CHAPTER XIII

OTHER FORMS OF COOPERATION

Among the other types of cooperative societies, Better Living Societies, Medical Societies, Education Societies, Multipurpose societies and Cooperative Insurance Societies are prominent. Better living societies are important in the Punjab and Bengal and to a lesser extent in U.P., Bombay, Bihar, Orissa, Madras, Assam, Coorg and Kashmir. They are organised to improve moral and social conditions of their members and village people in general. They finance their activities by raising funds in the form of entrance fees, subscription fees, donations, fines from members and grants from Government and other public bodies. Better Living societies also known as "Dehat Sudhar Societies" in the Punjab have done all that is necessary for village improvement. They pave lanes, construct and repair roads, canals, wells and common buildings; provide sanitary facilities; open schools and libraries; maintain high breed cattle; keep radio sets; plant trees and distribute medicines. They eradicate social evils, curtail unnecessary expenditure on social ceremonials by imposing fines; discourage
litigation and settle disputes locally without resort to law courts through arbitration societies specially organised for the purpose. They have educated womenfolk in hygiene, sanitation, child welfare, handicrafts etc. They have instructed cultivators in better farming methods, established dispensaries and schools for village people and encouraged cottage industries. People's morale has been raised by propaganda through press, cinema and theatre. Their activities are varied and cover an extensive field differing from village to village according to pressure of local problems. Some of these societies are however, in a state of suspended animation and face liquidation.

In Bengal these societies carry on sanitation work, construct village roads, dig wells and manure pits; undertake tank clearance, putting up of ventilators etc. with free and voluntary labour services of their members. In U.P. they distribute improved implements, undertake well construction and sanitary measures. Now they are being weeded out or converted into multipurpose societies. In Bombay they continue to help in better farming methods; supply agricultural requisites to members as well as non-members and some of them undertake specific items of land improvement or development. They promote public health by supplying medicines, spread education, arrange for water supply, construct roads and wells settle disputes and encourage thrift and curtailment of ceremonial expenditure. With the increasing number and activities of multipurpose societies, which cover social,
educational and economic spheres of villagers, these societies are growing dormant and lose their importance. In Delhi, they undertake rural uplift work such as general cleanliness sanitation and hygiene and give special attention to the education of adults and women. In other States, the work of these societies is similar as in the above States. The provision of above facilities for the promotion of the social status of the villagers will not be of much use unless they are simultaneously provided with facilities for credit, marketing and agricultural and domestic requirements in the economic sphere; only then can their morale be raised.

Despite the fact that many better living societies provide medical and education facilities, separate societies are organised for the same. Health cooperatives are well-organised in Bengal, Punjab and Bombay to fill the gap caused by the dearth of qualified medical practitioners and insufficient dispensaries in the countryside. There are also some medical societies in U.P, Cochin, Mysore and Delhi.

The activities of these societies among others include measures to improve the health of members and their dependents by proper medical aid and advice, to prevent epidemics, improve sanitation arrangements of the place and educate members in public health and sanitation. They maintain dispensaries with a qualified doctor or vaidya and a nurse. The members are supplied medicine at nominal price and the services of the staff are charged for at a cheap rate. The funds are raised by small shares, donations from members at ceremonial occasions
State grant-in-aid, subsidies from Local Boards and other public institutions, for medical facilities provided, etc.

In Punjab these societies have a creditable record. The rural dispensaries maintained by these cooperatives employ nurses to assist the doctors in charge to treat women patients. In Ludhiana at Sidhwankhurd a special dispensary for women has done very good work for women under the charge of an M.B.B.S. lady doctor. General dearth of qualified doctors and nurses and their disinclination to go to rural areas for work come in the way of successful development of cooperatives. Attempts are however made to solve this problem by providing better housing facilities and other amenities of life and offering attractive salaries to competent medical practitioners. Services of Hakims or Vaidyas are also solicited at many places. There are also Human First Aid Centre in the State steadily growing popular despite non-availability of qualified medical staff and inadequacy of funds for the purchase of medicines and other equipment, Members contribute liberally to these Human First Aid Centres.

In West Bengal health cooperatives have attained a considerable degree of success. Anti-malarial societies are organised to take measures against malaria such as clearing of jungles and kerosenisation of tanks and pools as a precaution against mosquito breed. These societies clear riverbeds during summer, drain gutters, stagnant pools and ditches and distribute quinines among members. They have opened medical

---

aid centres, dispensaries and first aid posts in villages.

These societies issue pamphlets to attract membership from villagers who have to pay an yearly subscription varying from annas four to a rupee. Funds are also obtained by collecting donations from members and non-members, grants from Government local bodies and other public institutions and from members' fees. Every society maintains a medical man who attends members and their families almost free of charge. Dispensaries and health centres are maintained on charity or contributions. The managing committee consolidate the matters from members' illness registers. The societies are affiliated to the central Co-operative anti-malarial Society, Calcutta, which has individuals as well as societies as members. The central society finances its activities from members' entrance and annual fees, share capital, donations etc. Its functions include organisation of anti-malarial societies, assistance to affiliates in the form of advice and guidance on technical matters and placing results of research work done, without interfering in the day-to-day administration of primaries. Consequently, suffering from malaria is considerably checked.

Most of the medical societies in Bombay State are situated in the area of former Baroda State and run dispensaries to supply medicines to members at concessional rates and others at lower rates than what private doctors charge. Some of them receive State grant-in-aid to the extent of Rs. 750 each. They raise their funds by members' fees, issuing shares, arranging entertainment programmes and donation.
from private and public sources. A medical aid society at Bangalore which buys and sells drugs and examines patients at its office has plans to provide medical help to its members and their families and run dispensaries and patient wards. In Delhi, Hakims and Vaidyas have organised themselves in the form of a cooperative society to manufacture indigenous drugs. In Delhi, Ministry of Relief and Rehabilitation have also opened cooperative health centres to give cheap medical service for a small monthly fee per family and for doctor's visits to patients. In Madras and Cochin these cooperatives manufacture indigenous drugs and supply them to members, municipalities and local boards. U.P. has a few cooperative first aid dispensaries to help members at concessional rates in their medical requirements.

Medical facilities in India are highly inadequate to meet the needs of the public, particularly in the rural areas and account for high mortality among persons in all age-groups. Most of the villages are not served with even the barest medical facilities and there, the cooperatives have a bright future to prosper provided they receive substantial grants from State towards their initial expenses, provision of drugs and medicines and other equipment. State should assist them in supply of competent staff, purchase of medical equipment at favourable prices and recent information regarding the progress of medical science from time to time. Village Panchayats, District Local Boards and village cooperatives should contribute to these societies to raise the general health standard of

rural areas. Medical societies on their part should try to increase their membership on as large a scale as possible, raise more funds in the form of share capital and charge from members a lump sum as pre-payment on a family basis to provide them free medical advice and treatment charging nominal rates for medicines and home-calls. Non-members may be charged something more but less than what private practitioner does. Special concessions to members will attract others to join these societies. Life insurance societies by giving them rebates on premiums to promote their general health standards. Where health cooperatives cannot be organised on grounds of lack of finance, availability of medical staff and equipment, multipurpose cooperative may provide health facilities to members and others by maintaining a section for the purpose on the same lines.

Cooperative Education Societies:

Separate education societies are organised in Bombay, Madras, Delhi, Punjab, M.P., and U.P. to spread education in rural areas by running primary and secondary schools, opening free libraries, imparting instruction to adults and women in special classes for them and to promote sports and physical training and recreational and other socio-educational activities.

Bombay leads other States in the development of education societies. There the societies open primary and secondary

---

1 Government of India; Report of the Cooperative Planning Committee, loc cit, p. 133.
2 Reserve Bank of India; Health Cooperatives (Agricultural Credit Department, Bombay, 1950) p. 36 Bulletin 28.
schools in rural areas, organise and run libraries and free reading rooms and conduct education and physical training classes. The East Khandesh Maratha Vidy Prasarak Cooperative Samaj Limited, Jalgaon is the most successful education society in the State. It runs a primary training college for teachers, a high school, a hostel for students and 337 primary schools under its "Grama Shikshan Samiti". Its financial needs amounting to over Rs. three lakhs are met by grants from the Government, district local boards and contribution from philanthropic persons and institutions.

In Punjab there are societies for compulsory education among the members and others in rural areas. In Delhi, there is a school to train boys and girls in industrial education such as tailoring, weaving, embroidery, etc. In Madras education societies grant scholarships to worthy students by collecting money in the form of share capital and donations. Organisation of societies exclusively for the promotion of education is now on the decline since better living societies and multipurpose societies undertake such activities in their area of operation.

Multipurpose Societies:

One of the most important reasons for the comparative failure of the Indian Cooperative Movement is that the basic structure of the movement, the primary society has restricted its activities only to the supply of credit to its member-agriculturists without catering to their other equally important needs such as purchase and distribution of agricultural products.
requisites and consumer goods, marketing of produce, cattle welfare, dairy farming, eradication of social evil customs, development of cottage industries to supplement income and allay unemployment, provision of facilities for education, sanitation, transportation and improved agricultural methods.

Since the primary society dealt with only credit aspect, it hardly remained in contact with its members for all the time, leading to indifference in its management on the part of members as well as of those on its managing committee. Separate organisation of societies for credit, purchase and sale, consumer goods, and adoption of better living methods could hardly evoke necessary loyalties from member-farmers and taxed heavily the time and energy of those on the managing committee who had interlocking responsibilities due to their presence on the management or more than one society in village where adequate competent personnel are conspicuous by their absence.

The idea of organising multipurpose cooperatives to cover within their ambit all possible aspects of the life of the villagers has its origin in the later thirties when the Reserve Bank of India published in the form of bulletins the working of some of the rural societies which embraced the entire life of the cultivators. Since then, there is a continuous shifting of emphasis from the credit aspect of the primary societies to their multipurpose potentialities. The primary credit societies whether in rural areas or urban, have undertaken supply of essential goods and commodities that are
of daily use. During and sometime after the war these societies in the rural areas supplied to their members foodstuffs, iron, cement, agricultural implements, kerosene, manure, seeds and other essential goods and some of them also marketed their members' produce. These societies have taken to non-credit activities since the war by making necessary amendments in their bye-laws regarding their activities. In some States, special schemes have been implemented to organise multipurpose cooperatives while in others old credit societies are re-organised to take up multipurpose activities with limited or unlimited liability.

As per recommendation of the Agricultural Credit Organisation Committee, the official policy in Bombay is to register only multipurpose societies in villages and to convert all the existing village credit societies into multipurpose societies with or without limited liability at the discretion of the societies themselves. There are organised group multipurpose societies particularly in Nasik and Ahmednagar districts based on limited liability and each of them operating within a radius of five miles covering about 5 to 7 villages. Such group multipurpose societies are mostly organised where marketing facilities are available and their activities include supply of domestic and agricultural requisites and sale of marketable produce of members. Multipurpose cooperatives in Bombay receive State assistance in cost of management and propaganda in the initial period for 3 to 5 years. The State subsidises and grants concessional loans for construction of godowns to those of them which
undertake marketing of surplus produce. Multipurpose cooperatives in backward tracts of the State run fair price shops, encourage thrift and develop cottage and small-scale industries. Some of these cooperatives advance loans against gold and silver. There are also federations of multipurpose cooperatives which help their affiliates in their varied activities.

In Madras separate multipurpose societies are not organised but, under the supervision of central banks more than 10,000 rural credit societies undertake multipurpose activities of one kind or another, such as supply of agricultural, industrial and domestic requirements of members; sale of surplus produce; construction of godowns, promotion of thrift, social and recreational activities. They encourage subsidiary occupations and help Government in food production schemes by distributing chemical manures, iron and steel; by securing fallow lands on lease for cultivation and by encouraging members to manufacture rural compost out of farm yard rubbish thrown into manure pits. Multipurpose cooperatives of the full-fledged type are developed in select Firkas and centres in Madras State to increase production and income of villagers generally. Over and above normal functions of multipurpose cooperatives, these societies organise village industries, arrange for recreational activities and provide finance for cultivation of cotton and groundnuts under controlled credit schemes; facilities for improving cattle breed by maintaining stud bulls in select cooperatives and supply pump sets for irrigation to step up production.

Cooperative departments in U.P., Mysore, Assam and Bihar have drawn up and implemented special schemes to organize multipurpose cooperatives on a planned basis and convert the existing rural credit societies into multipurpose societies. Multipurpose cooperatives in these States are mostly controlled by the State and function with substantial State aid, financial as well as administrative.

In U.P., under its New Cooperative Development Plan, at the base there is a village multipurpose society, at the next stage, a development block and a union of 12 to 15 village multipurpose societies, then the District Cooperative Federation in almost all districts and at the apex the U.P. Cooperative Development and Marketing Federation. There are at present more than 22,000 village multipurpose societies, 1,500 block unions including 900 seed stores for each group of societies in the block and 48 district cooperative federations. The development of these cooperatives is fostered under the protecting wing of the State and controlled by the latter. The State pays for training and services of administrative staff, construction of storage facilities and other contingencies.

In every village there is organized a multipurpose society or the existing society converted into a multipurpose cooperative. The society tries its level best to embrace within its fold at least one member of every family in the village and emphasizes more on production, distribution and marketing activities than on credit aspect. When there are 12 to 15 such village multipurpose societies in a block they
are compulsorily federated into a multipurpose cooperative union. The activities of these cooperatives and unions include distribution of agricultural implements, and essential consumer goods including foodstuffs and procurement of foodgrains. Some of them have rendered useful service by constructing new wells, supplying improved cattle; planting trees, digging compost pits, introducing Wardha Chanis for the manufacture of oil and popularising manufacture of Khadi. Out of 1500 block unions more than 900 are seed stores, 567 of which were transferred by the Agricultural departments to the U.P. Cooperative Development and Marketing Federation in 1948. These seed stores are a starting point for agricultural production and economic activities and supply agricultural requisites, consumer and other essential goods, accessories of production etc., instruct and guide in better methods of cultivation; improve cattle breed; promote subsidiary industries and arrange for the storage and marketing of surplus produce.

District Cooperative Development Federation whose membership consists of development unions and big cooperatives distribute essential consumer goods to their affiliates only within their area of operation and do not have direct dealings with primary societies where block unions are operating. The U.P. Cooperative Development and Marketing Federation at the apex coordinates and guides the activities of the district federation and distributes essential goods to federations, besides promoting and financing a few other activities.
The organisation in Mysore is pyramidical in structure with the village multipurpose society at the bottom, Hobli, Taluk and District societies as intermediaries and the State Cooperative Marketing Society at the apex. State pays for the training and services of the staff and nominates managing committees of these societies besides undertaking their audit and inspection. The State is divided under the multipurpose scheme into 746 revenue circles, each having a circle multipurpose society to which are affiliated 20 to 25 village multipurpose cooperatives. Hobli or circle and village multipurpose societies are expected to supply finance, consumer goods and agricultural requisites; to undertake construction of houses for rural people and cattle welfare; to provide education, sanitation and medical facilities and to promote dairying, better farming methods and general benefit of the village as a whole. At the taluka headquarter there is a taluk multipurpose society to coordinate and supervise the activities of circle societies and to supply them agricultural requisites and other essential goods which the latter in turn distribute to their primaries to meet their members' needs. The success of these societies depends to a great extent upon the efficiency of the District Society which has to supply on the one hand to its affiliated taluk societies the requirements of all the primaries in respect of consumers' goods, agricultural needs, etc. and on the other, to market at reasonable prices the produce brought by affiliates and their members. The apex marketing society is a joint organisation of both producers and consumers and
functions as a coordinating agency for the activities of multipurpose societies, supplying them consumer goods through district societies which in turn transfer them to the taluk, circle and ultimately to primaries for final distribution to consumers.

In Assam steps are taken to revitalise the credit movement by converting the existing old village societies into multipurpose trading cooperatives or organising new trading cooperatives to function as village banks covering within their ambit all aspects of the life of the villagers. A large number of consumer societies are also converted into trading cooperatives under the new scheme to make them multipurpose in character. These cooperatives are federated into 19 central trading cooperatives which coordinate the activities of the former, purchase in bulk their requirements and market profitably their surplus produce. These central trading cooperatives remain in close touch with the regional branches of the new apex bank, the financing agency of the movement.

Village credit societies in Bihar are converted into multipurpose societies with limited liability under its new scheme of development of these cooperatives. As many as 750 new multipurpose societies take interest in adult education, agricultural improvement, development of cottage industries, veterinary aid, night schools, manufacture of compost manure, village sanitation, etc., besides making arrangements for
settlement of dispute without recourse to law courts, cleaning of village drains, disinfecting wells and providing medical facilities against epidemics, like cholera.

In West Bengal, East Punjab, Travancore-Cochin, Kashmir Coorg, Madhya Pradesh and Orissa multipurpose or re-organised rural credit societies undertake supply of agricultural requisites, consumer and essential goods and marketing of surplus produce of members besides financing their cultivation needs. In West Bengal, irrigation facilities are provided by some of these cooperatives. In Madhya Pradesh State provides free management staff. In Orissa these cooperatives are State-aided and State-controlled, some of them being organised for the betterment of backward class people. In Kashmir cooperatives supply essential goods, procure and distribute foodgrains and have a plan to enlist one adult from each family within a period of five years. Delhi State is divided into 32 blocks of 10 villages each with a multipurpose society in each block to serve the villages in its area to distribute consumer goods, provide irrigation facilities, and such other development activities to improve the socio-economic conditions of the village people with the help of Delhi Development Board. There are also multipurpose societies for postal employees, Harijans and criminal tribes to supply their various needs.

If we review the development of multipurpose cooperative movement in India, it will be evident that most of these societies and those that are re-organised to carry on multipurpose activities have not encompassed the whole life of a
member-farmer in the rural areas. Most of them have restricted their activities to the supply of cultivation finance, agricultural requisites, essential consumer goods and foodgrains and marketing of surplus agricultural produce. These cooperatives have not made attempts in most cases to encourage thrift and self-help among members; to tap local deposits to make them self-sufficient in financial matters, to provide adequate storage and marketing facilities of surplus agricultural produce, to instruct members in cooperative principles and train them and office-bearers in business affairs by encouraging them to discuss the societies' affairs at conferences and meetings; to organise and develop subsidiary cottage industries and small scale industries to increase their members' income and relieve pressure of unemployment; to process agricultural produce; to provide education, sanitation, medical and transportation facilities; to instruct in better farming methods by propaganda and demonstration and providing irrigation facilities; to increase cattle welfare and developing subsidiary industries such as dairying, poultry farming, etc. With the help of village Panchayats they can very well take up all or most of these functions by raising funds and voluntary labour service of members and non-official workers locally. They can settle disputes by arbitration without recourse to law courts and eradicate social evils, such as unnecessary expenditure on social and religious ceremonials. In the absence of village panchayats, they can undertake village administration works.
To fulfil these duties they should see that every family in the village is represented in the society as a member. All these functions covering the whole life of the villagers may also be undertaken by banking unions or central cooperative banks in select rural areas as experiments in collaboration with Community Development Projects or Rural Extension Services recently implemented by the Government of India under the Five Year Plan. Any segmental approach to the problem of solving the villager's miserable life will be of no avail. The multipurpose movement shall have to be a producers' rehabilitation movement, rather than a credit movement to bring about a material change in the economic conditions of the rural masses. Until the society handles all those problems which are responsible for the present socio-economic position of the villager by keeping itself in close and constant contact with him and becomes a living socio-economic institution he will not evince such interest in the movement as has happened in the past. The society's becoming a live organism by providing all types of services to the villagers will create among the latter a progressive attitude to life and a psychological change in their modes of thought and manner of living.

Cooperative Insurance Societies:

Cooperative life insurance societies safeguard the interests of their members and policy-holders, including those who are men of small means like agriculturists and artisans against the hazards of life and provide them funds against their policies to meet socially necessary expenses.
and fire insurance societies help the cooperative institutions in their business activities by insuring their goods and property against fire, damage, etc. Bombay, Madras, West Bengal and Hyderabad have something to show in cooperative insurance development while Bihar, Orissa and Manipur have only motor insurance societies.

In Bombay there are seven insurance societies, including one each for fire and general insurance and motor insurance. In 1852, the Bombay Cooperative Insurance Society, Limited, Bombay, secured 1989 policies worth Rs. 9,86,900 from rural areas. It has its own funds of over one crore of rupees, has never raised share capital but raised debentures in the beginning which are now redeemed completely. Out of a total of Rs. 81 lakh-worth business, it secured Rs. 22 lakh-business from cooperative sources, quite insufficient indicating lack of loyalty of cooperators in insuring with cooperative society and inadequate propaganda by cooperatives in rural areas regarding benefits of cooperative insurance. Almost to the point of coercion, the Registrar of Cooperative Societies, Bombay, has through Assistant Registrars instructed cooperatives to persuade their members and others in rural areas to insure with the society and to make suitable amendments in their by-laws for the same with the result that 30 per cent of the society's business now comes from cooperatives efforts. Management expenses ratio and renewal ratio of the society compare favourably with even the best of insurance companies.

1  Personal visit to the Insurance Societies.
It issues policies of small denominations and waives the medical examination for policies insured up to Rs. 900 in rural areas. Through its agents in cooperative societies, it encourages borrowers to take policy as security against loans, unexpected calamities and to form the habit of thrift. It has in cooperatives its agents to preserve middlemen's earnings for cooperators. Subject to certain conditions, it is permitted by the Government to invest up to 30 per cent of its funds in preference shares and debentures of Indian joint stock companies.

The Society's business is seriously affected due to the withdrawal of concessions allowed by cooperative life insurance societies to cooperative members including rural policy holders as per decision of the Indian life Insurance Council.

The All-India Cooperative Fire and General Insurance Society Limited, Bombay accepts risk of any type and magnitude particularly from cooperative institutions. It transacts business of fire, motor, property, accidents and fidelity guarantee insurance. Since industrial concerns have their own insurance companies, it does not get much business from those establishments. Even the cooperatives sometimes insure their risk with joint stock insurance companies. It does not compete with sister cooperative insurance societies functioning in Madras, Hyderabad and Bengal and mostly confines its business to Bombay State. It is on the approved list of insurance companies and gets a share at 1 per cent of the net premiums from the Indian Insurance Companies' Pool of which it is a

---

1 Personal visit to the Insurance Societies.
member. Its claims and management expenses ratio compare favourably with other similar joint stock insurance companies. It gives bonus to policy-holders according to profits made and expects to declare a dividend of 3 per cent on share capital. It has done Rs. 1.5 lakhs business in 1952 and expects to raise its business to Rs. 3 lakhs in 1953, and open branches at Baroda and Ahmedabad from where no cooperative society has insured with it. The State patronises it by insuring upto Rs. 4 lakhs and the apex cooperative bank has directed cooperatives in the State to insure their goods and property with the society as other industrial concerns do with their own insurance companies. Society's mounting expenses should not cause much anxiety in view of its sound financial position and bright future prospects.

The Maha Gujarat Cooperative Insurance Society Limited, Baroda is another financially sound society with its area of operation now extended over the whole of Gujarat and Saurashtra. At the end of 1952, it had 1351 policies assuring a sum of over Rs. 12.5 lakhs and an yearly premium income of Rs. 70,710. Its interest yield and expense ratio compared favourably with the requirements of the Indian Insurance Companies' Act. It paid a bonus of Rs. 5 per cent thousand sum assured per annum. Its valuation results showed a surplus of Rs. 1024, its life fund and policy liability being Rs. 2,74,621 and Rs. 2,73,597 respectively. It has opened branches at Mehsana and Wadhawan. The Ratnagiri Cooperative Motor Insurance Association Limited is likely to suffer due to

1 Personal Visit.
In Madras South Indian Cooperative Insurance Society and the Indian Postal and Telegraphs Cooperative Insurance Society are prominent insurance cooperatives. With the introduction of compulsory insurance schemes among Government servants, the South Indian Cooperative Insurance Society amended its prospectus, allowing substantial rebates on the premia to attract this class. It was the chief source of finance for house mortgage banks in Madras City. The Society's overhead charges are kept low by the cooperative institutions in the State which canvas business on behalf of the society and popularise insurance among middle and poor class including agriculturists.

All the cooperative insurance societies in West Bengal continue to render useful service to cooperatives and their members. Orissa's two motor insurance societies are reported to work well. Hyderabad Cooperative Insurance Society is also doing satisfactory work. Bihar and Manipur have motor insurance societies while Cochin has four benefit fund societies, though they have not much to show on their credit.

All India Cooperative Insurance Association is a federation of cooperative insurance societies in India though all such cooperatives are not its members. It is organised to popularise insurance activities on cooperative lines, and to help organisation of cooperative insurance societies to transact

various types of insurance business to serve all people
Cooperative circles have recently proposed its merger with
the All-India Cooperative Union instead of its functioning as a
separate body.

The retarded progress of insurance cooperatives in India
is mainly attributable to the inability of most of the members
of cooperative societies to save from their small income and
their disloyalty in not giving preference to cooperatives for
taking insurance. The members of cooperative societies have
mostly no surplus funds to insure, since if they are labourers,
they are committed to about half of their wages to debts
incurred in the previous month due to vices and uneconomic
way of living, due to illiteracy, ignorance and pressure of
social obligations, to spend on unnecessary items. Due to their
indebtedness, vagaries of nature, rising cost of cultivation
and living, agriculturists have hardly much to save to pay
premiums to insurance societies. Cooperative institutions insure
their goods and property with joint stock insurance companies.
In Bombay the Registrar of cooperative societies and the State
Cooperative Bank have insisted cooperatives and their members
to give preference to insurance cooperatives in transacting
their insurance business and the same policy should be adopted
in other States by all cooperative institutions since joint
stock concerns always insure with capitalist insurance companies.
A fixed sum of Rs. 75,000 has to be deposited with the
Government of India when an insurance concern is to be register
ed and this presents a problem for the society to raise capital
Limitations on investment call heavily upon their income. While joint stock insurance companies have to invest only 56 per cent of their premium income in Government securities under the Indian Insurance Companies' Act, cooperative insurance societies have to invest something more since limitations on their investment are twofold, those under the Indian Insurance Companies' Act and of the Cooperative Societies' Act. As a result, they cannot stand in competition with joint stock insurance companies. They should therefore be given exemption from payment of income-tax on total profits and on interest on securities held by them. Such concessions will not in any way lead to serious competition between the joint stock insurance companies and cooperative insurance societies since the latter transact a paltry business of about Rs. 2.5 crores as compared to the formers of above Rs. 130 crores. Recent decision of the Executive Committee of the Indian Life Insurance Council withdrawing the concessional allowed by cooperatives life insurance societies in charging reduced rates of premium to their members many of whom are lower middle class people, agriculturists and artisans is particularly objectionable and unhappy when they have permitted the granting of rebates in premiums to employees in industrial establishments. This has affected adversely the cooperative insurance business in rural areas and may discourage the habit of thrift and self-help in persons with limited means. Government and Employees' insurance, provident fund and benefit schemes for industrial workers act as a deterrent, making the
labourers indifferent to insure with cooperatives for old age security, and other calamities. Their way and place of living have created almost a frustrated outlook on life. They have no desire to live a better life, so much are they desperate due to their continued indebtedness, insanitary living conditions and cynical atmosphere.

Prospects for the development of cooperative insurance are bright provided cooperatives and their members insure with insurance cooperatives as industrial concerns do with their holding insurance companies. There should be a life insurance cooperative in every State with its area restricted to that State only to avoid competition with sister insurance societies in other States. Similarly, there should be one general insurance society to provide cheap insurance service to cooperatives in their area of operation, which should also be limited to that particular State only. Field workers of insurance cooperatives and co-operators in rural areas should persuade the villagers to take insurance by propaganda and educating them in the benefits of having insurance policies. Community project Officers should include in their programme the development of life insurance on cooperative basis to offer lasting benefit to agriculturists, artisans and rural people in general. Surplus income of agriculturists in good years can be pooled by insurance cooperatives through their agents to effect thrift and check diversion of these funds in the purchase of inflated priced bullion and lands. A link between credit and insurance cooperatives will be helpful to the farmer in recovering their dues from their member-farmers.
Members-farmers may be encouraged to take insurance policies by offering them loans at slightly cheaper rate against security of such policies. In rural areas where the sum assured does not exceed Rs. 900, the insurance society may do away with the medical examination by taking a written statement signed by two leading cooperators certifying the correct age and health condition of the policy-holders. Those insurance cooperatives which undertake rural insurance business should at least be exempted by the State from income tax on profits and interest earned on securities held by them. Saraiya Committee recommended that the State should pay 1 per cent more than the bank rate on statutory deposits and securities held by insurance cooperatives with Government to enable them to undertake insurance business among the middle class and the poor to encourage the habit of thrift. They should also be permitted to give rebates in premiums on the sum assured as an encouragement to men of limited means to form the habit of thrift and self-help and to make them insurance-minded.

Insurance cooperatives should increasingly assist housing cooperatives and land mortgage banks by investing their collection of premia in these cooperative institutions since that will promote not only the cooperative movement but also solve the problems of housing and help increasing production from land.

**Crop and Livestock Insurance Societies:**

Crop and livestock insurance is not undertaken in

---

India due to absence of required statistics and the complexity of the problem. Food and Agricultural Organization Conference on Cooperatives in Asia remarked in this connection that "cooperative and livestock insurance is of vital concern to the interests of the agricultural economy. But in the absence of statistics in this field and having regard to the complexity of the problem, the initiation of cooperative enterprises is difficult. Hence it is necessary that Government should carry on experiments by undertaking pilot schemes of such insurance on a cooperative basis.

Cattle insurance societies were organised in the past in Bihar, Punjab and Georj but failed due to high management costs in proportion to the amounts insured; uncertainty of members' income with their consequent irregularity in payment of premiums; frequent changes of cattle-holding by members; difficulties of finding out causes for the loss of cattle and regarding the identification of dead animals as to whether they were insured or not, and above all, lack of comprehension of operations and faith in the benefit of such societies. After a good deal of propaganda and education these societies should take up such business in carefully selected areas if State help in the form of grant-in-aid is available for initial expenses, administrative costs, veterinary services, vaccines, medicines, etc. State should also provide for reinsurance cover against excessive loss due to catastrophic risks.

Recommendation No.23(b) of the F.A.O. Conference on Cooperatives in Asia held at Lucknow from 24th October to 2nd November, 1949.
Availability of reliable statistics regarding cattle population, mortality ratio, etc. should be a prerequisite to the organisation of cattle insurance society. There should be arrangements for the prevention of contagious diseases, valuation of cattle, detection of correct age, etc. to fix the insurance premia. Crop insurance societies are not organised mainly because members cannot afford to pay the cost of premium. With substantial State aid in the form of administration costs and technical advice from the Agricultural and Irrigation Departments, cooperatives for crop insurance may be organised as an experiment in selected areas. The selected area must be homogenous in soil conditions, irrigation facilities, growing of crops, etc. The societies should fix up the premia to be paid by members by taking into account the possible occurrence of local calamities, like hail and wind storms, locusts, pests, floods and drought and average seasonal crop conditions by undertaking crop cutting survey on principles of random sampling in the area concerned.

Table IX

Multipurpose Societies in 1949-50


<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number</td>
<td></td>
<td></td>
<td>29,525</td>
</tr>
<tr>
<td>2. Membership</td>
<td></td>
<td></td>
<td>15,07,801</td>
</tr>
<tr>
<td>3. Deposits</td>
<td>(Rs. in lakhs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Members</td>
<td></td>
<td>85.23</td>
</tr>
<tr>
<td></td>
<td>(b) Non-members</td>
<td></td>
<td>32.34</td>
</tr>
<tr>
<td>4. Working Capital</td>
<td></td>
<td></td>
<td>755.48</td>
</tr>
<tr>
<td>5. Loans issued during the year</td>
<td></td>
<td></td>
<td>400.44</td>
</tr>
<tr>
<td>6. Loans recovered during the year</td>
<td></td>
<td></td>
<td>317.60</td>
</tr>
<tr>
<td>7. Loans outstanding at the close of the year</td>
<td></td>
<td></td>
<td>369.09</td>
</tr>
<tr>
<td>8. Overdues</td>
<td></td>
<td></td>
<td>62.43</td>
</tr>
<tr>
<td>9. Purchase of Goods</td>
<td></td>
<td></td>
<td>1,397.48</td>
</tr>
<tr>
<td>10. Sale of goods</td>
<td></td>
<td></td>
<td>1,386.42</td>
</tr>
</tbody>
</table>