Housing Problem in the Province of Madras.

Importance of Housing.

Housing is next in importance only to food and clothing and there can be no civilized life without proper housing facilities. Housing has a vital bearing on the health of the nation and the standard of living of the community in general. Neglect of housing tends to the growth of crowded towns and the development of 'plague spots' in big cities and generally constitutes the starting point for the spread of epidemics like cholera, plague, smallpox, etc. It is no exaggeration to state that the standard of health of the people in the cities and bigger municipalities is to a large extent dependent on the provision of healthy and hygienic houses on up-to-date lines. Under present-day conditions, housing has become one of the major problems that needs to be tackled with all the resources which the State, local bodies, employers and private capitalists can mobilize. Government are alive to the seriousness of the problem and the following pages are intended to show the steps already taken and proposed to be taken by Government to solve this admittedly difficult problem.

Shortage of Housing Accommodation.

The shortage of housing accommodation has assumed the proportions of a major problem everywhere in the post-war era. The problem is naturally more acute in countries which suffered devastation during the last war. In England, for example, it has been estimated that not less than 150,000 houses were destroyed as a result of air-raids. The position in Europe is similar, if not worse. In the United States of America, the Government are striving to put through a scheme of building expansion, but the tempo of progress is not as quick as the people would desire. To quote from a recent article on the subject in the *Economist*, London :

> "More and more leaks are appearing in the programme to put an adequate roof over the American head. The lag in construction during the first four months of 1947 indicates that dwelling units started this year may fall short by a quarter to a third of the record of a million units than was predicted a few months ago."

As regards India, the position in this regard is very acute in the cities and bigger towns, though the country has not experienced military devastation on any extensive scale during the war period. Madras City, like any other city in the country, is experiencing a housing shortage such as it never experienced at any time in the past. Coimbatore, Madura and other bigger towns are more or less in the same plight. The shortage is an inescapable phenomenon and is the cumulative result of the slow operation of a number of causes.

CAUSES OF SHORTAGE.

Discussing in general terms about the position of housing accommodation in India, the Bhore Committee observed that the increase in the number of houses had not kept pace with the increase in population. This is an indisputable fact. As far as Madras is concerned, there was a sharp increase of population, especially during the last two decades, but with no corresponding increase in the number of houses, especially houses suitable for the lower, middle class and the poor sections. It is a symptom of capitalistic economy that those who have capital to spend generally spend it only on projects which will bring them maximum benefit. The profit motive dominates the capitalistic system, and constitutes its primary driving force. Investment in houses is obviously not so remunerative a proposition as investment in some other businesses and naturally less attention was given to this activity than to others which promised higher dividends.

This is the fundamental reason why construction of houses could not keep pace with the increase in the demand for them. The position became worse during war time. The sporadic building activity that prevailed previously came to a stand still on account of the conditions created by the war. The feeling of uncertainty engendered by the war was not conducive to house construction which involves long-term investment of capital and was responsible for dissuading people who had the requisite capital from constructing houses till conditions became normal. Abnormal increase in the value of building sites also precluded people from undertaking construction of houses. Enquiries made in the City of Madras show that the price of building sites in the City has increased to three or four times their pre-war level (1939) and that the minimum extent of house-site ($1\frac{1}{2}$ grounds) in any 'sanitated area' ranges from Rs. 2,000 to Rs. 4,000 which is beyond the means of the middle classes. The position is more or less the same in bigger towns in the mofussil also. Building materials like cement, iron, steel and timber were in great demand for military purposes and could not be diverted for civilian use. Skilled labour was also largely switched on to war work. Side by side, the population and consequently the number of those requiring houses continued to increase, thus widening the gulf still further between demand and supply.

To add to this, a number of offices were opened in the City and other big towns and new industries were started for war purposes, which brought in their train an influx of people to run these offices and from the rural parts in search of work. Even now though it is nearly two years since the war is over, the process has not yet been reversed. The development of war-time industries has also resulted in a considerable number of residential quarters being utilised for factories or offices, thus reducing the number available for dwelling purposes.

The cumulative result of all this has been the appalling scarcity of housing accommodation. Madras may be taken as an illustration. The following table shows the results of enquiries made by the special officer in the City of Madras :—

Year. (1)	Population in lakhs. (2)	Number of houses. (3)	Average number of persons per house. (4)	Average number of per sons for whom additional house was constructed in the period. (5)
1921 census ..	5·27	64,621	8	..
1931 „ ..	6·47	73,845	9	13
1941 „ ..	7·77	87,888	9	9
1946 (approximate)ly.	12·35	89,485	14	287

It will be obvious from the above figures that the progress of additional housing in the Madras City did not keep pace with the growth of population during the last 25 years and particularly during the last quinquennium (1941–46) when the increase in population was over 60 per cent while only about 1,600 additional houses were constructed which works out at the rate of 1 additional house for every 287 additional people. The position could not have been much different in the important mofussil towns, particularly industrial centres like Coimbatore and Madura, which are as overcrowded as Madras. Thus when the war ended the position in this respect had become singularly grave.

Special Features of the Housing Problem.

Housing has certain peculiar difficulties inherent in the problem itself and appreciation of these factors will facilitate a scientific and proper approach to this question. There appears to be a tendency to overlook the several practical difficulties involved in the question and to express impatience at the slow space at which things are moving.

In the first place in any scheme of housing, care has to be taken to provide different types of accommodation to the different classes of people who comprise the community. For the purposes of housing, the community may be divided into five broad classes based on their earnings as follows :—

(*a*) Persons belonging to the rich classes earning above Rs. 1,000 per mensem ;

(*b*) persons belonging to the upper middle classes earning from Rs. 200 to Rs. 1,000 per mensem ;

(*c*) persons belonging to the lower middle classes earning from Rs. 50 to Rs. 200 per mensem ;

(*d*) persons belonging to the poor classes earning less than Rs. 50 per mensem ; and

(*e*) the destitutes and beggars with no ostensible means of living.

From the information collected in the Madras City Rationing Office, it is seen that the rich classes constituted about 1 per cent, the upper middle classes 5 per cent, the lower middle classes 21 per cent, while the poor classes including the destitutes formed about 73 per cent of the City's population in 1946. The same proportion may hold good in the case of mofussil towns also. Each of these different categories requires a different treatment from the point of view of housing accommodation. For instance, the question of providing shelters for the destitutes and the homeless beggars has to be tackled by local bodies aided by private charity by the starting of more poor houses. The poor classes who constitute about 75 per cent of the population cannot pay economic rents for healthy and hygienic houses without still further reducing their already low standard of living. Either public housing schemes or State assistance on a liberal scale is needed in their cases. The lower and the upper middle classes can put up houses of their own through the agency of co-operative societies, building firms or insurance companies, etc., if they are given reasonable facilities and a fairly long period of repayment of the capital value as they cannot find the required money in lump. The rich class may not require any special treatment as they may be expected to provide their own houses. Thus it may be seen that each of the above categories requires separate treatment and a different agency to provide housing accommodation. No uniform action seems feasible or desirable.

Secondly, housing schemes are limited by certain factors, of which the following are the more important. The availability of lands suitable for house construction at reasonable prices is the prime factor. The provision of modern civic amenities like protected water-supply, up-to-date sanitation, electric lighting, metalled or preferably tarred roads, etc., should be available to make the place suitable for living. The want of any of these amenities will considerably detract from the value of houses. The next essential factor, perhaps, the deciding factor at the present juncture, is the availability of building materials such as iron and steel, cement, timber, bricks, tiles, lime, etc. It will be most unwise to launch on a scheme of house building without making sure in the first instance of the availability of materials. Nor is it desirable to plan for the construction of more houses within a stipulated period than the supply position of these essential articles will warrant. Lastly finding the capital required for housing schemes on a large scale is another important factor. Ordinary banks seldom advance loans extending up to 20 years for the purpose of house construction. The rate of interest at which money is lent to the member has a vital factor affecting the housing schemes. The provision of cheap capital will, no doubt, go a long way to encourage the middle classes to acquire houses of their own.

Another difficulty connected with housing at present is that the schemes have to be formulated against the background of inflationary prices of sites, materials and labour. The enquiries made by the Special Deputy Registrar in the City of Madras have disclosed that the prices of building materials have also gone up, during the last 6 or 7 years, the percentage of increase ranging from 160 to about 400 in certain cases. The same is the case with labour. Compared to the average wages paid to different classes of labourers employed in the building trade in the City of Madras in 1939, the average wages in 1946 recorded an increase of 66 to 100 per cent. The wages for special works such as plumbing, electric wiring, concreting, etc., are still higher and hands are difficult to obtain in adequate numbers and for continuous periods. Though the war is over, it is not known how long the trend of prices will continue to remain at the present level. This uncertainty makes it all the more difficult to plan for the future on a large scale. Any sudden fall in prices which may accompany an ease in the supply position of essential materials or a slump in trade is bound to have a far-reaching effect on long-term investments.

It, therefore, seems desirable to make a distinction between emergency housing schemes in highly congested areas which have to be pushed through in spite of the high cost and long-term housing schemes which can afford to wait till conditions settle down to normal. So far as emergency housing schemes are concerned, it appears desirable that the State should step in and assist the public to obtain building sites and materials on easier terms, as otherwise it will be almost impossible for the middle classes to construct houses in the present-day conditions. The provision of houses cannot be entirely left to private or commercial enterprises, as the conditions obtaining to-day do not make it worthwhile for such enterprises to construct a large number of houses from the investment point of view.

NORMAL AGENCIES FOR HOUSE CONSTRUCTION.

1. *Private enterprise.*—From times immemorial this has been the normal method of house construction and even now obtains very widely in most villages and towns. The owner selects a site, usually from his ancestral land or acquires one, designs a house with the technical assistance of the local mason, procures building materials with his own capital, engages local labour and thus constructs the house. He also supervises the construction himself or employs a maistri. But in the present-day conditions, it is not every one that can afford to do this.

2. *Commercial enterprise.*—Especially in big towns where there is always a demand for houses, both individuals and corporate bodies invest capital in the construction of houses and let them out on hire. In this system profit is the main motive and consequently the rents charged will be comparatively high with a view to secure the maximum return on the capital invested. Examples of such enterprise in the City of Madras are: the Mutual Life Assurance Company's Building Schemes in Kodambakkam, the United India Life Assurance Company's Building Scheme at Ayyanavaram, Dr. Alagappa Chettiar's Building Scheme at Alagappanagar, etc.

3. *Co-operative enterprise.*—Persons of ordinary means who cannot generaly find at once the capital required for the construction of houses and who cannot afford to pay for the margin of profits of a large number of middlemen required for building construction can, with advantage, associate with their fellows and form a co-operative housing society. Such societies are very common and numerous in Europe and America. There are such societies in India too particularly in Madras and Bombay.

4. *Employers' enterprise.*—Big companies, factories, mills, railways, etc., that engage a large number of persons generally provide quarters for their own staff. These quarters are available for the employees for occupation during their tenure of office. Usually, a percentage of the salary is charged as rent which compares favourable with the rent charged by private owners for similar classes of buildings or accommodation. The Buckingham and Carnatic Mills' quarters at Perambur (Madras), the South Indian Railway Company's quarters at Golden Rock (Trichinopoly) and the colony of the Madura Mills Company at Harveyampatti (Madura) are some examples of this type of enterprise. In some of these cases the scheme provides for the employees becoming the

ultimate owners of the houses they occupy, under certain conditions.

5. *State and municipal enterprise.*—The State has provided for its staff in some cases, e.g., police lines, officers' quarters, etc. Municipalities also provide houses for the scavenging staff. Shenoynagar at Amjikarai is the enterprise of the Madras Corporation to house its staff. But, very little has been done by municipalities and the State towards providing houses for the public, especially the poor classes. A beginning has been made in Madras where the Corporation has constructed tenements which are let out to poor classes in addition to its employees. Ten per cent of the buildings constructed by it in Shenoynagar is intended to be rented out to the public.

Advantages of Co-operative Housing.

Co-operative effort represents a happy mean between the restricted and often slow moving methods of the municipal and public enterprise and the system of commercial enterprise which is actuated by the profit motive. A co-operative building society is primarily concerned with the satisfaction of the need for housing felt by its members, while a commercial enterprise is concerned with the profit that can be derived by the investment of funds on house construction. State loans are obtained by co-operative building societies and passed on to members on easy rates and for periods up to twenty years with a view to enable them to build their own houses for their own occupation. The system does not aim at exploiting them, but promotes thrift among members; for it enables the members to save from their income to pay off the loans obtained. When the co-operative organization takes the form of a house construction society, which builds houses for its members and leases them out to them on the hire-purchase system, the objective is to economize the costs of construction and to speed up the erection of buildings by joint effort. It is not the intention that the well-to-do should be enabled to become wealthier at the expense of the less well-placed people. The houses are constructed primarily for the occupation of the owners themselves for only those who have no houses of their own are generally admitted as members. If exceptions are made in favour of those who possess houses of their own, it is only on condition that they agree to rent out the new houses at fair rates determined by the Board of Directors of the Society. This exception has become necessary in recent years as otherwise the general shortage of houses cannot be remedied speedily.

Another advantage of co-operative housing is that in any scheme of town-planning the work of the planning authority will be greatly facilitated if individuals form themselves into associations with which the authority can deal instead of with a number of isolated individuals interested in house building. Further co-operative enterprise fosters a spirit of self-help, promotes thrift and provides democratic management. The co-operative system does away with the arbitrary interference of the landlord as members in their corporate capacity constitute the landlord or owners. In view of these undoubted advantages Government propose to encourage schemes of co-operative housing as far as possible.

DIFFERENT TYPES OF CO-OPERATIVE HOUSING SOCIETIES.

There are two main forms of co-operative housing societies. The first is of the simplest type, a building society which provides long-term loans to its members for the construction of houses. This is in fact a long-term credit organization providing loans up to twenty years. People who wish to construct houses for their occupation become members of the society and take shares in it. If they have a site in their possession, they pledge its value as share capital. The society borrows most of its funds from Government and passes it on to the members with a small margin to cover its working expense. The loans stand on the security of the mortgage of their own house-sites and the buildings which they propose to erect on them. These societies also assist their members by acquiring sites under the Land Acquisition Act. In some cases, the society prepares the lay-out and sells the plots to the members after reserving a portion for common amenities such as roads, parks, etc. The by-laws of these societies also provide for the joint purchase of materials which is certainly more economic than isolated purchases by members concerned.

The second type of co-operative housing society is based on the co-partnership system which has developed in two directions, viz., the tenancy system and the hire-purchase system. In both kinds of co-partnership, the society purchases lands and constructs houses with share capital subscribed by the members and the loans raised by it on the security of the site and the buildings. In the tenancy system, the buildings are let out to each member, who simply remains as tenant of the society paying a monthly rent. In the hire-purchase system, the lease of the buildings is subject to the conditions that after the expiry of a specified period for which the member has regularly paid rent, the house ultimately becomes his own property.

In Madras, co-operative housing societies have been organized on the individual ownership system. All the old societies are house building societies which advance long-term loans to members for the construction of houses. For a variety of reasons the co-partnership system, either the tenancy or the hire purchase kind has not so far been popular in this Province. But, recently, two new types of housing societies have been introduced here. One is the house construction society under which the society acquires building sites, constructs houses and lets them out to its members on the hire-purchase system. After paying regularly the monthly rental for a specified period, the member becomes the ultimate owner of the house. The main difference between a house building and a house construction society is that the former only advances loans and leaves the construction of house to the individual member, whereas the latter constructs the house itself and lets them to its members on the hire-purchase system. The latter type of society is very much suited to present-day conditions which require the relieving of the scarcity of houses as speedily as possible. This type of house construction societies have been formed recently at Madras, Trichinopoly, Tanjore and Palamcottah.

The third type of co-operative housing societies in Madras is known as the Co-operative Township under which not only does the society provide loans to members for the construction of houses or undertakes the construction of houses on their behalf, but also provides for all municipal amenities such as laying out of roads of proper width, provision of electric lighting for streets, provision of protected water-supply and scientific system of drainage, provision of medical relief, vaccination, maternity aid, conservancy, etc., provision of burning and burial grounds, free elementary education, appointment of sanitary staff for public health work and the enforcement of building regulations. In fact, all the civic duties of the municipality will be taken over by the Township. Such a co-operative township has been recently formed at Katpadi in the North Arcot district.

Steps taken by Government for solving the Housing Problem.

In spite of the overwhelming food crisis that confronted the popular Ministry soon after they assumed office, they directed attention of the ways and means of solving the housing problem. But Government have their own handicaps in the matter. It is obviously not feasible for them to construct a large number of houses and rent them out to the public. Even the most advanced socialist country in the world, the U.S.S.R., has not gone to that extent. What Government can do is to assist and encourage private as well as corporate enterprise and stimulate local initiative. This they have done. They have sanctioned a number of town-planning schemes and are assisting local bodies in the execution of their plans. They have also undertaken to provide long-term finance to co-operative housing societies.

The Madras Co-operative House Construction Society.—In particular, Government have stimulated co-operative enterprise. They appointed a special officer to investigate into the housing problem in the Madras City. In pursuance of his recommendation, a co-operative house construction society has been registered in the City of Madras and it has commenced work. It proposes to acquire suitable building sites within the City limits and to construct three different classes of buildings—"A" class buildings at a cost of Rs. 15,000 each, "B" class buildings at Rs. 10,000 each and "C" class buildings at Rs. 5,000 each. These houses will be rented out to its members on the hire-purchase system. The members will have to take shares in the society to the value of the site of the class of the house selected by them and will have also to deposit one-fifth of the cost of the building before occupying the house. The balance of the value of the building and the value of amenities provided will be recovered from them in easy monthly instalments spread over a period up to twenty years. The members can repay the balance in fewer instalments or in one lump; but the title to the houses will be made over to them only after the expiry of ten years. The society at Madras has made a promising start purchasing 131 acres of land in Adyar, and it is expected that it will very soon commence the construction of houses and relieve congestion in the City. Similar co-operative house construction societies have been registered recently at Trichinopoly, Tanjore and Palamcottah and others are under investigation in other large municipal towns like Guntur, Bezwada and Vizagapatam.

Co-operative township at Katpadi.—In the Mofussil where large blocks of lands are available and other conditions are favourable, it is proposed to form co-operative townships. As stated above, one has already been formed at Katpadi in the North Arcot district. This township proposes to acquire 1,400 acres of land between Katpadi and Vellore and to divide it into about 5,000 plots after setting apart the required area for common purposes such as roads, parks, schools, hospitals, temples, etc. These plots will be divided into five classes and will be sold to members for prices ranging from Rs. 6,000 to Rs. 400 each. The cost of the acquisition of land is estimated at about Rs. 9 lakhs and this money will be found entirely from the share capital subscribed by the members. Out of the surplus the sale proceeds of plots, provision is made for laying out roads, undertaking drainage, lighting, etc. The members to whom plots are allotted will be required to construct houses within a specified period and those requiring financial assistance will be given loans by the society under the rules governing State loans to co-operative building societies. The scheme will relieve congestion in Vellore town. The funds required for the execution of the scheme are expected to amount to Rs. 3 crores. Such co-operative townships are also proposed to be organized near the highly congested towns of Mangalore and Coimbatore. Suitable sites have been selected for the purpose.

One hundred houses unit schemes for smaller towns.—Apart from these special schemes, Government have a proposal for the establishment of colonies of 100 houses in municipal towns and major panchayat areas. In pursuance of this scheme they have constituted local committees for the selection of building sites in all municipalities and major panchayat areas where the scarcity of houses is acute. Non-officials and local officers of the Revenue and Co-operative departments are members of these committees. They have been requested to select suitable sites for house construction after a joint inspection of sites and to make their recommendations within two months to the Government through the Collector of the district. Their reports are being received one after another and the Co-operative department is organizing co-operative building societies in every case where local response is adequate and the financial prospects of a building society are good. The houses are to be constructed by the members with the aid of State loans or will be constructed for them by the building society as their agent. They will be constructed according to type-designs approved by the board of directors of each society. It is expected that when houses are built in large numbers, conformity to a few select pattern will ensure economy and expedition.

Rural Housing Scheme at Yemmiganur.—An attempt at solving the rural housing problem has been made in Yemmiganur in Bellary district. This village has the biggest weavers' co-operative society in the Province. Taking advantage of its exceptionally strong financial position, the society has proposed to improve the housing conditions of its weaver members. It has acquired about 50 acres of lands on the outskirts of the village at a cost of Rs. 32,000. On this land, it proposes to construct immediately 100 houses. Provision is also made for common buildings like a hand-loom factory, a dye-house, a guest-house, an office-room, a library and reading room, etc. Each dwelling house will be surrounded by a little kitchen garden. Government have sanctioned a loan of Rs. 1 lakh for this scheme. The society is expected to invest its reserves in the construction of houses. This enterprise has led the way to similar enterprises by other weaves' co-operative societies in the Prohibition districts and housing schemes are in various stages of investigation in 23 such societies.

Special arrangements for procuring building materials.—Government have also made special arrangements to procure building materials to co-operative housing societies at reasonable prices. Seven thousand tons of timber have been ORDERED TO BE RESERVED FOR co-operative housing schemes at concessional rates from the Madras Government forests. The question of obtaining an allotment of teak for housing schemes direct from the Burma Government is also engaging the attention of the Government.

The Government of India have been requested to make a special allotment of iron and steel for co-operative housing schemes from out of the reserve at their disposal for new development schemes sponsored by Governments. Wherever possible suitable military surplus stores are reserved for these schemes. The Cement Marketing Association of India has agreed to supply cement on a priority basis to co-operative house-building societies on the recommendation of the Registrar of Co-operative Societies. Government also propose to make available to these societies the requisite coal and coke for making bricks on a large scale.

Provision of State loans to co-operative housing societies.—Government have undertaken to finance co-operative housing schemes by granting the societies State loans up to twenty years for the construction of houses. Till recently, these societies were charged interest at $4\frac{1}{4}$ per cent on these loans. But with effect from 14th June 1947, Government have, on the representations of the Registrar, reduced the rate of interest on State loans to $3\frac{1}{2}$ per cent to enable the societies to pass on the loans to their members at rate not exceeding $4\frac{1}{2}$ per cent per annum. This will certainly lighten the burden of interest to the ultimate borrowers and enable many persons belonging to the middle classes to take advantage of State aid and construct houses of their own through co-operative housing societies.

Special legislation under contemplation.—It has been represented from several quarters that owners of building sites, taking undue advantage of the scarcity of houses, are charging unreasonably high prices, which amount to exploitation. Government have been requested to control the value of building sites and put down this profiteering. Government are therefore examining whether any special legislation on the lines of the Town and Country Act of 1945 of the United Kingdom is not necessary for this purpose. They are also considering various proposals to expedite land acquisition proceedings under the Land Acquisition Act for house construction purposes.

Appointment of Provincial Housing Committee.—Finally at the instance of a resolution passed in the Madras Legislative Council, the Government have constituted a Provincial Housing Committee under the Chairmanship of Diwan Bahadur L. Venkatakrishnan, a retired Chief Engineer of the Public Works Department. The Committee has been requested to examine the housing problem in the Province in all its aspects and suggest measures for relieving the scarcity of houses on a province wide basis with special reference to urban and semi-urban areas and also to raise the standard of housing generally. The committee's investigations will be on a long-range basis and will include the question of housing the lower classes of the population who cannot afford to pay for their own houses in full. The work of the committee is proceeding apace and its report is awaited with keen interest.

CO-OPERATION OF THE PEOPLE.

Whatever be the form of Government, the co-operation of the people is important in a matter like relieving shortage of housing. The State has no doubt, a responsibility; but the responsibility of the people is not less. This fact is often apt to be forgotten. It has been said that in the East there is always a tendency for the people to look to the Government for anything and everything. Addressing the Indian National Science Academy in 1938, the Hon'ble Pandit Jawaharlal Nehru observed that "we have got too much into the habit of waiting for the Government to take the initiative in everything." In the past such an attitude had done more harm than good. Where there is scope for private enterprise or co-operative enterprise for solving a problem, it is the responsibility of those who are in a position to undertake the work to shoulder the burden. It is admitted on all hands that one of the best ways of overcoming the present shortage of house in as short a time as possible is by the formation of co-operative housing societies on an extensive scale in every town where there is congestion. These societies may be simply co-operative building societies, or they may be co-operative house construction societies, or they may be co-operative townships. In every case, the society is a union of persons associated on a voluntary basis for the satisfaction of their wants and not a union of capital with a view to earn profits. It endeavours to provide houses on the basis of self-help and mutual co-operation by eliminating middlemen and preserving for the members the gains that are now taken away by them.

By-laws of the Madras Co-operative House Construction Society, Limited, are given in the appendix.

APPENDIX

By-laws of the Madras Co-operative House Construction Society, Limited, No. X-209.

1. *Name, address and jurisdiction.*—The Madras Co-operative House Construction Society, Limited, No. X-209 is registered as a Co-operative Society under Act VI of 1932 (Madras). Its address shall be Government Press Buildings, Mount Road Post Office, in the Madras City. Its operations shall be confined to the limits of the Corporation of the City of Madras.

2. *Objects.*—The objects of the society shall be—

(*a*) to buy or acquire land by purchase, mortgage, lease, exchange, gift or otherwise;

(*b*) to lay out land to suit the requirements of the society in shape of roads, parks, playgrounds, schools, hospitals, water-works, markets, post offices and other social amenities, etc.;

(*c*) to lay out land as house- sites for the benefit of the members of the society;

(*d*) to construct or cause to be constructed buildings or other works of common utility to the society;

(*e*) to build or cause to be built residential houses or other buildings for the members;

(*f*) to hold, sell, mortgage, lease out on hire, or on hire-purchase system or otherwise dispose of land, houses, house-sites, buildings and all other properties, movable and immovable, as may be necessary for carrying out the objects of the society;

(*g*) to establish and maintain social, recreative, educational, public health or medical institutions for the benefit of the members;

(*h*) to raise funds required for the business of the society;

(*i*) to repair, alter or otherwise deal with the buildings of the society; and

(*j*) to do all things necessary and expedient for the accomplishment of the aforesaid objects and for the comfort, convenience and good of the members.

3. *Liability.*—The liability of the members of the society shall be limited to the share capital subscribed by them.

4. (i) A past member shall be liable, as provided in by-law 3 for the debts due by the society as they existed on the date when he ceased to be a member, for a period of two years from such date.

(ii) The estate of a deceased member shall be liable, as provided in by-law 3, for the debts due by the society as they existed on the date of his decease, for a period of two years after his decease.

5. *Authorised capital.*—The capital of the society shall for the present be Rs. 50,00,000 made up of 50,000 shares of Rs. 100 each. One-fourth of the value of each share shall be paid with the application for shares and the balance shall be paid in full when the shares are allotted. An entrance fee of rupees two only per share shall also be payable with the application for shares.

6. *Membership.*—Any person over 18 years of age who is competent to contract shall be eligible for admission as a member. But no person can claim admission as a matter of right.

7. Application for admission as members and for allotment of shares shall be made to the Secretary in the form, if any, prescribed by the society for the purpose. Every such application shall be disposed of by the Board of Directors who shall have power to grant admission or to refuse it without assigning reasons.

8. (*a*) Every member shall take at least ten shares, but no member shall take more than 100 shares.

(*b*) Every member shall be given a certificate or certificates signed by the President and two other Directors and specifying the face value of the share or shares. In case of loss of the share certificate a fee of Re. 1 shall be collected for the issue of a duplicate.

9. No member shall be permitted to withdraw any share or shares held by him but the Board of Directors may permit a member to withdraw his share capital provided—

(i) he has completely discharged his liabilities to the society;

(ii) he does not hold any interest in the society as hire purchaser or lessee or heir or transferee or lessee of a hire purchaser of a plot or building in the possession or ownership of the society:

(iii) he has held the shares in the society for a period of not less than five years and has given six months' notice of the withdrawal: and

(iv) the share capital of the society after withdrawal plus the value of the sites and buildings remaining in the possession or ownership of the siciety is, according to the calculations made in that behalf by the Government as on June 30 preceding, at least 50 per cent in excess of the outside liabilities of the society (including the liability to Government) on the date of withdrawal.

10. (*a*) No member shall be permitted to transfer any share held by him unless the transferee be a member or some person whom the Board of Directors is willing to admit as a member and provided in any case that the transfer of a share shall not be operative unless and until it is sanctioned by the Board of Directors. Every transferee of a share shall pay a fee of rupees two only per share.

(*b*) All endorsements of transfers of share certificates shall be signed by the President or the Secretary whoever is authorized by the Board of Directors in this behalf.

11. (*a*) (1) Subject to the provisions of by-law 44, the society may on the death of a member transfer his share or interest in the capital to the person nominated in accordance with by-law 11 (*b*), or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest as ascertained in accordance with the by-laws.

Provided that the society shall transfer the share or interest of the deceased member to such nominee, heir, legal representative, as the case may be, being qualified in accordance with rules and by-laws for membership of the society, or on his application within one month of the death of the deceased member to any person specified in the application who is so qualified.

(2) Subject as aforesaid, the society may pay all other monies due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payment made by the society in accordance with the provisions of this by-law shall be valid and effectual against any demand made upon the society by any other person.

(*b*) Every member of the society may nominate a person to whom under by-law 11 (*a*), his share or interest in the capital shall be transferred or the value thereof or any sum payable under the by-laws shall be paid. Such member may from time to time revoke or vary such nomination. Such nomination shall, in the event of his death, be given effect to by the society, provided that—

(1) the nomination is in writing and has been signed by the deceased in the presence of at least two witnesses, attesting the same;

(2) the nomination has been registered in the books of the society kept for the purpose; and

(3) the nominee may become a member only if admitted by the Board of Directors.

12. *Funds.*—The society will ordinarily obtain funds from the following sources:—

(*a*) Share subscription; (*b*) Loans from Government; (*c*) Deposits from members; (*d*) Donations; (*e*) Entrance and other fees, (*f*) Contributions towards maintenance of roads, water-supply, lighting and sanitation in the colonies formed by the society; and (*g*) Subscriptions towards social, medical, recreative and educational institutions in the colonies formed by the society.

13. *Borrowings.*—The society shall borrow all the money it requires from Government at such rates and on such terms as the

Board of Directors may settle. There is, however, no objection to the Board of Directors obtaining deposits from members provided that such deposits are repaid as soon as the loan from Government is received.

14. *Maximum borrowing limit.*—The total borrowings of the society both by way of deposits or otherwise and whether from members or others shall not at any time exceed four times its paid-up share capital.

15. *Management.*—Subject to such resolutions as the general body may from time to time pass, the executive management of the affairs of the society shall vest in a Board of Directors. The Board of Directors shall consist of not more than nine members.

16. The members of the Board of Directors shall be elected by the general body for a period of three years from among the members. Members of the Board of Directors shall continue in office after the expiry of their term of office, until by election another Board is constituted. A retiring member of the Board of Directors shall be eligible for re-election. After the Board of Directors is elected by the general body, they shall elect from among themselves a President and a Vice-President. Interim vacancies on the Board of Directors may be filled up by the remaining members of the Board by co-option for the unexpired portion of the period except in cases contemplated in by-law 21. Any member or members of the Board of Directors may at any time be removed by a resolution of the general body.

17. Notwithstanding anything contained in these by-laws the first set of Directors (including the President and the Vice-President) shall be nominated by the Registrar of Co-operative Societies. They shall hold office for a period of five years. It shall however be open to the Registrar of Co-operative Societies to nominate the Directors for a further period not exceeding three years if in his opinion such a course is considered necessary in the interests of the society. The Registrar may at any time in the interests of the society terminate the nomination of any Director and nominate any other in his place. Any vacancy that may arise in the nominated Board of Directors shall be filled up by the Registrar by nomination for the rest of the period.

18. The Board of Directors shall meet once a fortnight or oftener if necessary to conduct the affairs of the society. No decision of the Board of Directors shall be valid unless it is assented to by at least five members. All questions before the Board of Directors shall be decided by a majority of votes. Should there be an equality of votes, the President or other presiding member shall have a casting vote. No member of the Board of Directors shall be present at a meeting of the Board when any matter in which he is personally interested is being discussed. In case of urgency where there may not be sufficient time to convene a meeting of the Board of Directors and in all cases in which such a procedure may, from time to time,

be prescribed by the Board of Directors, the Secretary may obtain the orders of the Board of Directors by circulation of papers. Such decisions arrived at by circulation shall be placed before the next meeting of the Board of Directors for their ratification. Should a difference of opinion arise in the course of such circulation, the matter shall not be decided by circulation but shall be placed before a meeting of the Board of Directors.

19. Should a member of the Board of Directors absent himself from four consecutive meetings of the Board, he shall cease to be a member of the Board of Directors but may be reinstated by the Board of Directors.

20. Subject to such resolutions as the Board of Directors may from time to time pass, the several officers of the society shall have the powers mentioned below:—

(a) The President shall have a general control over all the affairs of the society, shall ex-officio be the treasurer and shall have the custody of all the properties of the society.

(b) The Vice-President shall exercise all the powers of the President when the latter is absent and when such powers have been delegated to him in writing. He shall preside over the meetings of the Board of Directors whenever the President is absent.

21. Any member of the Board of Directors who commits default in respect of any money due from him to the society shall *ipso facto* be considered disqualified to continue as an office-bearer. But if the default has been for a period of three months or less, the defaulter may be reinstated by the general body on his showing good cause for the default. In no circumstance shall a defaulter continue to hold office as a member of the Board of Directors, if his default has continued for more than three months.

22. Receipts shall be issued for all moneys paid to the society. For moneys paid by members, the receipts shall be signed by the Secretary, or any employee of the society whoever is selected by the Board of Directors to discharge this function. In the case of borrowings from non-members or from other societies or from Government, the receipt or the bond shall be executed by at least three members of the Board of Directors of whom the President or the Vice-President shall be one.

23. It shall be the duty of the Board of Directors to maintain such accounts and registers as are prescribed by rule V of the rules under the Act and by the Registrar from time to time, to place before a general body meeting of the members the Registrar's notes of audit or inspection within one month from the date of receipt, to correspond with the Registrar and to do all other business relating to the society.

24. The Board of Directors shall have power to prescribe from time to time the scale of office establishment and to incur expenditure as may be necessary for the management of the society with reference to the scale and within the budget allotment sanctioned by the general body for each year.

25. The Board of Directors shall be competent to fix the amount and nature of the security, if any, to be given by the office establishment.

26. It shall be competent to the Board of Directors to frame subsidiary by-laws for the conduct of the business of the society consistent with the Act, the rules under the Act and these by-laws. Such subsidiary by-laws shall be entered in the minute book of the society and they shall be reported to the Registrar of Co-operative Societies for approval.

27. The services of the members of the Board of Directors shall be gratuitous; they shall, however, be paid a sitting fee of Rs. 10 each for every meeting of the Board attended.

28. *Secretary.*—The Board of Directors shall appoint a paid Secretary, who shall be a Deputy Registrar of Co-operative Societies, for the first five years. He shall be responsible for the executive administration of the society subject to the control of the President. He shall exercise such powers as may be delegated to him by the Board of Directors from time to time. He shall be the officer to sue or to be sued on behalf of the society. All bonds and other legal documents executed in favour of the society shall be in his name. It shall be competent for him to incur petty contingent expenditure subject to a maximum of Rs. 50. He shall have power to operate on the bank accounts of the society within the limits prescribed by the Board. He shall also sign, endorse and negotiate cheques and other negotiable instruments within the limits prescribed by the Board. The cash book of the society should be checked and signed by him daily, in token of its correctness. He shall have power to appoint members of the establishment as well as to fine, suspend or dismiss them subject in the last two cases to the approval of the President.

29. *General body.*—The ultimate authority in all matters relating to the administration of the society shall be the general body of the members who shall meet from time to time and at least once a year to conduct the work of the society. The general body shall not, however, interfere with the actions of the Board of Management in respect of the matters delegated to it under the by-laws. The following among other matters shall be dealt with by the general body:—

(i) The election and removal of the Board of Directors other than the nominated Directors;

(ii) the annual report due to the Registrar of Co-operative Societies;

(iii) the Registrar's annual audit certificate;

(iv) the amendment or repeal of any existing by-law or the enactment of a new by-law;

(v) the expulsion of a member;

(vi) the consideration of any complaint which any individual member may prefer against the Board of Directors;

(vii) the returns that may be precribed by the Provincial Government; and

(viii) passing of the annual budget of the society.

30. A meeting of the general body of the members may be convened whenever necessary for the conduct of the business by the Board of Directors and shall be so convened by the Board of Directors at the request of 50 or more members in writing specifying the purpose of the meeting or at the instance of the Registrar.

31. It shall be the duty of every member to attend the meetings of the general body. The quorum for a general body meeting shall be 50, or one-fourth of the total number of members on the list at the time, whichever is less.

32. The President, when present, shall preside at the meetings of the general body; in his absence, the Vice-President shall preside; and in the absence of both the President and the Vice-President, the body may choose a chairman from their number to preside at the meeting. Every member present shall have one and only one vote. All questions shall be decided by a majority of votes of the members present and voting. When votes are equal, the chairman of the meeting shall have a casting vote.

33. Seven days' notice shall ordinarily be given to the members before a meeting of the general body is convened.

34. If a member deceives the society in any way, or if his general conduct is such as to render his removal necessary in the interests of the society, it shall be open to the general body to expel such member. An expelled member shall not have his paid-up share capital refunded to him until a purchaser of the shares held by him is forthcoming to whom the shares can be reallotted under by-laws 6 and 10 and until the value of such reallotted shares is paid into the society. A member who drives the society to court to recover the money due from him shall, for that reason, be expelled from membership. An expelled member shall be liable as provided in by-law 3 for the debts due by the society, as they stood on the date of his expulsion, for a period of two years after such expulsion.

35. *Purchase of land and construction of houses.*—Subject to such resolutions as the general body of members may from time to time pass, the Board of Directors shall have full power to do all things which they deem necessary or expedient for the accomplishment of all the objects specified in by-law 2, including power to purchase.

hold, sell, exchange, mortgage, rent, lease, sub-lease, surrender and accept surrenders of land or houses and to construct houses.

36. *Purchase of land.*—It shall be competent for the Board of Directors—

(i) to buy lands either from or through Government or otherwise;

(ii) to render the lands so purchased fit for habitation;

(iii) to lay out streets, roads and parcel out the lands as house-sites;

(iv) to sell or lease or otherwise deal with the sites to members or others on such terms as they may determine; and

(v) to provide or maintain facilities for water-supply, drainage, lighting and similar works of common utility.

37. *Construction of houses.*—(i) On the land acquired by the society, the Board of Directors shall with the aid of loans from Government construct or cause to be constructed three classes of buildings as per details below:—

(*a*) Upper class buildings (' A ' class), on about 6 grounds or 30 cents of land, costing about Rs. 15,000;

(*b*) Middle class buildings (' B ' class), on about 4 grounds or 20 cents of land, costing about Rs. 10,000; and

(*c*) Lower class buildings (' C ' class), on about 2 grounds or 10 cents of land, costing about Rs. 5,000.

The construction of other classes of buildings may also be undertaken by the Board if sufficient sites are available and if applicants for houses are forthcoming.

(ii) When the sites are acquired, laid out and classified as A, B, C, etc., the Board of Directors may allow the selection of sites by the members. In case two or more members desire to have the same site, the Board of Directors shall decide the question by the drawal of lots. When once a member has selected his site by his own choice or by lot, the selection shall be final and cannot be revoked.

(iii) The houses shall be constructed according to the type designs prepared by a technically qualified engineer not lower in rank than an Upper Subordinate in Engineering. They may be constructed with the help of qualified contractors or firms of repute dealing in building contracts on such terms and conditions as may be determined by the Board of Directors of the society under the supervision of engineers appointed by the society or they may be constructed by the society's engineers themselves.

38. *Allotment of houses.*—(i) As soon as the houses are completely constructed and are ready for being let out on the hire-purchase system to the members they shall be valued and the value of each dwelling

(ii) If there be any balance in the net profits, a sum not exceeding $7\frac{1}{2}$ per cent may be paid to a Common Good Fund to be utilized for any of the purposes mentioned in section 2 of Act VI of 1890 (India), viz., education, sanitation, medical relief, etc., if the general body so wish.

(iii) The balance, if any, shall be carried to the Reserve Fund. All undivided and indivisible profits and all profits not allotted in accordance with this by-law shall be carried to the Reserve Fund.

42. *Reserve Fund.*—(i) The Reserve Fund shall belong to the society as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall be invested in such manner as the Registrar of Co-operative Societies prescribes and shall not be drawn upon except with his sanction.

(ii) On the dissolution of the society, the Reserve Fund and other funds contributed by it under the provisions of its by-laws shall be applied—

(*a*) to discharging such liabilities of the society as may remain undischarged after the enforcement in full of the liability of the members of the society;

(*b*) to the repayment of the share capital paid; and

(*c*) to the payment of dividend upon such share capital, at a rate not exceeding 5 per cent per annum for any period or periods for which no dividend has been paid.

(iii) Such portion of these funds as shall remain after payments mentioned in sub-clause (2) shall be applied to such local subjects of public utility as may be selected by the general body and approved by the Registrar in accordance with rule XIV (3) (*a*) of the rules under the Act. If within three months of the final closing up of the society the general body fails to make any selection that is approved of by the Registrar, the latter may use the abovementioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank until a new co-operative society with similar objects is registered in which event the funds shall be credited to the reserve fund of that society.

43. If, however, at any time the general body resolves to split the society into more than one society by excluding a portion of the existing area of operations from the operations of the society and a new society or societies be registered to cover the area so excluded, a portion of the Reserve Fund shall be transferred to the society or societies as decided upon by the general body which resolves upon the splitting of the original society.

44. *Miscellaneous.*—The amount of paid-up share capital deposit and other money to the credit of a member or a past member shall be subject to a first charge in favour of the society in respect of any moneys due to the society from such member or past member. The

society shall be at liberty to appropriate the whole or any portion of such paid-up share capital or deposit or any other money to the moneys due by the member to the society.

45. When a member from whom money is due pays any sum it shall be appropriated in the following orders:—

Firstly, to fees, fines, postal, registration and other miscellaneous charges due by him; secondly, to interest; and thirdly, to hire-purchase instalments.

46. No amendment to, alteration in, or cancellation of, a by-law or the enactment of a new by-law shall be made except at a general meeting of the members or shall take effect until it shall have been approved by the Registrar.

47. Should any doubt arise as to the construction of the Act or any by-law, the Board of Directors shall refer the same to the Registrar of Co-operative Societies for advice and act according to his advice.

48. The society shall prepare annually in such form as may be prescribed by the Registrar (*a*) a statement showing the receipts and disbursements for the year, (*b*) a profit and loss account, (*c*) a balance sheet and (*d*) such other statements as may be prescribed by the Registrar.

These statements shall be made up to 30th June and a copy of each shall be sent to the Registrar within fifteen days after the close of the co-operative year ending 30th June. After the Registrar has verified the statements and granted his audit certificate, the society shall publish such of the prescribed statements as he may direct in the manner prescribed by him.

49. In the case of a dispute touching the business of a society between members or past members of the society, or persons, claiming through a member or past member or between a member or past member or persons so claiming and the Board of Directors, a reference in writing may be made by any party to the Registrar. Similarly, in the case of a dispute relating to a debt due to the society by a member or past member or persons claiming through a member or past member, a reference in writing may be made by either party to the Registrar. The Registrar shall have power on receipt of such reference either to decide the dispute himself or refer it to an arbitrator appointed by him or to several arbitrators of whom one shall be appointed by him and one other by each of the parties to the dispute. The decision or award of the Registrar or of the arbitrator or abritrators, as the case may be, shall be final and it may be enforced in either of these ways—

(*a*) By an application made to the Collector of the district through the Registrar of Co-operative Societies, requesting that the amount due under the decision or award may be recovered in the same manner as arrears of land revenue;

(*b*) by an application to the civil court having jurisdiction over the subject matter of the decision or award requesting that the court may enforce the decision or award as if it were a decree of the court; and

(*c*) by an application to the Registrar of the district under section 57-A of the Madras Co-operative Societies Act VI of 1932.

50. Should any sum belonging to the society be either stolen or otherwise lost and found irrecoverable, it shall be open to the general body to write off such amounts after obtaining the sanction of the Registrar.

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