserve this type of assistance and preference from public bodies.
In Bombay, Government gives free land or acquires and pays for the price of land to housing societies for backward class people. There as well as in Madras, State gives long-term loans for the acquisition and purchase of lands to societies at concessional rate of interest. In Madras a special Land Acquisition Officer is attached to the Registrar of Cooperative Societies to expedite the acquisition of lands to cooperative housing societies. There is a scheme submitted to the Government by the Registrar of Cooperative Societies to acquire house-sites with the State loans for five years to people belonging to the low-income groups of Madras City. In Rajasthan and U.P. Government have provided facilities to acquire land at cheap rates.

Scarcity of building materials at cheap rates is a major difficulty in the successful implementation of cooperative housing societies' schemes. Almost all the State Governments give preference to housing cooperatives in the distribution of building materials, particularly those of Bombay, Madras, U.P. and Rajasthan. In Madras State gives special quota to housing cooperatives for distribution of building materials such as iron and steel pipes, tubos and fittings, cement, timber, etc., at controlled or concessional price.

Technical knowledge and guidance to cooperative housing societies are very much needed in almost all the States because

many housing cooperatives are unable to afford the services of technically qualified engineers, etc. Housing societies also need legal advice regarding disputes arising out of land ownership, etc., which most of them can ill afford. In Madras, State Government provides the services of the Public Works Departmental engineers and surveyors to housing cooperatives on foreign service terms, while house's built by members of the societies with the State loans are inspected and valued by Public Works Department officers free of cost. In other States, technical assistance and guidance are rarely given by the Government while administrative help in the form of services of officers of cooperative departments to act as managers, secretaries, supervisors, etc., or the partial cost of management is given in exceptional cases in Madras and to housing societies for backward class people in Bombay.

Lack of cheap and adequate supply of labour for construction of houses forms yet another difficulty for these cooperatives. Since most of these societies are organised in urban areas, labour supply is costly. The Saraiya Committee has recommended in this connection that the services of the members of labour contract societies should be utilized by housing cooperatives. Such utilization of the services of members of labour contract societies will not only give employment to labourers but also be

economical to housing cooperatives in the preparation of house building materials and the actual construction of the houses.

Despite State assistance to housing cooperatives in various forms, these cooperatives have not made remarkable progress due to lack of cheap and adequate finance, availability of requisite sites, labour and building materials at reasonable prices and technical knowledge and guidance. Bombay and Madras housing cooperatives which are substantially helped by State governments have a creditable record while others lag behind due to reasons noted above.

Bombay and Madras States each had about 4,000 houses constructed on cooperative basis by 1950. The Textile Labour Association at Ahmedabad has constructed more than 200 houses for industrial labourers who are organised into cooperative housing societies and provides them accommodation on hire-purchase system. Funds for the construction of houses are procured from trusts, Ahmedabad Majoor Sanakari Bank, individuals, mills etc. With substantial help State help in a number of ways, these cooperatives have constructed houses in Bombay State for "Hapatis", "Flood victims" of Ahmednagar District, and other backward class people.

In Madras, the Yemmiganur and some other weavers' societies undertake housing schemes and contribute towards the cost of construction of houses besides providing common amenities. Cooperative Townships generally formed on the outskirts of industrial towns acquire lands to
establish a colony where they build houses for members and accommodate them on hire-purchase system. Besides this, they provide civic amenities such as roads, parks, drainage, sewage, water supply, electricity, schools, hospitals, etc. Some townships help construction of houses on individual ownership basis. The Madras Cooperative House Construction Society besides constructing hundreds of houses, has provided essential amenities to the members. Similar house construction societies are also flourishing in Tanjore, Mathurai, Rajamahendry, Tiruchirapalli and Coimbatore. Cooperative housing societies for displaced persons in Rajasthan have constructed houses, Harijan quarters, a power house, two markets and water works.

Cooperative housing societies in rural areas have not been organised due to poverty of villagers and lack of qualified staff for management as well as technical knowledge. Madras is the only State where cooperative housing in rural areas has made some progress. In Madras there is a rural cooperative housing society in every district which helps its members in getting sites under the Land Acquisition Act with the help of Land Acquisition staff provided free of cost by the Cooperative Department. State provided Rs. 20 lakhs for rural housing, the budget for 1950-51 and gives free services of senior inspectors to work as secretaries to some of these societies. Free services of technical and

administrative staff, is absolutely necessary to inspect, guide and speed up the construction of houses on a cooperative basis in rural areas since such schemes not only solve the housing problem but also give employment to rural population. The Planning Commission in this connection suggested rightly that in selected villages, community development projects taken up under the Indo-American Technical Aid Programme offer the most suitable venue for demonstration of improved techniques and designs by building model houses in rural areas.

Wherever there is a large number of housing societies, cooperative housing federation should be organised to co-ordinate their activities, inspect, supervise and guide them in various problems arising out of house building and by organising periodical meetings and conferences of affiliates. Madras State Cooperative Union deserves credit for having taken initiative to convene such a conference of housing cooperatives in December 1951 to discuss their common problems and find the way out. Such federations can help economy in building activities by the joint purchase of sites, building materials, employment of labour, professional services and cost of repair. Unfortunately, housing federations are not organised outside Bombay and Mysore States. Housing federations in Bombay are organised at Bombay, Poona, Rahur in Ahmednagar District and at Ahmedabad to help their affiliates. In

Mysore, the Provincial Housing Building Corporation Limited is formed to take steps on a planned basis to develop housing movement on a cooperative basis and gets financial accommodation for the purpose from the State Cooperative Bank.

The slow growth of housing cooperatives in India save in Bombay and Madras is accountable first, to the lack of supply of adequate and cheap finance, labour, building sites, materials and technical knowledge. State Governments have not helped these cooperatives to a great extent save in Bombay and Madras. Secondly, coordination of activities specially in relation to house construction among Public Works, Cooperative, Health, Housing, Forest, Supplies and Labour Departments as in England is absolutely necessary for their successful development - since from the acquisition of a site to the letting out or use of a tenement when it is ready, the work of these societies impinge on these departments. In Punjab there are two parallel departments, one specially for rehabilitating displaced persons and the other, the cooperative, both ministering to the needs of displaced persons including the buildings of houses for them. Such parallel departments lead to slackness in activities by both since one will think that the other will do the job and the work suffers. Close contact and cooperation among the departments concerned can help much in furthering the housing

movement on cooperative basis. Thirdly, integral federal structure is of great importance to build houses on economic basis due to collective action in the employment of various types of services for house construction and their general supervision and guidance. Fourthly, the presence of efficient men on the board of management is a prerequisite to the success of housing cooperatives since many have come to grief only because of the incapacity of the directors on the management to assess the cost of the project, correlate resources to needs and their lack of financial and technical knowledge of house-building activities. Lastly, housing societies will do well do arrange with State help exhibitions of model dwellings and standard plans showing how cheapness and strength can be combined without sacrificing sanitary requirements and thereby encouraging people to build houses cooperatively.

Housing for the rural areas on cooperative basis through the help of community development projects in selected villages will be at first step for popularizing rural housing in villages. The Government of India have recently granted subsidies for industrial housing schemes in Ahmedabad, Bombay, etc. The management in industries can best serve their employees by organizing them in cooperatives to solve their housing problem and giving them financial, technical and administrative help.
Transport Cooperatives.

Transport cooperatives are a post-war development in India, organised mostly in the Punjab, Madras, Bombay, Saurashtra, M.P. and to a lesser extent in Travancore-Cochin, U.P. and Delhi to provide employment to demobilised soldiers and technicians and displaced persons from Pakistan.

In Punjab these societies are organised for ex-servicemen and displaced persons from Pakistan. The societies face hard competition from private interests due to large number of permits sanctioned by the Government for goods transport and have therefore to cut down rates of freights. Inadequate quota of petrol from the Transport authorities is another difficulty. In the initial stages at least these cooperatives deserve generous State assistance in matters of supply of petrol, allotment of premises, vehicles from Government at concessional rates and services of Cooperative Department for supervision and guidance.

In Bombay transport cooperatives received impetus from the Post-War Services Reconstruction Fund and were organised for employment of those who were trained during the war as skilled workmen and drivers in motor engineering. Government policy of nationalisation of passenger transport service has affected adversely the activities of these cooperatives and

specially of those organised for displaced persons undertaking passenger bus services between refugee camps and railway stations and cities. However, these cooperatives are doing good where they undertake transport of goods.

Besides providing quick and reliable transport, these cooperatives settle ex-servicemen in Madras. They also maintain small workshops for minor repairs. Efforts are being made to meet the demand from ex-servicemen for starting transport cooperatives in those districts which are not served by cooperative transport service and the matter has been taken up with the Resettlement Section, Ministry of Defence, Government of India.

There are ten cooperative workshops in Madras giving employment to demobilized personnel. They have to encounter difficulties regarding procurement of raw materials, marketing of finished goods, excessive cost due to high wages of labour, etc. Six of the ten workshops have been reorganized under a plan by construction and re-modelling of workshop buildings, providing quarters for the supervisory staff and ex-servicemen member-workers; installation of up-to-date labour saving machinery and provision of cheap electric power. On the whole, however, they have recorded an increase in their working capital, production and sale of goods and the amount of wages paid to members. Some of them supply furniture to

Government officers, public and semi-public bodies and produce for sale articles made of stainless steel and aluminium.

Five out of the nine transport cooperatives in Saurashtra ply 21 buses on routes covering 800 miles reserved for cooperative transport service. A peculiar feature of transport cooperatives here is that any person residing in the area of operation of cooperative transport service can become a member of the society. In Delhi, a transport society is running successfully, employing 20 ex-service personnel and maintains 11 trucks. Travancore-Cochin and Madhya Pradesh have also such societies for ex-servicemen.

The Saraiya Committee recommended that transport cooperatives should have certain roads exclusively reserved for them, preferably new roads to run services for regulating rates for transport of passengers and goods. They also recommended that Government should place at the disposal of cooperatives surplus vehicles at concessional rates. Where there are sufficient transport cooperatives a transport union should be organised to coordinate their activities specially with regard to rates, freights, routes and obtaining collectively their various needs such as tyres, petroleum, lubricants, accessories, etc.

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Cooperative workshops as in Madras should be organised among ex-servicemen to provide employment and for repairs of automobiles, agricultural implements, machines, pumps etc. with State help in the form of supply of surplus machinery and tools and technical training at reduced rates.

Country-crafts cooperatives may be organised among boatmen who own small boats to carry passengers across and over the rivers. They are exploited by moneylenders who charge very high interest rates. Societies can help them by supplying cheap finance, materials for construction and repair of boats and installation of engines for speedy transportation and protection of boats against vagaries of winds.

Electricity cooperatives have been recently organised in Bombay for generation and supply of electricity to people in towns. Since generation and supply of electric energy require large investment of funds in machinery and other equipment and societies do not have large fixed assets and other funds, they have not made much progress. However, recently in consultation with the State Cooperative Council, Government have laid down certain conditions to be satisfied by such cooperatives for their registration and eligibility to receive State assistance and concessions. The conditions among others include presentation to Government detailed plans and estimates of the scheme, including capital and recurring expenditure and supply of electric energy, fair backing of

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potential consumers, possibilities of raising capital etc., which are to be examined by technical expert of the Government before the society is registered and gets State assistance in various forms. State will have its representative on the Board of Directors. Organization of electricity cooperatives in other States is not undertaken due to large initial expenditure that has to be incurred and other technical difficulties.