

Conference of Registrars of Cooperative Societies and Directors-in-charge of Backward Classes

AND

The State Ministers-in-charge of Welfare of Backward Classes and State Ministers-in-charge of Cooperation

May, 1964

PROCEEDINGS AND AGENDA NOTES



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PROCEEDINGS OF THE CONFERENCE OF REGISTRARS OF COOPERATIVE SOCIETIES & DIRECTORS IN-CHARGE OF BACKWARD CLASSES

Introductory

Article 46 of the Constitution lays down as a Directive Principle of State Policy that the State shall promote with special care the educational and economic interests of the weaker sections of the people and, in particular, of the Scheduled Castes and Scheduled Tribes and shall protect them from social injustice and all forms of exploitation. For this purpose, various programmes have been undertaken in the three Plans for bringing the members of these classes to the level of the rest of the community. Development programmes for the welfare of backward classes, for which separate provision is made in the five year Plans, are to supplement benefits accruing from the general programmes in different fields. One of the principal lessons of the past decade, however, is that for a variety of reasons, in the ordinary course, the backward classes are not able to secure their fair share of the provisions under the different general heads.

2. The Conference was of the view that, some exceptions apart, co-operatives also have not yet helped backward classes to the extent desirable. It was, nevertheless, recognised that the cooperative form of organisation offered excellent opportunities for ensuring that the benefits of large scale operation and management reached these classes without curtailing their individual freedom. In this context, it was also emphasised that the country was committed to development on co-operative lines and that cooperative institutions had a vital role to play.

It was emphasised that a flexible approach was necessary as the problems of these communities were complex and differed considerably from State to State.

ITEM No. 1-A—Scheduled Tribes

3. One of the main factors that would stimulate economic development in tribal areas would be, apart from the elimination of middlemen, traders and contractors, the provision of adequate credit for productive and social purposes. It was recognised that the size of credit requirements would be very large and, therefore, special efforts have to be made to ascertain the extent of the requirements and meet them through the combined resources of government, the Reserve Bank of India and existing cooperative institutions. In this context, it was also recognised that co-operatives would have to face considerable competition and opposition from deeply entrenched vested interests. There was, therefore, need for a powerful agency at the State and Central levels to promote the programme. It was also necessary that the highest degree of coordination be effected in order to implement the programme.

4. The Conference was in favour of creating cooperative institutions at the primary level which, if necessary, should be nursed during their formative period by governmental, cooperative or voluntary agencies. It was recognised that in many areas, particularly of the Eastern region, where a major part of the tribal population was concentrated, some of

the tribes had not yet reached a stage where they could fully understand the cooperative form of organisation or manage their own affairs. It was also observed that, in some cases, cooperatives had actually been used as instruments of exploitation by non-tribals who were paid office-bearers of societies. It was necessary to ensure that such exploitation was not permitted. In areas where enlightened local leadership was not available, Government should itself provide promotional administrative assistance through its staff. Simultaneously, as the primary level co-operative institutions gathered momentum and became viable, they could increasingly be managed by the local tribals themselves.

Service Cooperatives

5. The Conference was of the view that it would be desirable to organise such societies on the basis of the hat as a unit, wherever 'hats' existed. However, in view of varying conditions in States, the need to maintain flexibility was stressed in regard to the functions, population coverage and the assumption of the 'hat' as the basis of organisation.

6. In view of conditions obtaining in tribal areas, it would not always be possible to regard economic viability as the essential pre-requisite for the organisation of service cooperatives. Initially, in some areas, non-viable societies may have to be set up and the State will have to undertake financial support for a period of 5 to 10 years i.e. till such time as these units became viable. Thus, viability will be the ultimate, but not the immediate objective.

7. In order to draw tribals to the service cooperatives, it was necessary that the society should comprehensively look to all their needs. It was, therefore, necessary that the service cooperatives should not only provide credit, but also supply consumer goods, maintain a grain section, and engage in limited outright purchases of agricultural and minor forest produce. For purchases, the service cooperative should function as an agent of the marketing society or of the State Cooperative Corporation. Where the organisation of separate labour and forest cooperatives was not feasible owing to local reasons, there should be no objection to service cooperatives pursuing the activities normally undertaken by such societies.

Marketing Societies

8. Marketing societies should undertake outright purchases and in order to be successful, must handle minor forest produce as one of its main items. In States where existing societies have developed adequately, they may, in preference to new societies, be allowed to take up marketing of minor forest produce.

9. It was necessary to organise regional marketing cooperative societies in tribal areas on the lines of the Andhra Scheduled Tribes Development Corporation. In this context, it was noted that Andhra Pradesh and Madhya Pradesh had already set up such institutions and that Bihar and Orissa proposed to do so shortly. It was felt that in the case of these States, as also in Maharashtra, there was distinct need for such an institution as existing apex marketing societies may not be able to meet the requirements of the tribal areas adequately. However, in states like Rajasthan, the existing apex marketing societies may be permitted to deal in forest produce. In such cases, though, financial and other assistance

would have to be provided to the apex marketing societies as they would have to set up separate cells to take up the additional functions that would devolve on them.

10. Regarding the need for a National Corporation for tribal area development, two views were expressed. One indicated that such a Corporation was absolutely necessary as large scale financial assistance was required by the state-level corporations and problems relating to marketing needed whole-time attention. As individual states formed corporations, the problems of coordination, inter-state trade, inter-state contracts and export of commodities would also arise. The other view, however, was that before a national level organisation was formed exclusively for tribal area development, the possibility of utilising the National Cooperative Marketing Federation should be fully explored.

Forest Labour Cooperatives

11. The Conference reiterated the national policy and recommended that effective steps should be taken to promote the organisation of forest Labour cooperatives. While doing so, care should be taken to ensure that forest contractors are kept out and that tribals are fully represented in the management of the societies.

12. To strengthen the forest labour cooperative movement, the measures already taken in Gujarat and Maharashtra were recommended for adoption in other states. The Conference recognised the need for a sponsoring agency for the organisation of forest labour cooperatives. It was felt that in areas where suitable voluntary agencies were not available, the promotional work should be undertaken by government departments, or by institutions such as the federations of forest labour cooperatives or regional cooperative corporations.

Industries for Tribals

13. It was recognised that processing of agricultural and forest produce was vital to the growth of the tribal economy and, therefore, that a phased programme for development of suitable industries should be worked out. The Conference endorsed the view of the Working Group that corporations and marketing societies and even service cooperatives be encouraged to set up units for processing of such produce. In this connection, it was suggested that, as some units may be very large and call for heavy financial investment, special patterns of assistance would have to be worked out. In certain states, horticulture had developed sufficiently to warrant the creation of horticulture based industries. In such states, steps should be taken by state corporations to process and market horticultural produce.

Agricultural Credit

14. It was observed that a very small percentage of members in tribal areas received cooperative loans and that a large number of societies were dormant. It was, therefore, necessary that a programme of revitalisation of existing societies should be undertaken. In addition, the system of issuing loans on the basis of mortgage of land as followed in tribal areas, needed to be modified and loans related to the production programme. In this connection, it was emphasised that amendments to legislative

enactments should be made wherever necessary to permit the tribals to mortgage their lands to cooperative institutions for purposes of obtaining credit.

15. Cooperative credit to tribals would prove of little avail unless the heavy burden of debt on them was reduced by debt relief and the regulation of money-lending. The cooperative financing agencies would also have to provide loans for consumption purposes. To enable the central cooperative banks to provide credit, it was necessary that government, in addition to the contributions made to the special bad debt reserve fund, provided guarantees as in the case of industrial cooperatives. These guarantees should be upto 90 per cent of the loans advanced in individual cases and upto 10 per cent of the total loans advanced.

16. While determining the repaying capacity of the tribals, besides income from agriculture, the income of the family from minor forest produce, as also from labour, should be taken into account. The Conference observed that central cooperative banks in tribal areas were financially weak. Measures should, therefore, be taken to strengthen them.

Cooperative Farming

17. It was observed that tribals had a tradition of working together on cooperative lines. This should also find expression in cooperative farming. The programme should, therefore, receive special emphasis in tribal areas and pilot projects should be launched, first, in the districts where substantial tribal population exists. Where lands are given on lease, it should be ensured that the duration of the lease is for a long period.

ITEM I (B), I (C).—Scheduled Castes, Denotified Tribes and Other Backward Classes.

The Conference was of the view that separate societies should not be formed for members of the scheduled castes who owned land and were engaged in agriculture. Instead, they should join existing cooperative institutions. It would, however, be necessary to adapt and improve existing service cooperatives so that they may meet their needs fully. For this purpose, the following steps may be taken :—

(i) The service cooperatives should launch a special drive for enrolling as members of the people of these communities. Provision may be made for appeal against refusal of admission, the onus for such appeal being on the society. An appeal should also be provided for refusal to finance a member.

(ii) Cooperatives should develop a convention of electing members of scheduled castes to the boards of management.

(iii) While nominating government representatives to the board, members of scheduled castes may be included as government nominees

if they do not find a place on the elected directorate. In States where legislation does not permit nominations to the boards, necessary steps should be taken in this direction. Where such legislation already exists, but the authority is not utilised, it should be used for achieving the objective.

(iv) The service co-operatives should earmark funds for members belonging to scheduled castes on a reasonable basis taking into account their population needs etc.

(v) For inducing cooperative institutions to give loans to members of these communities, government should guarantee losses upto 90 per cent of the amount of the loans in individual cases subject to overall limit of 10 per cent of the total advances made to these communities.

(vi) Wherever the cooperative banks are short of resources, besides giving the guarantee, the state government may supplement their resources.

(vii) Medium-term loans upto Rs. 1,000 may be advanced to members of the scheduled castes on personal surety. The Reserve Bank of India which now permits medium-term loans only upto Rs. 500/- on personal surety may be requested to increase this limit upto Rs. 1,000 in respect of these groups.

(viii) Societies may be formed for the landless agricultural labourers with a multi-purpose objective. In addition to helping their members with credit, including credit for subsistence, loans may be advanced for their traditional occupations such as poultry, breeding, dairying, piggery, basket making etc.

(ix) A substantial percentage of the allotment made for the above schemes in the general sector may be earmarked for the benefit of the scheduled castes and scheduled tribes.

(x) As the salt industry provides employment to a large number of members of the scheduled castes and other backward classes, salt workers' cooperative societies should be organised and given financial assistance and preferences over other manufacturers in the matter of licensing.

(xi) In the settlement of landless workers, the cooperative farming method should be adopted in preference to individual allotments, as this would more effectively help in bringing the lands under cultivation.

(xii) With the increase in overall urban population, there will be an increase in the number of sweepers, dhobies, leather workers, basket makers, etc. These groups are subjected to great pressures and economic exploitation. In order to check these, the cooperatives relating to their trades and profession might be organised.

(xiii) The formation of cooperatives for rickshaw pullers and cart-pullers should be encouraged. It was suggested that a percentage of existing licenses, and new licences wherever issued, should be given to cooperatives or to the members of such cooperatives who should be owner-pullers. Adequate resources should be provided to the societies for purchase of rickshaws and providing workshop facilities.

Labour Cooperatives.—Considering the magnitude of the under-employment and unemployment in the rural areas as well as in urban areas, the conference laid a great deal of emphasis on the organisation of a net-work of labour cooperatives. Reiterating the policy enunciated in the Third Plan in this regard, the conference stressed that one of the essential pre-requisites for the success of these and forest labourers societies is the adoption by government of a firm policy of progressively replacing the individual contractors by labour cooperatives for works and projects undertaken by the central and state governments, municipal corporations, and undertakings in the public sector.

It was also agreed that, whereas the organisation, supervision and audit of the cooperatives should be the responsibility of the cooperative department, the technical know-how should be provided by the P.W.D. and Irrigation Departments. The Cooperative and Welfare Departments themselves should give a lead by entrusting a considerable part of their own building programmes to labour cooperatives.

Leather Workers.—For fostering a coordinated and speedy development of all aspects of the leather industry, from flaying to tanning, shoe-making and manufacture of other leather products, the conference recommended formation of State Leather Boards as well as a National Leather Board. These institutions should deal through cooperatives.

Denotified and Nomadic Tribes

(i) Special attention should be paid to the problems of denotified tribes in urban areas. A scheme for organising cooperatives for every city having a population of 1,000 or more denotified tribes should be formulated. This should include proposals for a thrift and credit society. A regular programme of encouraging savings deposits should be worked out at the time of recovery of loans.

Initially loans should be restricted to production purposes. When the society and its members have built up sufficient resources of their own, the question of sanctioning loans for other activities might be considered.

Wherever sufficient number of persons are available for a particular trade or industry, a separate industrial cooperative should be organised, otherwise a cluster-type of multi-craft industrial cooperative should be established. The members of industrial cooperatives should work under a common roof so that proper supervision can be exercised. Financial assistance should be given to these cooperatives on a preferential basis from the existing schemes.

(ii) There is scope for organising separate dairy-cum-poultry cooperatives among the denotified tribes in the urban areas. Necessary financial assistance should be given from the funds available with the Home Ministry.

(iii) As some of the members of the denotified tribes and nomadic tribes are well-known cattle breeders, cattle breeding societies may also be organised.

ITEM II—Training and Education

1. The capacity of the members, office-bearers and paid employees to understand the basic cooperative principles and to put them into practice effectively would, to a considerable extent, determine the success of a cooperative society. The members should participate in the deliberations and help in arriving at decisions on important matters relating to policies and business. They should not only have better appreciation of their rights but also of their obligations to the society and their fellow members. As such the programme of cooperative training and education was of highest importance.

Member-education

2. (i) An intensified programme of education of members, members of the managing committees, office-bearers and prospective members should be undertaken and an additional number of peripatetic units should be allotted.

(ii) For the members of the scheduled castes and de-notified tribes in the urban areas, a separate member-education programme should be arranged to suit their convenience.

(iii) The instructors drafted for this programme should preferably be from the tribal areas capable of imparting training in the local dialect. If need be, the prescribed minimum qualifications may be relaxed. Training in Cooperation for a longer duration might be organised for them.

(iv) A scheme for training of tribal leaders, and the organisation of study tours, may be formulated on the lines of that prepared for Gram Sahayaks.

Training of Secretaries

3. It would be desirable to locate a junior cooperative training institute in the tribal areas where there is a large concentration of such population. The syllabus should suit the requirements of cooperatives in the areas.

4. Orientation programme and other courses

(i) Special orientation courses of two to three weeks duration may be organised for the senior and intermediate level officers of the cooperation department at a convenient centre in the tribal area. After the first course, short duration camps may be held for reviewing the progress and identifying new problems.

(ii) Forester-training centres should arrange adequate number of lectures etc. on forest labour cooperatives. For forest guards, three day camps may be held to discuss the role and programme of cooperatives.

(iii) Similar courses and camps be organised for overseers, inspectors of tribal welfare department and the staff at the block level.

(iv) Orientation courses should be organised for the state and district level staff of, (i) forest; (ii) tribal welfare; (iii) public works; (iv) co-operation; (v) industries and (vi) general administration departments.

(v) The first course should be for state level officers and the subsequent courses for district level staff.

(vi) The syllabus of the forest colleges should include a paper on (i) Indian Constitution, and Approach to the Third Five Year Plan and (ii) Cooperative Development and Panchayati Raj Institutions. The Engineering Colleges should do likewise and emphasize the role of labour contract societies and housing societies.

ITEM No. III—*Role of Voluntary Agencies*

The Conference took note of the role of voluntary social service agencies such as Bhil Seva Mandal, Rani Paraj Mandal (Gujarat), Adivasi Seva Mandal (Maharashtra) in promoting forest labour cooperatives. Similarly, the Harijan Seva Sangh, Bihar, and the Ramakrishna Mission, Calcutta, had done a good deal in helping sweepers and basket makers respectively to form cooperatives.

2. For enlisting the support of these and other voluntary agencies in the effective implementation of the programme, the Conference made the following recommendations:—

(i) The system of voluntary organisations functioning as sponsoring agencies in regard to forest cooperatives in Gujarat and Maharashtra should be adopted in other areas for developing cooperatives. A modest beginning may first be made with a few workers.

(ii) The social workers should not assume leadership but create the necessary local leadership so that, eventually the social worker can devote his attention to other areas or other activities. He should not accept paid appointment or draw salary or honorarium from the co-operative. He might work as an honorary secretary or as a director of a society.

(iii) Financial assistance should be given to suitable All-India voluntary and social agencies for maintenance of whole-time workers at various level for developing cooperatives.

(iv) The *grants-in-aid* should be available for five years so that the voluntary agencies can give assurance to their workers regarding continuity of work. A reasonable maintenance allowance should be paid by the selected agency to their workers.

(v) Where voluntary agencies are unable to take up the responsibility, government departments or federations of these cooperatives should take up promotional and organisational functions.

(vi) In the long run, various types of cooperatives such as forest labour cooperatives, rickshaw pullers cooperatives, sweepers cooperatives, leather workers' cooperatives should develop a self-regulatory system through their own functional federations.

(vii) The National and State Cooperative Unions, among others, should, (a) produce suitable literature for the benefit of scheduled castes, scheduled tribes and denotified tribes, (b) study problems relating to their cooperatives from time to time.

ITEM IV—*Administrative Machinery*

The basic condition for the success of cooperatives is the enunciation of a clear policy and its effective implementation. Government may endeavour to bring about greater awareness among the technical and administrative officers about their role in making cooperation an effective agency for the improvement of the conditions of the backward classes.

2. At the State level a coordination committee may be constituted to promote and guide the cooperative programmes for these classes. This Committee will have greater authority and will be more effective if the Chief Minister could be the Chairman. At the Official level, there should be a Committee under the Chairmanship of the Chief Secretary for reviewing the progress.

3. Every State with a tribal population of one million or more should have a whole-time Joint Registrar for developing cooperatives. In other States a whole-time Deputy Registrar (Class I) may be provided. The supervisory staff at various levels in the co-operation department and institutions should be strengthened for ensuring proper supervision and guidance for these groups.

4. In tribal development blocks, forest extension officers should be appointed to give technical advice and guidance to forest labour co-operatives and other cooperatives concerned with the exploitation of forest wealth.

ITEM No. V—*Pattern of financial assistance*

The Conference generally endorsed the pattern of financial assistance suggested by the Working Group to various types of cooperative societies. The assistance to the state governments for assisting various types of cooperatives organised amongst backward classes should be outside the state plan ceiling as in the case of centrally sponsored schemes.

2. In regard to the pattern of assistance recommended by the group to the cooperatives in the Tribal Development blocks, the conference recommended that the limit of financial assistance for godowns should be raised to Rs. 12,500 for service cooperatives and Rs. 25,000 for primary marketing societies. Marketing societies constructing godowns should also be eligible for 50 per cent as loan and 50 per cent as subsidy. Assistance according to the pattern proposed should also be available to the existing marketing societies which undertake special functions in tribal areas.

3. In certain states such as West Bengal, which have no T.D. blocks, cooperative societies should be organised according to a special pattern worked out on the basis of the tribal population in selected areas.

4. As problems in Assam were somewhat different to those in other parts of the country, special schemes would have to be drawn up for that State and suitable patterns of financial assistance devised.

5. In order to encourage the scheduled castes, scheduled tribes and other backward classes, to become members of cooperatives, government should give loans to individual members for subscribing to the share

capital of the societies on a substantial scale. In addition, government should also contribute towards the share capital of the societies without insisting on matching contribution from the members.

6. In view of the economic condition of the backward classes, financial assistance will have to be made available on a substantial scale in the form of subsidies. It was, however, recommended that in addition to the existing provision of subsidies made in the backward classes sector, provision for issue of loans should also be made.

7. The recommendation of the Working Group that a sum of Rs. 1.60 lakhs should be earmarked for cooperative development from the Home Ministry's funds from the budget of each tribal development block should be accepted. This should, however, be treated as the minimum, and additional funds may be provided from the remaining provision of Rs. 4.8 lakhs made for economic development schemes in the Tribal Development budget.

8. In Tribal Development blocks, an additional amount of Rs. 1 lakh may be earmarked for cooperatives of backward classes from the normal block budget of Rs. 12 lakhs.

9. In addition to the funds available in the central sector for programmes of cooperation in tribal areas, those available under the schemes for sweepers, scavengers and denotified tribes, should also be utilised for assisting programmes of cooperative development for these classes. Further, resources available in the state sector for economic schemes for scheduled castes should also be used for a similar purpose. This may be done during the remaining period of the Third Plan. It was also felt that the funds available with the Ministry of Community Development & Cooperation for gramdan areas might also be utilised wherever societies of these communities are formed on bhoodan and gramdan lands.

10. The assistance available under the cooperative plan for labour cooperatives, rickshaw pullers cooperatives, dhobies' cooperatives should also be utilised to the maximum possible extent. In addition, as suggested by the Working Group, funds available from the Salt Cess fund should be utilised for development of salt cooperatives and funds available from the coal miners' welfare fund should also be utilised for coal miners cooperatives.

ITEM VI—Programme for the Third Plan and Approach in the Fourth Plan

1. The programme of cooperative developments should be related to the tribal development blocks where additional resources and trained personnel are available and where favourable conditions exist for economic development.

For the remaining part of the Third Plan, it is necessary to phase the programme appropriately. During the current year, the work of organising integrated type of cooperative societies be started only in 119 T.D. blocks which had been started by the year 1962-63.

2. Instead of taking up an ambitious programme all at once, only two to three service cooperatives and forest labour cooperatives may be started in the first year and the programme expanded in the light of experience gained.

3. In the year 1965-66, cooperatives should be started in another 212 tribal development blocks organised in the years 1963-64 and 1964-65 and the remaining 162 blocks should be taken up only in the Fourth Plan.

4. For sweepers, rickshaw pullers, handcart pullers, dhobies etc., organisation of cooperatives during the third plan may be confined to 113 cities with a population of one lakh or more.

5. In the Fourth Plan, cooperatives should be increasingly organised, strengthened and assisted to undertake the programmes of economic development for the people in the backward classes.

PART II

Proceedings of the

Conference of the State Ministers Incharge of Welfare

of Backward Classes

and

The State Ministers In-charge of Cooperation

GENERAL

1. Welcoming participants to the Conference, Sri S. K. Dey, Minister, Community Development and Cooperation, stated that it was an event of unique significance that representatives of the Centre, the States and others interested in the welfare of the backward classes, were meeting together to deliberate on problems that had hitherto defied solution. In spite of the directive principles enshrined in the Constitution and the efforts made by the Central and State Governments since independence, the backward classes, who represented over one third of the nation's population, had not yet been able to benefit to the extent desirable from schemes formulated for economic development. Their problems were extremely complex and were growing increasingly acute. While the strong needed no help, it was now emphatically necessary to ensure that the weak were provided the assistance that they needed. For this, it would be necessary to think boldly. While the cooperative movement would form the backbone of any scheme of economic development for them, traditional institutions and ways of thinking would have to be altered. Indeed, it has been observed that such institutions, and some of those in command of them, had at times not been appreciative of the needs of the backward classes. Separate institutions, wherever necessary, but within the overall broad framework would, therefore, have to be created to look to their interests. In addition, till such time as local leadership grew, it would be necessary to protect the backward classes from the exploitation of pseudo-leaders and draw upon the full support of such voluntary organisations as were keen to assist them. Indeed, the acid test for judging the success of both democracy and socialism in our country would be the extent to which we succeeded in our efforts to assist the backward classes of the community who had remained neglected for centuries. Without succeeding in so doing, there could neither be any true democracy nor socialism.

2. It was in this context that the Minister requested the Conference to deliberate on the problems of the backward classes and the recommendations of the State Registrars and Directors of Social Welfare who had, the preceding day, met to consider the report of the Special Working Group on Cooperation for the Backward Classes.

3. Smt. M. Chandrasekhar, Deputy Minister, Home Affairs, stressing the need for concerted efforts to deal with the difficulties of the scheduled classes, drew attention to the steps taken by the Home Ministry to deal with the problems of their development. Whilst a beginning had been made through tribal development blocks and the special schemes for backward classes, it was necessary to ensure that the benefits and resources of the general sector also became increasingly available to them. It was with this in view that the Special Working Group was appointed to examine

ways whereby the resources both of the Home Ministry and the general sector could increasingly assist in this process.

AGENDA ITEM 1-A—*Scheduled Tribes*

3-A. Initiating the discussion, Sri Mathura Das Mathur, Minister for Cooperation, Rajasthan, stated that it was essential to fully meet the credit requirements of tribals, both for production and special purposes, through cooperative agencies. Failing this, it would be impossible to check exploitation, as the tribals would continue to turn to money lenders for their needs. With this in view, he expressed the opinion that Government, the Reserve Bank of India and cooperative institutions should study the extent of the total credit requirements of tribals and make provision for it. Simultaneously, it would be necessary to make adequate provision for bad debts.

4. Sri H. N. Mishra, Minister for Cooperation, Bihar, emphasised that, in trying to help the backward classes, efforts should not be made to create separate cooperative institutions for them. Any such effort would result in accentuating existing differences between them and the rest of the community. He felt that, amongst the present leadership of cooperative institutions, there was considerable sympathy for the backward classes. A system should, accordingly, be devised to ensure that their credit and other requirements were met by existing institutions. Sri Mishra was critical of the proposed regional cooperative marketing society for tribal area development. In his view, the existing state apex marketing society should be made responsible for this work as well. As a general principle, he stated that cooperative institutions should be allowed to grow from below. Institutions at the state or national level should only follow thereafter.

5. Sri Srikant, on the other hand, emphasised the view that the problems of the tribals could only be solved by accepting the fact that they were at a different stage of development. As such, special measures would have to be taken to bring them to the level of the rest of the community at the earliest. For this purpose the creation of separate cooperative institutions may be necessary. In this connection, he stated that he had, for many years, been advocating the idea of a Corporation to look after tribal interests. He fully supported the concept of the Andhra Scheduled Tribes Cooperative Development Corporation and recommended that similar bodies should be set up in other States having larger tribal population.

6. Sri T. Sangana, Minister, Tribal Welfare, Orissa, also indicated his support to the idea of a corporation of the type created in Andhra Pradesh. His own state intended to form such an institution.

In his view, administration in tribal areas would be effective only when those who work there were fully sympathetic to the tribals. This also implied that government officials posted to tribal areas must be fluent in the local dialect. He suggested that their posting in such areas should be linked with their ability to converse freely with the local people. He also emphasised the need for voluntary organisations taking up tribal development work.

7. Smt. Akkamma Devi, M.P., expressed her broad agreement with the recommendations of the Special Working Group. She also supported

the need for special cooperative institutions to look to the needs of the backward classes. In her view, the programme in the field would succeed only to the extent that there was complete coordination between various departmental agencies.

8. A similar view was expressed by Smt. Nirmala Raje Bhonsle, Minister for Social Welfare, Maharashtra. She stated that work would be more effectively done if the activities of the Social Welfare and Co-operative Departments were closely coordinated.

9. Sri D. J. Naik, M.P., expressed the view that cooperatives should not be imposed on the tribals. Instead, it was necessary, gradually, to teach them the benefits of cooperation. This should be done by those who were prepared to win the understanding of tribals by living and working with them. He emphasised the need for completely eliminating the money lender from tribal areas. This could only be done by co-operatives if they were prepared to provide credit for all purposes, including those that were social. In this connection, he stressed the need for medium and long-term loans as well. He also suggested that funds should be freely available for animal husbandry activities. Marketing, too, was most important. The existing pattern of financial assistance should be re-examined for marketing societies and service cooperatives formed in tribal areas. He fully supported the view that a National Development Corporation should be formed to promote and safeguard tribal interests.

10. Outlining his view regarding the role of cooperatives *vis-a-vis* the backward classes, Sri Shriman Narayan, Member, (Agriculture), Planning Commission, stated that he was against the starting of primary credit cooperatives exclusively for the backward classes. Such cooperatives, if organised, would generate separatism. There should, therefore, be only one service cooperative at the village level, catering to all sections of the village community. In this connection, Sri Shriman Narayan stated that it was unfortunate that the special bad debt reserve had not led to adequate financing of backward classes. However, in his view, a solution lay in earmarking funds for the backward classes in existing cooperatives, and in making it incumbent on cooperative institutions to advance earmarked funds to them. If necessary, it may even be considered whether the contribution to the bad debt reserve fund may be made conditional to this being done. In addition to the service cooperatives, which should be common to all, there was need for various kinds of functional co-operatives e.g., for poultry, piggery, forest labour etc. For all these societies, viability must be a prime consideration, though patterns of assistance may be separately worked out for each type of society. At the state level, Sri Shriman Narayan was of the view that there should be only one apex society. This apex body should have well organised cells or departments for the various types of activities.

To take the cooperative movement to the tribals, the need for dedicated voluntary organisations was stressed. It was emphasised that such organisations must not look to government for all their resources, else their utility and character may be severely effected.

11. Sri Borroah, Minister for Cooperation, Assam, drawing attention to problems in his State, was of the view that, for the hill areas, a separate regional society was necessary. The existing apex marketing society was useful only in the plains.

12. Sri Fernandes, Minister for Cooperation, Goa, referred to the special problems of the 'new conquest area' of his State. The population here was largely tribal, but, because it had not been notified, it was not receiving the benefits of tribal development schemes. He requested that these facilities be extended to this area.

13. Sri Apparao, Minister for Social Welfare, Andhra Pradesh, gave a brief account of the working of the Andhra Scheduled Tribes Development Corporation. The institution had been doing remarkable work in spite of opposition from deeply entrenched vested interests. Sri Apparao stated that such a corporation was a necessity for tribal areas. However, in order to make it fully effective, it was necessary to ensure that it enjoyed a monopoly in certain commodities in its area of operation.

14. Dr. V.K.R.V. Rao, Member (S.L.&T), Planning Commission, emphasised that the problem of backward classes was essentially an economic one and not only organisational. He was of the view that it would be unwise for existing cooperatives to provide consumption loans on a wide scale. The cooperative movement would not be in a position to do so, and nor would it be healthy for the movement to try to do so. Instead, he suggested that consumption loans should be provided by some other agency altogether. In this connection, however, it was more important to curtail consumer needs and wasteful expenditure on social purposes by a carefully planned social education programme. He was also of the view that separate service cooperatives should not be organised specifically for the backward classes. Instead, he supported the view that funds in existing cooperative institutions should be earmarked for the backward classes. Again, in order to achieve results, it was necessary to orient existing thinking and the educational system along such lines as ensured that a healthy link was established between the scheduled castes, scheduled tribes and the rest of the community.

Basically, Dr. Rao was of the opinion that the problems of the tribals would only be solved when arrangements were made for purchase of all their produce at a good, guaranteed price. Payment had to be immediate. The institution making purchases would also have to supply the consumer goods required by the tribals. This institution could either be a co-operative or a departmental agency. As regards the functions of a Tribal Development Corporation, Dr. Rao was of the view that such an institution should try to create an infra-structure in tribal areas to facilitate development. Such a corporation at the national level could guide Tribal Area Development Boards in the States. Regarding the finances for development, Dr. Rao drew a parallel from the experience of the International Bank. Just as the International Development Association had been formed as a subsidiary to the International Bank, in order to provide resources to underdeveloped countries, subsidiary organisations may be set up in the apex banks to provide resources to tribal areas, or members of the backward classes in general, on special terms. In this manner, without creating an entirely separate institutional organisation for the backward classes, their requirements could be met by a subsidiary body of the existing organisation.

15. Deputy Minister (Cooperation), Ministry of Community Development & Cooperation, was of the view that a separate agency should not

be created to provide consumption loans to the backward classes. To create a chain of such institutions would, in his view, be a wasteful proposition. Instead, it was necessary to provide consumption loans increasingly through cooperative societies themselves. This was being done in Japan and a beginning had also been made in package districts in India.

16. Sri M. R. Bhide, Deputy Governor, Reserve Bank of India, while stating that special measures were necessary to extend the benefits of co-operation to the tribals, emphasised that any modifications in the cooperative system should not be in conflict with the basic principles of the movement. In the case of the tribals, Sri Bhide was of the view that, fundamentally, their economic problems could only be solved by providing them with work and guaranteeing them the best return for what they produced. Regarding the organisational pattern, Sri Bhide stated that cooperatives organised as the 'hat' level would be best suited to meeting the needs of the tribals. In addition, where the cooperative form of organisation was not immediately possible for various reasons, group organisation could be undertaken. On the question of management, Sri Bhide stated that, till such time as local leadership developed, voluntary organisation would have to come forward to assist in tribal development. Such Organisations would, however, prove ineffective without substantial financial assistance from government. This should be made available freely.

As regards the functions of the service cooperatives organised at the 'hat' level, Sri Bhide was of the opinion that they should not promise to make available the full credit requirements of the tribals for all purposes. Instead, they should provide funds for consumption only in the manner that similar funds were being made available in package districts. Indeed, Sri Bhide felt that it would be fatal for primary societies to give funds for marriages etc. At most, as was being tried in Maharashtra, the primary society should try to build up special deposits for such social events. Only from these, should it advance loans for such purposes. The consumer goods requirements of the primary society should, generally, be made available through the marketing organisation. The service co-operatives should act only as agents of the marketing society for making outright purchases of produce.

Concerning the State apex marketing body for tribal areas, Sri Bhide was of the view that, where the existing apex organisation was strong enough, a special section should be created in it to look after tribal produce. However, in States where the apex marketing organisation was either weak, or incapable of taking on new duties, a special marketing organisation of the regional type would be needed. Finally, Sri Bhide emphatically expressed the view that State Government must ensure that agreed decisions are actually implemented. In the sphere of agriculture credit, he was sorry to observe that, in most States, land security was still being demanded even for short-term credit. This was so in spite of the State Governments having accepted the recommendations of the Mehta Committee on this point. In the case of forest labour cooperatives, the gulf between accepted principle and actual practice was even more clear. He suggested firm action against those who did not implement accepted policy decisions. The State forest departments must be made to accept their responsibility for developing forest labour cooperatives.

17. Sri G. R. Kamat, Secretary, Ministry of Agriculture, stated that the Central Ministry was keen to ensure that work in forest areas was done through forest labour cooperatives alone. However, as this was a state subject, it would ultimately be necessary for the State Governments themselves to take firm action in this regard.

18. Sri B. S. Murthy, Deputy Minister, Ministry of Community Development and Cooperation also emphasised the same point. In addition, he drew attention to the need for debt relief in tribal areas. Even though directives had been issued in this regard, in certain States no action had been taken.

19. Summing up the discussion, Sri S. K. Dey, Minister, Community Development & Cooperation, stated that the Conference was fully in agreement on the following points:—

- (i) The fullest facilities should be provided for the marketing of produce of tribal areas. As existing facilities may not prove adequate, there was need, on the Andhra model, for regional Cooperative Marketing Societies to look after this work. Flexibility should be allowed to the individual States in drawing up their patterns of organisation; thus, the regional institutions may either be formed as separate organisations, or they may function under the guidance of existing apex marketing societies.
- (ii) As tribals were concentrated in certain areas, it would be desirable to organise multi-purpose service cooperatives for them at the 'hat' level. The credit requirements of the tribals should be comprehensively provided. Government, the Reserve Bank of India and cooperative institutions should work together towards this end.
- (iii) As and where necessary, special boards should be set up in the States to coordinate and take an over-all view of the problems of tribal development.
- (iv) Efforts must be made to eliminate the money lender, contractor and trader from the tribal economy. This would imply, on the one hand, the linking of marketing with the supply of credit and consumer goods. On the other hand, it would mean the intensification of a social education programme in tribal areas. This alone would curb the tendency to incur wasteful expenditure on marriages etc. It was such expenditure that drove the tribals to debt and into the clutches of the money-lending community.
- (v) Within forest areas, it was emphatically felt that work should be done through forest labour cooperatives. The Conference emphasised that concentrated efforts must be made actually to implement agreed decisions. To ensure that contractors were eliminated from forest areas, it was desirable that the Central Government and the State Departments of Cooperation and Social Welfare should establish necessary liaison with, and bring pressure to bear, on the State Forest Departments.

- (vi) It was necessary that the tribals be brought into the cooperative fold as far as possible. However, the cooperatives so formed must be truly representative of them. It must be ensured that cooperatives remained free of excessive governmental supervision and, at the same time, that they did not become instruments for the exploitation of the tribals.
- (vii) Voluntary organisations should be encouraged to come forward to assist in this work. They should also be financially helped in a manner that would increase their capacity to work, without making them totally dependent on governmental assistance.

In addition the Conference endorsed the following recommendations concerning scheduled tribes, made by the State Registrars of Co-operative Societies and Directors of Social Welfare, in their meeting held on 5th May, 1964:—

- (i) It was recognised that processing of agricultural and forest produce was vital to the growth of the tribal economy and, therefore, that a phased programme for development of suitable industries should be worked out. Corporations, marketing societies and even service cooperatives should be encouraged to set up units for processing of such produce. In this connection, it was suggested that, as some units may be very large and call for heavy financial investment, special patterns of assistance would have to be worked out. In certain States, horticulture had developed sufficiently to warrant the creation of horticulture based industries. In such states, steps should be taken by state corporations to process and market horticultural produce.
- (ii) It was observed that a very small percentage of members in tribal areas received cooperative loans and that a large number of societies were dormant. It was, therefore, necessary that a programme of revitalisation of existing societies should be undertaken. In addition, the system of issuing loans on the basis of mortgage of land as followed in tribal areas, needed to be modified and loans related to the production programme. In this connection, it was emphasised that amendments to legislative enactments should be made wherever necessary to permit the tribals to mortgage their lands to cooperative institutions for purposes of obtaining credit.
- (iii) Cooperative credit to tribals would prove of little avail unless the heavy burden of debt on them was reduced by debt relief and the regulation of money-lending. The cooperative financing agencies would also have to provide loans for consumption purposes on a limited scale. To enable the central cooperative banks to provide credit, it was necessary that government, in addition to the contributions made to the special bad debt reserve fund, provided guarantees as in the case of industrial cooperatives. These guarantees should be upto 90 per cent of the loans advanced in individual cases and upto 10 per cent of the total loans advanced.

- (iv) While determining the repaying capacity of the tribals, besides income from agriculture, the income of the family from minor forest produce, as also from labour, should be taken into account. The Conference observed that central cooperative banks in tribal areas were financially weak. Measures should, therefore, be taken to strengthen them.
- (v) It was observed that tribals had a tradition of working together on cooperative lines. This should also find expression in cooperative farming. The programme should, therefore, receive special emphasis in tribal areas and pilot projects should be launched, first, in the districts where substantial tribal population exists. Where lands are given on lease, it should be ensured that the duration of the lease is for a long period.
- (vi) Where the organisation of separate labour and forest cooperatives was not feasible owing to local reasons, there should be no objection to service cooperatives pursuing the activities normally undertaken by such societies.

AGENDA ITEM 1(B) AND 1(C)—*Scheduled Castes, Denotified Tribes and other backward Classes.*

20. The Conference was strongly of the view that immediate steps should be taken to associate the scheduled castes, denotified tribes and other backward classes more closely with the management of cooperative institutions.

21. In this connection, however, Sri Ramakrishna Hegde, Minister for Cooperation, Mysore, stated that the recommendations of the State Registrars and Directors of Social Welfare were impractical. These recommendations were, firstly, that cooperatives should develop a convention of electing members of the scheduled castes to their boards of management and, secondly, that while nominating government representatives to the board, members of scheduled castes may be included, if they did not find place in the elected board. The view of Sri Hegde was supported by Sardar Gurbanta Singh, Minister for Cooperation, Punjab. He stated that a convention of the type suggested would be extremely difficult to follow, and, as far as nomination of members by Government were concerned, it would be contrary to existing cooperative policy. In addition, Deputy Minister (Cooperation), Ministry of Community Development and Cooperation, pointed out that, though under existing instructions, Government could nominate upto $33\frac{1}{3}$ per cent of the board, or 3 members, (whichever were less), this could be done only when the State participates in the share capital of a society. Furthermore, Government nomination was to be restricted only to such persons as could be termed specialists, i.e., those who by their knowledge and experience could provide guidance to the societies and, at the same time, ensure that governmental finances were properly utilised.

22. In view of this discussion, the Conference, while accepting the recommendation that the scheduled castes and other backward classes be more closely associated with the management of societies, felt that the method of association deserved further study by a Committee.

23. Similarly, while accepting in principle the recommendation of the State Registrars and Directors of Social Welfare, that scheme formulated in the general sector, service cooperatives and the cooperative banks should earmark funds for the scheduled castes and other backward classes, the Conference felt that further study was needed to ensure that funds actually flowed to them. It was decided that that matter should be studied in detail by a Committee which should also examine the nature of guarantees that should be provided to cooperative financing agencies in order to encourage them to provide credit to the scheduled castes, denotified tribes and other backward classes.

24. The Conference also desired that the recommendation for a multi-purpose society for landless agricultural labourers should be further examined by the State Registrars in a meeting to be held later.

25. With these observations, the Conference endorsed the following recommendations of the State Registrars and Directors of Social Welfares:—

- (i) Separate societies should not be formed for members of the scheduled castes who owned land and were engaged in agriculture. Instead, they should join existing cooperative institutions. It would, however, be necessary to adopt and improve existing service cooperatives so that they may meet their needs fully.
- (ii) Service cooperatives should launch a special drive for enrolling members from these communities. Provision may be made for appeal against refusal of admission, the onus for such appeal being on the society. An appeal should also be provided for refusal to finance a member.
- (iii) Medium-term loans upto Rs. 1,000 may be advanced to members of the scheduled castes on personal surety. The Reserve Bank of India which now permits medium-term loans only upto Rs. 500/- on personal surety may be requested to increase this limit upto Rs. 1,000 in respect of these groups.
- (iv) As the salt industry provides employment to a large number of members of the scheduled castes and other backward classes, salt workers' cooperative societies should be organised and given financial assistance and preferences over other manufacturers in the matter of licensing.
- (v) In the settlement of landless workers, the cooperative farming method should be adopted in preference to individual allotments, as this would more effectively help in bringing the lands under cultivation.
- (vi) With the increase in overall urban population, there will be an increase in the number of sweepers, dhobies, leather workers, basket makers, etc. These groups are subjected to great pressures and economic exploitation. In order to check these cooperatives relating to their trades and professions might be organised.

- (vii) The formation of cooperatives for rickshaw pullers and cart-pullers should be encouraged. It was suggested that a percentage of existing licenses, and new licences wherever issued, should be given to cooperatives or to the members of such cooperatives who should be owner-pullers. Adequate resources should be provided to the societies for purchase of rickshaws and providing workshop facilities.
- (viii) Considering the magnitude of underemployment and unemployment in rural areas as well as in urban areas, the conference laid a great deal of emphasis on the organisation of a network of labour cooperatives. Reiterating the policy enunciated in the Third Plan in this regard, it was stressed that one of the essential pre-requisites for the success of these and forest labourers societies is the adoption by government of a firm policy of progressively replacing the individual contractors by labour cooperatives for workers and projects undertaken by the central and state governments, municipal corporations and undertakings in the public sector.

It was also agreed that, whereas the organisation, supervision and audit of the cooperatives should be the responsibility of the cooperative department, the technical know-how should be provided by the P.W.D. and Irrigation Departments. The Cooperative and Welfare Departments themselves should give a lead by entrusting a considerable part of their own building programmes to labour cooperatives.

- (ix) For fostering a coordinated and speedy development of all aspects of the leather industry, from flaying to tanning, shoe-making and manufacture of other leather products, the conference recommended formation of State Leather Boards as well as a National Leather Board. These institutions should deal through cooperatives.
- (x) Special attention should be paid to the problems of denotified tribes in urban areas. A scheme for organising cooperatives in every city having a population of 1,000 or more members of the denotified tribes should be formulated. This should include proposals for a thrift and credit society. A regular programme of encouraging savings deposits should be worked out at the time of recovery of loans.

Initially, loans should be restricted to production purposes. When the society and its members have built up sufficient resources of their own, the question of sanctioning loans for other activities might be considered.

- (xi) Wherever sufficient number of persons are available for a particular trade or industry, a separate industrial cooperative should be organised, otherwise a cluster-type or multi-craft industrial cooperative should be established. The members of industrial cooperatives should work under a common roof so that proper supervision can be exercised. Financial assistance should be given to these cooperatives on a preferential basis from the existing schemes.

- (xii) There is scope for organising separate dairy-cum-poultry co-operatives among the denotified tribes in the urban areas. Necessary financial assistance should be given from the funds available with the Home Ministry.
- (xiii) As some of the members of the denotified tribes and nomadic tribes are well known cattle breeders, cattle breeding societies may also be organised.

AGENDA ITEM II—*Training and Education*

26. The Conference endorsed the recommendations of the State Registrars and Directors of Social Welfare, which were:—

- (i) The capacity of the members, office-bearers and paid employees to understand the basic cooperative principles and to put them into practice effectively would, to a considerable extent, determine the success of a cooperative society. The members should participate in the deliberations and help in arriving at decisions on important matters relating to policies and business. They should not only have better appreciation of their rights but also of their obligations to the society and their fellow members. As such, the programme of cooperative training and education was of highest importance.
- (ii) Member-education: (a) An intensified programme of education of members, members of the managing committees, office-bearers and prospective members should be undertaken and an additional number of peripatetic units should be allotted.
- (b) For the members of the scheduled castes and denotified tribes in the urban areas, a separate member-education programme should be arranged to suit their convenience.
- (c) The instructors drafted for this programme should preferably be from the tribal areas and capable of imparting training in the local dialect. If need be, the prescribed minimum qualifications may be relaxed. Training in Cooperation, for a longer duration, might be organised for them.
- (d) A scheme for training of tribal leaders, and the organisation study tours, may be formulated on the lines of that prepared for Gram Sahayaks.
- (iii) Training of Secretaries: It would be desirable to locate a junior cooperative training institute in the tribal areas where there is a large concentration of such population. The syllabus should suit the requirements of cooperatives in the areas.
- (iv) Orientation programme and other courses: (a) Special orientation courses of two to three weeks duration may be organised for the senior and intermediate level officers of the cooperation department at a convenient centre in the tribal areas. After the first course, short duration camps be held for reviewing the progress and identifying new problems.

- (b) Forester—training centres should arrange adequate number of lectures, etc., on forest labour cooperatives. For forest guards, three day camps may be held to discuss the role and programme of cooperatives.
- (c) Similar courses and camps be organised for overseers, inspectors of the tribal welfare department and the staff at the block level.
- (d) Orientation courses should be organised for the state and district level staff of (i) forest; (ii) tribal welfare; (iii) public works; (iv) cooperation; (v) industries and (vi) general administration departments.
- (e) The first course should be for state level officers and the subsequent courses for district level staff.
- (f) The syllabus of the forest colleges should include a paper on (i) Indian Constitution and Approach to the Third Five Year Plan and (ii) Cooperative Development and Panchayati Raj Institutions. Engineering Colleges should be likewise and emphasise the role of labour contract societies and housing societies.

AGENDA ITEM III—Role of Voluntary Agencies

27. The Conference expressed the view that financial assistance to voluntary organisations should be made available freely so as to enable them to work efficiently. At the same time, it cautioned such organisations against becoming totally dependant on government, as that would reduce their effectiveness by altering their character fundamentally.

In addition, it endorsed the following recommendations of the Conference of State Registrars and Directors of Social Welfare:—

- (i) The system of voluntary organisations functioning as sponsoring agencies in regard to forest cooperatives in Gujarat and Maharashtra should be adopted in other areas for developing co-operatives. A modest beginning may first be made with a few workers.
- (ii) The social workers should not assume leadership but should create the necessary local leadership so that, eventually, the social worker can devote his attention to other areas or other activities. He should not accept paid appointment or draw a salary or honorarium from the cooperative. He might work as an honorary secretary or as a director of society.
- (iii) Financial assistance should be given to suitable All-India voluntary and social agencies for maintenance of whole-time workers at various level for developing cooperatives.
- (iv) The *grants-in-aid* should be available for five years so that the voluntary agencies can give assurance to their workers regarding continuity of work. A reasonable maintenance allowance should be paid by the selected agency to their workers.
- (v) Where voluntary agencies are unable to take up the responsibility, government departments or federations of these co-operatives should take up promotional and organisational functions.

- (vi) In the long run, various types of cooperatives such as forest labour cooperatives, rickshaw pullers cooperatives, sweepers cooperatives, leather workers cooperatives should develop a self-regulatory system through their own functional federations.
- (vii) The National and State Cooperative Unions, among others, should, (a) produce suitable literature for the benefit of scheduled castes, scheduled tribes and denotified tribes, (b) study problems relating to their cooperatives from time to time.

AGENDA ITEM IV—*Administrative machinery*

28. The Conference felt that the proposed state level coordinating committee, to promote and guide cooperatives for the backward classes, should have as its chairman, the Minister concerned rather than the Chief Minister. Whenever necessary, however, the advice and support of the Chief Minister could be requested.

In addition, it endorsed the following recommendations of the State Registrars and Directors of Social Welfare:—

- (i) The basic condition for the success of cooperatives is the enunciation of a clear policy and its effective implementation. Government may endeavour to bring about greater awareness among the technical and administrative officers about their role in making cooperation an effective agency for the improvement of the conditions of the backward classes.
- (ii) Every State with a tribal population of one million or more should have a whole time Joint-Registrar for developing cooperatives. In other States a whole-time Deputy Registrar (Class I) may be provided. The supervisory staff at various levels in the cooperation department and institutions should be strengthened for ensuring proper supervision and guidance for these groups.
- (iii) In tribal development blocks, forest extension officers should be appointed to give technical advice and guidance to forest labour cooperatives and other cooperatives concerned with the exploitation of forest wealth.

AGENDA ITEM V—*Pattern of financial assistance*

29. Sri M. R. Bhide, Deputy Governor, Reserve Bank of India drew attention to the recommendation of the State Registrars and Directors of Social Welfare which required government to give loans to individual members of the backward classes to subscribe to the share capital of societies. In his view, this recommendation would create needless work and would be of little value. In most of the societies proposed for the backward classes, Government would be providing substantial share capital to the society itself. This would, in fact, enable the society to obtain adequate loans for its needs. If, in addition, the society wished to obtain further resources, then the recommendation of the Mehta Committee suggesting that subscribed-capital be treated as paid-up capital for purposes of loaning, should be implemented.

30. The representatives of the State Governments, however, indicated that the recommendation of the Mehta Committee was not, in practice, either helping societies, or their members, to obtain loans. They, therefore, stressed the need for government to provide loans to individual members to subscribe to the share capital of societies. The Conference accepted this view and endorsed the following recommendations of the State Registrars and Directors of Social Welfare:—

- (i) The patterns of financial assistance suggested by the Working Group for various types of cooperative societies should be accepted. The assistance to state governments for assisting various types of cooperatives organised amongst backward classes should be outside the state plan ceilings, as in centrally sponsored schemes.
- (ii) In regard to the pattern of assistance recommended by the Working Group for cooperatives in the Tribal Development blocks, the limit of financial assistance for godowns should be raised to Rs. 12,500 for service cooperatives and Rs. 25,000 for primary marketing societies. Marketing societies constructing godowns should be eligible for 50 per cent as loan and 50 per cent as subsidy. Assistance according to the pattern proposed should also be available to the existing marketing societies which undertake special functions in tribal areas.
- (iii) In certain states, such as West Bengal, which have no T.D. blocks, cooperative societies should be organised according to a special pattern worked out on the basis of the tribal population in selected areas.
- (iv) As problems in Assam were somewhat different to those in other parts of the country, special schemes would have to be drawn up for that State and suitable patterns of financial assistance devised.
- (v) In order to encourage the scheduled castes, scheduled tribes and other backward classes to become members of cooperatives, government should give loans to individual members for subscribing to the share capital of the societies on a substantial scale. In addition, government should also contribute towards the share capital of the societies without insisting on matching contribution from the members.
- (vi) In view of the economic condition of the backward classes, financial assistance will have to be made available on a substantial scale in the form of subsidies. It was, however, recommended that in addition to the existing provision of subsidies made in the backward classes sector, provision for issue of loans should also be made.
- (vii) The recommendation of the Working Group that a sum of Rs. 1.60 lakhs should be earmarked for cooperative development from the Home Ministry's funds from the budget of each tribal development block should be accepted. This should, however, be treated as the minimum, and additional funds may be provided from the remaining provision of Rs. 4.8 lakhs made for economic development schemes in the Tribal Development budget.

- (viii) In Tribal Development blocks, an additional amount of Rs. 1 lakh may be earmarked for cooperatives of backward classes from the normal block budget of Rs. 12 lakhs.
- (ix) In addition to the funds available in the central sector for programmes of cooperation in tribal areas, those available under the schemes for sweepers, scavengers and denotified tribes, should also be utilised for assisting programmes of cooperative development for these classes. Further, resources available in the state sector for economic schemes for scheduled castes should also be used for a similar purpose. This may be done during the remaining period of the Third Plan. It was also felt that the funds available with the Ministry of Community Development & Cooperation for gramdan areas might also be utilised wherever societies of these communities are formed on bhoodan and gramdan lands.
- (x) The assistance available under the cooperative plan for labour cooperatives, rickshaw pullers cooperatives, dhobies' cooperatives should also be utilised to the maximum possible extent. In addition, as suggested by the Working Group, funds available from the salt cess fund should be utilised for development of salt cooperatives and funds available from the coal miners' welfare fund should also be utilised for coal miners cooperatives.

AGENDA ITEM VI—Programme for the Third Plan and approach in the Fourth Plan

31. While emphasising that the qualitative aspects of the programme should be ensured, the Conference endorsed the following recommendations of the State Registrars and Directors of Social Welfare :—

- (i) The programme of cooperative development should be related to the tribal development blocks where additional resources and trained personnel are available and where favourable conditions exist for economic development.

For the remaining period of the Third Plan, it is necessary to phase the programme appropriately. During the current year, the work of organising integrated type of cooperative societies be started only in 119 T.D. blocks which had been started by the year 1962-63.

- (ii) Instead of taking up an ambitious programme all at once, only two to three service cooperatives and forest labour cooperatives may be started in the first year and the programme expanded in the light of experience gained.
- (iii) In the year 1965-66 cooperatives should be started in another 212 tribal development blocks organised in the years 1963-64 and 1964-65 and the remaining 162 blocks should be taken up only in the Fourth Plan.
- (iv) For sweepers, rickshaw pullers, handcart pullers, dhobies, etc., organisation of cooperatives during the third plan may be confined only to 113 cities with a population of one lakh or more.

- (v) In the Fourth Plan, cooperatives should be increasingly organised, strengthened and assisted to undertake the programmes of economic development for the people in the backward classes.

32. Concluding the deliberations, Sri S. K. Dey, Minister, Community Development and Cooperation, thanked the participants in the Conference for the interest they had taken and the valuable observations they had made. He emphasised, again, the unique significance of the Conference and requested that implementation of the decisions be taken up in all earnestness.

PART III

Notes on Agenda

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CONFERENCE OF STATE MINISTERS INCHARGE OF WELFARE
OF BACKWARD CLASSES AND COOPERATION—6TH MAY,
1964.

AGENDA ITEM No. 1A—*Consideration of the Report of the special working
Group on cooperation among backward classes*

(Note: The numbers at the end of each paragraph refer either to the serial numbers in the summary of recommendations or to the paragraphs of the report.)

The Ministry of Home Affairs appointed a Special Working Group in June, 1961, to examine the extent to which the backward classes generally and the scheduled tribes in particular, have benefited from the development of cooperative movement during the First and Second Five Year Plans and to suggest the measures which can enable them in the Third Plan to derive full advantage from the development of cooperation and in this context to suggest the types of organisation, changes in rules and procedures for improving their economic condition. The terms of reference of the Group are reproduced at pages 2-3 of the Report.

2. The Group made on the spot study of the working of a few co-operatives in eight states, viz. Gujarat, Andhra Pradesh, Madras, Kerala, West Bengal, Orissa, Madhya Pradesh and Maharashtra. It also met a large number of members of backward class communities, officials and non-officials, collected information on the basis of the questionnaires from state governments, non-officials and cooperative institutions and also had case studies made of a few selected societies. In view of the fact that the problems of these communities are complex and differ considerably from one another, they have been dealt with separately in the report.

3. Copies of the report were circulated to the state governments on 17th October, 1962. Comments have been received only from eight states and two Union Territories. A summary of the replies received is given at Appendix 'A'.

(A) COOPERATIVES FOR SCHEDULED TRIBES

(i) *Pattern of organisation—Need for flexible approach.*

4. The Group has pointed out that the tribals are in varying stages of economic development. The intensity of land utilisation and forest exploitation also differs from area to area. The irrigation and transport facilities and per capita availability of land are also not uniform. These important considerations have to be taken into account in developing cooperatives in tribal areas. This also applies to scheduled castes and denotified tribes whose methods of work and attitudes are influenced considerably by local conditions and traditional skill. Therefore, the Group has stressed that it is neither advisable nor feasible to lay down a uniform pattern of cooperative development for these sections for the country as a whole. At the same time for ensuring growth on sound lines, it is essential to indicate the broad outlines of the cooperatives structure, operational methods and financial resources. In translating these suggestions into action, flexible approach is recommended. Changes should be made according to needs of the situation without losing sight of the essential ingredients.

5. This is necessary in view of the fact that conditions vary a great deal from area to area and state to state. (p. 26.1)

(ii) *Service cooperatives*

6. Examining the structure of cooperatives at the primary level, the Group has expressed the view that the normal type of village service co-operative is not suited for the tribal areas. A tribal is accustomed to deal with a single agency. To succeed, cooperatives must provide services to the tribals on more favourable terms than the trader or the money lender. Suggesting a departure from the normal pattern of service co-operative at the primary level which covers a population of 3,000, the Group has suggested organisation of integrated service cooperatives with a population of about 3,000 to 5,000. The area of operation should be the main villages served by the 'hat' which is the pivot of tribal economy and which promotes social contact and mutual aid. These service co-operatives should issue cash as well as grain loans, purchase the produce (agriculture and minor forest produce) and supply domestic requirements. The suggestion that these societies should undertake limited outright purchases of the agriculture and minor forest produce of the members is a departure from the normal policy. The Group has recommended that the existing societies should be enabled to take up these functions and new societies should follow the pattern suggested by it. (p. 4.3)

ISSUES

7. The issues for consideration in the above context are:—

(a). (i). Whether the area of operation of the service co-operative in the tribal areas should cover a population up to 5,000 as against the general limit of 3,000 population.

(ii) Whether the service co-operative should be organised on the basis of 'hat' as the unit wherever the 'hat' exist, particularly as the 'hat' provides the point of mutual contact to the tribals and helps business operations. The cooperatives, therefore, will have to be organised giving due weight to these factors and also taking into account the important considerations of viability, cooperative character and compactness. The approach of the Group may be endorsed.

(b). In regard to the functions of the service co-operative, it is for consideration whether these societies should undertake in addition to the normal functions of credit and supply of consumer goods, marketing of agriculture and minor forest produce and start a grain section. These functions appear necessary in view of the structure of the tribal economy and the need for weaning the tribals from the money lender and the trader. In doing so, as suggested by the Group, certain safeguards would be necessary. While making outright purchases, societies will have to take calculated risks and keep such purchases within certain limits, say, to the extent of owned funds of the society or up to the limit of the price fluctuation fund. Within this limitation, the societies will, however, have to make continuous efforts to have a larger turnover with the support of the marketing society.

In this context, it may be mentioned that the concept of outright purchases by the primary marketing societies as a measure for linking up of credit with marketing, particularly for the weaker sections of the community, is accepted in the general programme of cooperative marketing and details are being worked out to formulate a scheme on a pilot basis. In the tribal areas, the service society and the marketing society will have, in the initial stages, to make a joint approach to the problem of marketing.

(c). Another question that would arise is whether the four-fold functions suggested by the Group would be complicated for the tribal areas. It has to be recognised that unless the cooperative offers the same facility (if not better), the tribal would be forced to go back to the money lender and, therefore, the cooperative has to adopt a 'package' approach in dealing with the problems of the tribal areas. This could be achieved by building up business competence by providing technical guidance and by giving proper training and education to members and office bearers of societies.

(iii) *Marketing Societies*

8. Primary marketing societies in the tribal areas should also undertake marketing of forest produce which constitutes a significant element in the tribal economy. They should make limited outright purchases and take calculated risks. Where marketing societies have not been organised so far, new societies should be set up. The primary marketing societies should coordinate their activities with the service cooperatives and provide market intelligence and guidance to them. (Rec. 9)

ISSUES

9. As the Apex marketing societies in the states are occupied with the marketing of major agricultural commodities and taking into account the immediate need for giving whole time attention to marketing of agriculture and forest produce in the tribal areas, the Group has recommended that in States where the tribal population exceeds 10 lakhs, viz., Bihar, Orissa, Assam, West Bengal, Madhya Pradesh, Andhra Pradesh, Rajasthan, Gujarat and Maharashtra, separate regional marketing societies be set up on the lines of Andhra Scheduled Tribes Cooperative Development Corporation. In regard to other states, a separate Cell should be created in the apex marketing society to deal with the problems of marketing in the tribal areas. The regional marketing societies should be affiliated to the apex marketing society and both the institutions should function jointly and lend support to each other. (Rec. 10 & 11)

10. (i) The point for consideration is whether the primary marketing societies should also deal with forest produce and make outright purchases. The problem of outright purchases is already discussed earlier. As minor forest produce constitutes a fairly sizeable proportion of the income of the tribals, cooperatives should also have to deal with the same.

(ii) It is for consideration whether separate regional marketing societies on the lines of the Andhra Scheduled Tribes Finance and Cooperative Development Corporation be organised. The Ministry is, however, of the view that instead of organising separate regional marketing socie-

ties for this purpose, these functions could be carried out through the apex marketing societies which should have a separate section for this purpose.

(iv) *National Corporation for Tribal Area Development*

11. To safeguard the interests of the tribals in the marketing of commodities entering inter-state trade as well as export, the Group has suggested formation of a National Corporation for tribal area development. It has stressed the need for such a corporation on the basis of the experience of marketing of lac which constitutes about 30 per cent of the total income of the tribals in Bihar and Madhya Pradesh. The proposed corporation should pay special attention to commodities like Shellac, Myrobalan, Bidi leaves, which are an important source of income to the tribals but which are subject to serious price fluctuations. The Corporation should also help its constituents in the marketing of other commodities. The Group has suggested setting up of a corporation by Government (private limited company) with a paid-up capital of Rs. 50 lakhs as it would take some time for the cooperatives to build up their own federal structure. The Corporation should be converted into a cooperative as soon as the cooperatives can take over the responsibility.

ISSUES

12. The Group itself appears to be divided as some of the members felt that there was no need for such a structure being built up for the present. The Ministry is of the view that the desirability of setting up of a Corporation for tribal areas is extremely doubtful. Initially, the promotional work can be carried out by the special cell recommended by the Working Group. The trading aspect of the work can be handled by the regional, apex and national marketing organisations. Assistance of State Trading Corporation might also be obtained, wherever necessary. Even though such a corporation may not be set up, the need for taking administrative and other measures to prevent exploitation of the tribals by the vested interests at the earliest should be fully recognised.

(Rec. 12 & 13)

(v) *Forest Labour Societies*

13. According to the national forest policy "intermediaries who exploit both the forest and the local labour for their own benefit may with advantage be supplanted gradually by forest labour cooperative societies which may be formed to suit local conditions." The Group has observed that although in States of Gujarat and Maharashtra, this policy had been successfully implemented; in others, speedy and vigorous action remains to be taken. The Group has suggested that forest coupes should be allotted only to forest labourers' cooperatives who should operate them in partnership with the Government on the Gujarat model under which, after meeting the actual expenditure, the surplus is shared by the Government and the society in proportion of 80:20 respectively. The Group has pointed that allotment of forest coupes to cooperatives is not likely to reduce the revenues of the Government. It has further stated that even if it is assumed for the sake of argument that there would be a fall in the revenue, it should be treated as expenditure on development activity as this would prevent exploitation of the scheduled tribes. The Group has also come to the conclusion that as a result of the intro-

duction of the forest labour cooperatives, some of the practices of the tribals which damage the forests would be eliminated and better understanding and relationship would develop between the tribal and forest departments. The Group has made various suggestions in regard to the membership, and management of cooperative societies. It has recommended that the membership should be open only to actual forest workers residing in the area of operations of the society and the number of sympathisers or social workers should not exceed five percent, but in any case contractors should be kept out. (Rec. 14, 17-21)

ISSUES

14. The issues that arise in this context are:-

(i) How an expanded programme for organisation of forest labourers' cooperatives be initiated in every state. In this context, it is for consideration whether there is a need for reiteration of the national forest policy to focus again the attention of the states to his problem. It may also be mentioned that the Dhebar Commission (known as Scheduled Castes & Scheduled Tribes Commission) have also recommended organisation of forest cooperatives and replacement of contractors.

(ii) Whether the operation of the forest cooperatives should be entrusted to the Forest Labour Cooperative Societies on the basis of the formula suggested by the Group, *i.e.* in proportion of 80:20 between the Government and the society;

(iii) Whether the losses, if any, incurred by the forest departments in this regard should be treated as an expenditure on development.

(iv) Whether there is a need for a sponsoring agency—voluntary agency, federation or others, for organising new forest labour societies.

(v) In what manner can greater coordination be brought about between the forest, tribal welfare and cooperation departments for dealing effectively with the problems of tribal areas.

The Ministry is of the view that the policy and programme suggested by the Group may be endorsed.

(vi) *Industries for tribals*

15. (i) For improving the economic condition of the tribals, it has suggested that industries based on forest and agriculture should be started on an increasing scale in the tribal areas. The list of industries suggested includes de-seeding of tamarind, preparation of leaf plates, drying ginger, turmeric, preparation of starch from tamarind, collection of herbs and medicines, charcoal making, match splint making and match making, tassar reeling, poultry farming, cattle rearing etc.

(ii) Special attention should be given for organisation of cooperative processing industries in regard to non-edible oil seeds found in abundance in the tribal areas. Reference has also been made to the lac industry. In this context, it is mentioned that the tribal areas of Bihar and Madhya Pradesh account for 75 per cent of the total lac. For reducing the mal-practices in marketing of lac, the group has suggested

that marketing and processing of lac on cooperative basis should receive high priority. A long term overall plan for marketing of lac should be evolved and implemented. The marketing societies in important lac growing areas should instal factories for processing lac as an adjunct. The unit may be owned or worked by two or three marketing societies or by the regional marketing society so that the machinery can be utilised to the fullest capacity.

(iii) The industries in the tribal areas which involve simple processing such as de-seeding of tamarind, preparation of leaf plates, collection of herbs, charcoal making, splint making etc. could be encouraged by the service or forest labour cooperatives. The latter should, in Maharashtra and Gujarat, take up timber processing and seasoning. Marketing societies should take up collection and processing of non-edible and edible oil-seeds.

(Rec. 24, 26, 29 & 30)

16. The above approach recommended by the Group may be accepted.

(vii) *Agricultural credit and special guarantee*

17. (i) The Group has observed that even though the short-term credit requirements of the tribals are rather restricted compared to the farmers in the plains, the cooperative banks do not meet adequately even these requirements for agricultural production. In some of the states, short-term loans of Rs. 50 are available only when the property is mortgaged, whereas the members of scheduled tribes cannot mortgage the lands without the previous permission of the Collector. The Group has, therefore, emphasised that as recommended by the Mehta Committee on Credit, the rules and procedure should be modified to provide short-term loans on the basis of the production programmes and consumption needs. While determining the repaying capacity and credit worthiness, the income from sale of minor forest produce and labour should also be taken into account.

(P. 8.2, 8.4 & 8.6)

(ii) To avoid delay in getting the permission of the Collector for mortgage of lands, a general order permitting the tribals to mortgage the lands only in favour of cooperative societies may be issued by the State Government.

(P. 9.5)

18. The above recommendations may be accepted.

19. With regard to medium-term loans, the Group has suggested that in the tribal areas where larger investments of medium-term nature are needed for development of agriculture, the proportion of medium-term loans to short-term loans should at least be 2 : 1. In this context, the Group has suggested increased contribution to the Long-term Operations Fund of the Reserve Bank of India as recommended by the Mehta Committee. It has also emphasised the need for a clear restatement of policy regarding medium-term loans and vigorous follow-up action in tribal areas.

(P. 8.12)

ISSUES

20. The question for consideration is that in view of the limitation on the availability of medium-term funds, it would be possible to follow immediately the formula suggested by the Group or it should be a long term objective.

21. The long-term loans needed for permanent improvements should be provided by the Government as it would not be possible for the land mortgage banks to issue such loans in the tribal areas in view of the problems of alienation of land, valuation and marketability etc.

22. The responsibility for providing long term loans will have to be with the government in view of the peculiar difficulties in the tribal areas. (Rec. 36)

23. To induce the central cooperative banks to extend and expand credit in the tribal areas, the Group has suggested that guarantee upto 90 per cent of the loan in individual cases subject to a ceiling of 6 per cent of the total loans be provided by the Government of India and the States as has been done in the case of industrial cooperatives. For meeting the demands of default, a sum of Rs. 25 lakhs may be earmarked by Government of India. It is also suggested that the cooperative banks should be allowed to draw upon the guarantee as soon as default occurs. (Rec. 38, 39)

ISSUES

24. (i) The question for consideration of the Conference is whether the existing provision of outright grants to the central cooperative banks is a sufficient incentive for issuing loans to the weaker sections of the community, or any additional incentives are needed. In this context, it may be mentioned that although a review of the extent to which the credit has flown to the weaker sections of the community after the formulation of the scheme of outright grant has not been made, it is generally felt that this had not had the desired effect and credit has flown generally to the relatively well-to-do sections of the community.

(ii) The central cooperative banks are still hesitant to provide loans to the backward classes. In view of the special responsibility devolving on the government for the welfare of the backward classes, it is for consideration whether the limited guarantee, as suggested by the Working Group, already applicable to the cooperatives of industrial workers etc. may be extended to the service cooperatives in the agricultural sector. In this connection, it may also be mentioned that limited guarantees to central cooperative banks were given even in states like Madras and Maharashtra (which are relatively well developed in cooperation) for inducing the central cooperative banks to provide finance for new schemes.

(viii) *Indebtedness and Money lending*

25. The Group has drawn attention to the problem of indebtedness and money lending which is quite serious and has stressed the need for taking legal action for debt relief. In this context it has quoted the findings of the Committee on Special Multipurpose Tribal Development Blocks (known as Elvin Committee) that "in fact the increased earnings of the tribal simply go into the treasury of the money-lenders." It has suggested that debt relief regulations may be introduced in all the states in respect of the scheduled areas. A draft of debt relief regulation has also been provided. These regulations should be promulgated by the Governor of the State under his special powers. In Andhra Pradesh and Madhya Pradesh, such legislation is already introduced. (Rec. 62-69)

ISSUES

26. It is for consideration whether taking into account the problem and the size of indebtedness in the tribal areas reported by various commissions and committees, immediate action on the following lines should be taken in other states, as suggested by the Group:

- (i) Debt relief regulation should be formulated in all the states for the scheduled areas;
- (ii) Whether itinerant courts should be established for scaling down of the debts and if so, the financial assistance to be provided thereon.
- (iii) The need for regulation of money lending and the activities of the traders need also to be taken into account. Necessary measures for implementing the legislation on money lending should be taken immediately.

(ix) *Operational and business procedures*

27. For the proper organisation and effective functioning of the co-operatives in the tribal areas, the group has suggested adequate preparatory work, survey of the agricultural practices, marketing methods etc. by the extension staff. Targets for business turnover of service co-operatives have also been indicated. The Group has made various suggestions in regard to the changes in the procedures for issue of short and medium term loans. It has suggested that central cooperative banks should finance the societies provided their overdues against their members do not exceed 33 per cent. .

28. There is need for considerable emphasis on adequate preparatory work and survey so that the concept of viability is taken care of right from the beginning. In regard to suggestion of the group that the central cooperative banks should be financed even if the overdues exceed 33 per cent, the suggestion of the Group is not acceptable to the Ministry as a general proposition as it would be undesirable in principle to finance such societies. In individual cases, however, certain exceptions can be made in the light of local conditions. The other recommendations of the Group on the operational and business procedures may be endorsed.

(Rec. 41-56)

AGENDA ITEM NO. 1(B)—*Cooperatives for Scheduled Castes and other Backward Classes*

RURAL AREAS

(i) *Scheduled Castes engaged in agriculture.*

While the population of scheduled tribes is concentrated in certain well defined pockets, the scheduled castes are found in all the villages. Economic backwardness apart, they suffer from social handicaps which come in the way of their being admitted or in securing proper assistance from various types of societies. Considering the spread of these communities, the Group has stated that it may not be desirable to form separate societies for the scheduled castes engaged in agriculture. Their

interests, however, should be protected by orienting the policies and procedures of service cooperatives to suit their requirements. The Group has in this context suggested that cooperatives should develop a convention of electing members of scheduled castes on the Board of Management of societies in proportion to their number. The inspecting officers should educate these communities about their rights and duties. It has also suggested that separate targets for enrolment of members and issue of loans to the scheduled castes should be formulated. (Rec. 70-71)

ISSUES

2. (i) The question for consideration of the Conference is whether separate societies for Scheduled Castes engaged in agriculture should or should not be organised.

(ii) Whether the cooperatives should develop the convention of electing members of scheduled castes on the Board of Management in proportion to their members by convention or a suitable provision in the Cooperative Law should be made for this purpose. In the case of panchayat Raj Institutions, a provision has been made in the law itself for electing members of scheduled castes etc. to the Panchayats.

(ii) *Poultry, piggery and dairying schemes*

3. A significant observation of the Group is that the funds earmarked for piggery, poultry and dairying in the plans are flowing to the relatively well-to-do sections of the community as they understand and adopt modern techniques more easily and also as they have better education and contacts. Consequently, the Scheduled Castes are likely to be squeezed out from their traditional occupations for which they have inherent skill. To check this the Group has recommended that 50 per cent of the allotment for poultry, piggery and dairying in the general sector should be earmarked for the Scheduled Castes. The Group attaches highest importance to this recommendation. (Rec. 74)

ISSUES

4. It is for consideration whether the principle of earmarking a certain percentage allotment for poultry, piggery, dairying etc. in the general sector for the Scheduled Castes be accepted in view of the reasons mentioned by the Group. If this principle is accepted, the percentage may be indicated.

(iii) *Provision of loans*

5. The Group has observed that in the Third Plan there is a provision of Rs. 3 crores for schemes pertaining to agriculture and minor irrigation for scheduled castes. Under this scheme, grants are given by the Social Welfare Departments to individuals for purchase of bullocks, implements seeds, manures, fertilizers, etc. According to the Group the system of giving grants is subject to various abuses and in the absence of proper follow-up, the utilisation of this grant at times leaves much to be desired. Therefore, the pattern of assistance should be modified and a portion of the assistance should be in the form of loans so that the beneficiaries may develop a sense of responsibility and use the resources properly. (Rec. 73)

ISSUES

6. The issue for consideration in this context is whether the pattern of financial assistance under the scheme of Backward Classes sector should also include provisions for loans. The system of giving the entire funds as grant is likely to be misutilised and may not generate the spirit of self help and the sense of responsibility amongst the beneficiaries.

(iv) *Salt cooperatives*

7. The salt industry provides employment to a large number of Scheduled Castes and other backward classes particularly, in areas where brine resources are found. The Government of India has already adopted a policy of giving preference to salt cooperatives in the matter of leasing of Government lands and issue of licences. The organisation of salt cooperatives helps considerably in providing employment and in securing fair price for the produce. The group has, therefore, suggested that salt cooperatives should continue to receive exemption from cess and be given preference over other manufacturers in the matter of licensing. Out of Rs. 3 crores set apart for salt industry, the Group has suggested that a sum of Rs. 46 lakhs should be earmarked for assisting cooperatives for various purposes. (Rec. 91-93)

8. The above recommendations may be endorsed. In this connection it may be mentioned for information of the Conference that the Government of India have agreed to continue the concessions provided to the salt cooperatives. It is also agreed that the salt cooperatives should also undertake marketing of salt directly instead of through the middle-men. The working of these societies should be reorganised so that the actual workers alone are admitted as members and outsiders are kept out. The questions whether the promotional work of salt cooperatives could be carried out by the salt Department as also the pattern of financial assistance are under consideration.

(v) *Cooperative Farming*

9. The Group has recommended that in the settlement of landless labourers, cooperative farming method should be adopted in preference to individual allotment as it would help in bringing the lands under plough more effectively. It has suggested that the lands located by the Uppal Committee should be utilised for cooperative farming. The funds available under various schemes such as cooperation, settlement of landless labourers should be integrated and given to these societies. Where difficulties are experienced in the management of these institutions, Government may lend its officers to run these institutions. (Rec. 97-100)

10. The recommendations of the Group may be endorsed, as these are in conformity with the policy.

URBAN AREAS

11. The Group has observed that with the growth of urban areas the population of sweepers, leather workers, rickshaw pullers, hand-cart pullers, dhobies, basket makers etc. will also increase. These people are exploited immensely. The improvement of the economic condition of these groups through cooperatives would help not only in their proper rehabilitation but also in reducing many anti-social activities with which they are

associated. There were no specific programme for them in the two Plans. A specific programme for these groups should, therefore, be formulated and implemented. (Rec. 76)

12. The approach of the Group may be endorsed.

(i) *Sweepers*

13 (i) The Group examined the conditions of the sweepers in nine cities by making on the spot study and also through a survey conducted by Harijan Sevak Sangh in 71 towns of 12 States. These studies have brought out that 90 per cent of the sweepers are indebted; the main causes for this are: (a) high-level expenditure on marriages, birth and death ceremonies, (b) illness and drinks. The money is borrowed at very high rates of interest ranging from 6 nP. to 25 nP. per rupee per annum. The common rate of interest is 75 per cent per annum. The Group has cited a few examples of the anti-social and unethical behaviour of the money lenders. For safe-guarding the economic interests of the sweepers and exploitation, the Group has recommended an integrated approach to the problem. Social reforms coupled with administrative measures have been recommended. Effective enforcement of money-lenders' legislation, abolition of 'Jajmani' rights in Punjab, Delhi, social education and organisation of service cooperatives (for credit, thrift and supply of consumer goods) have been suggested.

(ii) Referring to the successful experience of cooperatives among sweepers in some of the areas, the Group has recommended that as a matter of policy separate cooperative societies should be organised for sweepers for the next 10 years. It has suggested a programme of organisation of sweepers' cooperatives in every town with a populations of 50,000 or more in the Third Plan. It has also suggested that reputed voluntary agencies should allocate one good worker in every city exclusively for work. The Government should meet a portion of this expenditure.

(Rec. 101-111)

ISSUES

14. (i) The Conference may consider whether separate cooperatives for sweepers should be organised in cities having a population of 50,000 or more. In this context, the point for consideration is that unless an institution is built up to prevent the exploitation of these communities by the money-lenders and others, mere social education may not be very useful. Coupled with the programme of organisation of cooperatives, action will simultaneously have to be taken to formulate an integrated approach to prevent exploitation by recourse to legal, social and educational measures as suggested by the Group.

(ii) The question for consideration is whether the assistance of the reputed voluntary agencies should be obtained (wherever such workers are available) for helping the Government in the organisation of such cooperatives.

(ii) *Leather workers*

15. (i) Although leather industry is carried out mainly by the weaker sections, adequate efforts have not been made to prevent their exploitation. The Group has observed that although there are a few successful examples of cooperatives, by and large, they have not succeeded so far

for various reasons. The Group has commended the efforts of the Khadi and Village Industries Commission in regard to the development of village tanning and other improved techniques in the rural areas. For developing leather industry on scientific lines, the Group has recommended that members of the cooperative societies should be deputed for training at the Training Centres of the Khadi and Village Industries.

(Rec. 112)

Referring to the middlemen, the Group has pointed out that the shoe business in Agra (an important centre) is in the hands of 150 middlemen who are strongly organised into five associations. It has also quoted various instances of distress sales by the cobblers. Drawing upon the past experience, the Group has recommended that separate cooperative societies should be organised for leather workers in major cities where there is a population of more than 100 such families. The Cooperatives should supply the raw materials and look after the sales. These societies should also provide commonwork facilities under one roof. The cooperatives should adopt new techniques in work as well as in sales promotion. The managers of these societies should receive training in business methods, salemanship, purchase of raw material and technical aspects of foot-wear manufacture.

(Rec. 113)

(ii) It has also recommended that the States and the Central Government should give price preference to cooperatives in regard to departmental purchases of foot-wear and in exports. Public sector undertakings and local bodies should also follow a similar policy.

(Rec. 114)

(iii) For fostering rapid and sound development of leather industry, the Group has endorsed the proposal of formulation of a Leather Board at the national level. The Group has recommended that this Board should deal only with cooperatives and should not deal with individual producers or traders. A sum of Rs. 25 lakhs should be earmarked by the Home Ministry for assisting the leather board in organising various schemes for cooperatives.

(Rec. 117)

ISSUES

16 The question for consideration is whether (i) cooperative societies should be organised in cities or areas where there are more than 100 families of leather workers, (ii) whether the States and the Central Government should give price preference to cooperatives in regard to departmental purchases of footwear and in exports. In this context, it may be mentioned that some of the States like Madras and Maharashtra are already following such a practice, (iii) the leather board to be set up at the national level (iv) it (leather board) should be required to deal only with cooperatives and should not deal with individual traders.

(iii) *Basket makers*

17. The group has also drawn the attention to the condition of basket makers and their exploitation by the traders, money lenders and middlemen. For preventing exploitation of this type and providing them with raw material at reasonable rates, improving their skills of production techniques and for assisting them in the marketing of finished products, the Group has suggested organisation of separate societies of basket makers, where more than 100 families are engaged in the trade. (Rec. 118)

ISSUES

18. The point for consideration is whether separate societies for basket makers in areas where more than 100 families are engaged in the trade should be organised for supplying raw material and for providing technical assistance and for marketing of finished products.

(iv) *Rickshaw-pullers*

19. (i) The Group studied the problem of cycle rickshaws and hand-pulled rickshaws in 9 cities. In regard to cycle rickshaws, its findings indicate that 90 to 95 per cent of the rickshaws are owned by persons who are not actual pullers. There is a growing trend of concentration of ownership in fewer hands. Some individuals own 50 to 200 rickshaws each. In Delhi, for instance, 441 rickshaws are owned by 31 individuals who are not actual pullers. The owners give out the rickshaws to the pullers on rent. The highest rent which prevails in Delhi is Rs. 4 to 5 per day per rickshaw, the average being Rs. 2 to 2.50 nP a day. Besides paying unconscionably, high rents, the rickshaw pullers are exploited in other ways.

(ii) The Group came to the conclusion that the condition of pullers of cycle as well as hand-rickshaws can be improved considerably if they are organised into cooperatives. The existing level of high rent can be reduced at least by 50 per cent straightaway, and a further reduction of 20 per cent brought out in about 2 years' time. The habit of thrift and regular saving can also be inculcated. Social amenities and healthy conditions for work can be introduced. These societies can also operate their own workshops for repairs and supply of spare parts.

(iii) The group has recommended that the present policy of pegging the number of rickshaws to 1955 or 1956 level or bringing about a gradual reduction in their number needs to be reviewed carefully as it has not benefited either the public or the actual pullers. On the contrary, undue advantage of the situation has been taken by the owners. It has, therefore, recommended that until supply of auto-rickshaws is augmented considerably, new licences should be issued, the number of new vehicles being determined in the light of local conditions. The new licences should be given only to cooperative societies of actual pullers who should not admit non-pullers as members.

(iv) The Government and the Municipal Corporations should also give preference to cooperatives at the time of renewal of existing licences of rickshaws. A quota of 10-15 per cent may be earmarked for co-operatives.

(v) Commenting on the progress in the organisation of rickshaw pullers cooperatives, the Group has observed that only in two States, advantages of this scheme had been taken. It has suggested that by the end of the Third Plan 60 per cent of the towns with a population of 50,000 or above should have cycle-rickshaws and hand-rickshaws pullers cooperatives. Other cities having a population of 20,000 to 50,000 should be covered in the Fourth Plan.

(Rec. 119-125)

(vi) Regarding the pattern of organisation, the Special Working Group suggested that new licences for rickshaws and a percentage of those renewed should be issued in favour of cooperative societies. It had in

this connection, also considered the possibility of the cooperative societies introducing a hire purchase system by which a puller would become an owner of the rickshaw in two or three years after paying the capital value in instalments. Because of the unfavourable experience of the hire-purchase system, which was tried in Madras and Delhi, the Group emphasised that ownership should vest with the cooperative societies. It also recommended that if a member wants to withdraw, he may be given a cash compensation after taking into account the period of his membership and work put in. By inculcating the habit of thrift and by creating a fund for compensation, it should be possible for a society to pay to the outgoing member about Rs. 500-750 in cash at the end of four or five years. This would maintain the continuity of the society and check the fissiparous tendencies. (P. 19.18)

(vii) The hand-cart pullers, whose condition is similar to that of rickshaw pullers, should also be organised into separate cooperatives. The municipal authorities should earmark 25 per cent of the total licences in favour of such societies. The Government should provide financial and other assistance to these societies. (P. 19.25)

ISSUES

20. The question for consideration is (i) whether till the supply of auto-rickshaws is augmented considerably, new licences for cycle rickshaws should be issued (the number of new vehicles being determined in the light of local conditions); (ii) whether new licences be given only to cooperative societies of actual pullers; (iii) whether at the time of renewal of existing licences of rickshaws, a quota of 10 to 15 per cent may be earmarked for cooperatives; (iv) whether 25 per cent of the total licences of hand-carts should be earmarked for cooperatives; (v) whether the target of covering 60 per cent of the towns with a population of 50,000 by the end of the Third Plan and covering a population of 20,000 to 50,000 by the end of the Fourth Plan with rickshaw pullers cooperatives be adopted. In this context, it may be mentioned that the Government of India have already formulated a scheme which has been circulated to the State Governments. The entire financial assistance for the scheme is provided to the States outside the State Plan ceilings for the Third Plan (copy of the letter given at Appendix B). (vi) Regarding the pattern of organisation, a view has been expressed that while the pattern suggested by the Group may be adopted, there should also be an *alternative scheme* for supplying rickshaws on hire purchase system by which members could ultimately become owners of the rickshaws. This would encourage continuous new membership. The society could also undertake service and welfare activities so that even old members may find it of interest to keep their affiliation to the society. The society may also run a workshop and manufacture rickshaws. It is for consideration whether (a) the pattern recommended by the Group in which ownership of rickshaws will vest with cooperative societies should be adopted or (b) there should also be a provision for a type of cooperative society of pullers which will provide rickshaws on hire purchase system.

(v) Coal Miners and other industrial workers

21. (i) The problems of coal miners studied by the Working Group reveals that most of these persons are heavily indebted and are driven to the money-lenders. For preventing such exploitation, the policy of

encouraging cooperative credit and consumer societies in sizeable collieries and giving financial assistance to them from the general welfare fund has been accepted by the Coal Miners' Welfare Organisation and so far, 250 such societies have been organised. Emphasising the need for a more specific programme for these communities, the Group has suggested a target of enrolment of 50 per cent of the colliery workers by the end of 1965-66. As most of the coal mines are located in three States, viz. Bihar, West Bengal and Madhya Pradesh, an intensive drive for organisation of these societies should be undertaken in collaboration with the State Cooperative Department, employers, trade unions and welfare organisations. The cooperatives should, apart from providing credit, expand their activities to supply of consumer goods at reasonable rates. A system of issuing limited credit to the members for purchases may also be formulated.

(ii) Considering the fact that 3½ million workers are covered by the Employees Provident Fund and Coal Mines Provident Fund, the Group has suggested that at least two million of these workers should be brought into the cooperative societies. (Rec. 130-138)

ISSUES

22. The recommendations may be endorsed. In this context two issues need consideration: (i) whether the target to cover 50 per cent of the colliery workers by the end of 1965-66 in three States viz. Bihar, West Bengal and Madhya Pradesh can be set out; (ii) whether a target to cover at least two million workers under the orbit of credit-cum-consumer stores would be feasible.

(vi) *Dhobies*

23. The washermen (dhobies) in the cities, near military and other establishments should be organised into cooperatives as they would gain a great deal in having common facilities. Hospitals, public and Military authorities should give preference to these cooperatives. The societies should also supply to the members washing material such as washing soda, tapioca flour, charcoal etc. (Rec. 126-129)

24. The above recommendation may be endorsed. In this context, it may be mentioned that the Government of India have already formulated a scheme which has been circulated to the State Governments in March, 1964. A copy of the letter is given at Appendix C. The programme formulated by the Ministry for the Third Plan envisages organisation of 50 societies whereas the Working Group has recommended a target of 100 societies.

It is for consideration of the Conference whether the target already set should be enhanced.

(vii) *Labour cooperatives*

25. (i) Considering the magnitude of under-employment and unemployment in the rural as well as the urban areas, the Group has laid a great deal of emphasis on the organisation of a net work of labour cooperatives. Re-iterating the policy decision of the Third Plan in this regard, it has observed that one of the essential pre-requisites for the

success of these societies is the adoption by Government of a firm policy of progressively replacing contractors by labour cooperatives for all the works and projects undertaken by the Central Government, State Governments, Municipal Corporations or by the undertakings in the public sector.

(ii) The responsibility for implementation of this policy should be of the department which executes the projects, be it the Public Works Department, Irrigation, Panchayat Samiti, Municipal Board, Railways etc. The Group has also suggested that the implementation of this policy should be reviewed constantly at the highest level. For this, it has suggested setting up of a Coordination Committee at the State Level consisting of the concerned interests. (Rec. 77-78)

26. It might be mentioned that at the end of June, 1962, there were, 2,078 labour cooperatives which executed works of the order of Rs. 500 lakhs. The progress in States like Gujarat, Maharashtra, Rajasthan and Punjab is encouraging, in other not much has been done. In this connection, it may be mentioned that the scheme of organisation of labour cooperatives has received considerable attention in the Government of India during the last two years. An all-India seminar on labour contract and construction societies was held in September, 1962. Following the recommendations of this seminar, Government of India has issued a communication to State Governments regarding the pattern of organisation and other matters. A copy of the letter is at Appendix D.

For promoting this programme, Government of India have set up a National Advisory Board for Labour Cooperatives. Three meetings of the Board have been held so far. The minutes of the third meeting are at Appendix E. The important recommendations made by the Board are:—

- (i) The states and central ministries which have so far not agreed to allot works to labour cooperatives even upto Rs. 20,000 be requested to accept this limit in the first instance.
- (ii) Societies should be classified into A, B and C classes on the basis of their capacity, financial status, managerial and technical staff; the eligibility of these societies for unskilled works being as under:
 - (a) 'C' class societies—Rs. 10,000.
 - (b) 'B' class societies—Rs. 10,000—Rs. 50,000.
 - (c) 'A' class societies—Rs. 50,000—Rs. 1,00,000.

It is essential that the state government should complete the classification of the societies very early.

The Ministry is also examining the possibility of introducing a pilot project for intensive development of labour cooperatives in one district per state.

27. The issues for consideration of the Conference are:—

- (i) How the policy of replacing the contractors by labour cooperatives can be implemented effectively;

- (ii) Whether the responsibility for implementing the policy of organisation of labour cooperatives should be of the department which executes the works *viz.* Irrigation, Public Works Department, Railways; and
- (iii) Whether there should be a target that by the end of 4th Plan at least 25 per cent of the unskilled and 10 per cent of the skilled work should be executed by the labour cooperatives.

AGENDA ITEM NO. I (C)—*Cooperatives for denotified tribes and nomadic tribes.*

1. Compared to the Scheduled Castes and Scheduled Tribes, members of denotified tribes are generally more skilled and intelligent. Adequate and sustained efforts should be made for making proper use of their talent and skill. The Group has analysed the causes for criminal tendencies of these tribes as also their socio-economic conditions. It has observed that indebtedness is one of the important reasons that drives them sometimes to the criminal activity.

2. For improving their condition the Group has made the following recommendations :—

(i) Special attention be paid to the problem of denotified tribes in urban areas. A scheme for organising cooperatives for every city having population of 1,000 or more denotified tribes be formulated. This should include a thrift and credit society. A regular programme of encouraging savings deposits should be worked out at the time of recovery of loans.

Initially, loans should be restricted to production purposes. When the society and its members have built up sufficient resources of their own, the question of sanctioning loans for other activities might be considered.

Government should sanction a loan of Rs. 10,000 per society as working capital. In addition, Government should issue loans to members to enable them to purchase shares in the ratio of 4 : 1.

Wherever sufficient number of persons are available for a particular trade or industry, a separate industrial cooperative should be organised; otherwise a cluster-type of multi-craft industrial cooperative should be established. The members of industrial cooperatives should work under a common roof so that proper supervision can be exercised. Financial assistance should be given to these cooperatives on a preferential basis from the existing schemes.

(Rec. 139)

(ii) There is scope for organising separate dairy-cum-poultry cooperatives among the denotified tribes in the urban areas. Necessary financial assistance should be given from the funds available from the Home Ministry.

(Rec. 140)

(iii) As some of the members of the denotified tribes and nomadic tribes are well-known cattle breeders, cattle breeding societies may also be organised.

(Rec. 142)

(iv) Special request from a society of denotified tribes for lending a government officer to work as an accountant or manager might be conceded for a period not exceeding 5 years. The official selected should be a persons of proved integrity and sympathy for denotified tribes.

(Rec. 143)

(v) The scheme of starting Ashram type of schools for children of denotified tribes is recommended. Selected boys from the schools might be given intensive training in cooperation so that they might be able to work as accountants and managers of cooperative societies. (Rec. 144)

3. The pattern of organisation suggested by the Group may be endorsed.

AGENDA ITEM NO. II—*Training and Education*

1. The success of a cooperative depends upon the capacity of its members, office-bearers and paid employees to understand the basis co-operative principles and put them into practice effectively. The members should participate in the deliberations and take decisions on important matters relating to policies and business. They should also have better appreciation not only of the rights but also their obligations to the society and to one another. The programme of cooperative training and education among the backward classes is of highest importance, particularly, as most of the backward classes are illiterate and suffer from other socio-economic draw-backs. (P. 23.1)

2. The above recommendation may be endorsed as education and training is vital for the success of cooperatives.

(i) *Member-education*

3. (i) The programme of education of members, members of the managing committees, office-bearers and prospective members should be intensified in tribal areas and additional peripatetic parties should be allotted.

(ii) For the members of the Scheduled Casts and de-notified members separate member-education classes should be held to suit their convenience. In urban areas special courses be organised for groups such as sweepers, cobblers, rickshaw pullers, basket makers etc. To offset the economic loss, the stipends may be increased wherever necessary.

(iii) The instructors drafted for member-education should be from the tribal areas and should be capable of imparting training in the local tribal dialect. As far as possible persons belonging to the Scheduled Tribes and Scheduled Castes should be selected as instructors. To facilitate their selection, minimum qualifications may be relaxed. They should, however, undergo training of a longer duration in cooperation.

(iv) As tribal leaders wield considerable influence in the tribal community, a scheme for training them on the lines of the Gram Sahayaks may be formulated.

(v) Tribal leaders and members of Scheduled Castes and denotified tribes should be taken on conducted study tours to successful cooperatives in tribal and other areas. (Rec. 145-148)

4. The recommendations may be approved as these conform to the policies and only slight changes and modifications are to be made to suit the requirements of the Backward Classes.

(ii) *Training of Secretaries*

5. (i) A junior cooperative training school should be located in the tribal areas and its curriculum should be specially drawn to suit the requirements of cooperatives in this area. The school should train secretaries, managers of service cooperatives, supervisors of cooperative banks, sub inspectors as well as auditors. (Rec. 149)

(ii) The group has recommended that tribals or other members of the Backward Classes should be appointed to work as managers and secretaries of the societies. Referring to the experience of the forest labourers co-operatives in Maharashtra and Gujarat, the group has come to the conclusion that given the necessary training and opportunity, suitable persons can be found from these communities to work as secretaries of the societies. For getting the proper type of persons, the group has suggested that boys belonging to these communities trained in Ashram Schools studied upto 8th standard may be taken up as secretaries and other functionaries of the dangers of appointing non-tribals as secretaries of societies. The group has also indicated that where it is not possible to get persons belonging to the same community to work as secretaries, Government may lend its officers for a limited period, adequate action being simultaneously taken to train a local members to take up this responsibility. (p. 23.8)

6. The recommendations may be endorsed.

6. The recommendations may be endorsed.

(iii) *Orientation programme and other courses*

7. (i) Special orientation courses of two to three weeks duration may be organised for the senior and intermediate level officers of cooperation department at a convenient centre in the tribal area. After the first course, short duration camps be held for reviewing the progress and identifying new problems. (Rec. 150)

(ii) Foresters training centre should arrange adequate number of lectures and practicals on forest labour cooperatives. For forests guards three-day camps may be held to discuss the programme of cooperatives. (Rec. 151)

Similar courses and camps be organised for overseers, inspectors of tribal welfare department and the staff at the block level.

(iii) Orientation courses of three weeks duration should be organised for the state and district level staff of, (i) forests; (ii) tribal welfare; (iii) public work (iv) cooperation (v) industries and (vi) general administration departments. (Rec. 152)

(iv) The first course should be for state level officers and the subsequent courses for district level staff. These orientation courses may be held at the Ranchi Orientation and Training Centre. The cost of staff, lodging and boarding and the expenditure of the study tour of the participants may be met by the Ministry of Home Affairs. (Rec. 153)

(v) The syllabus of the forest colleges should include a paper on (i) Indian Constitution, Approach to the Third Five Year Plan and (ii) Cooperative Development and Panchayati Raj institutions. The Engineering Colleges should do likewise and emphasise labour contract societies, housing societies and consumers cooperatives. (Rec. 154)

8. The above approach may be endorsed.

AGENDA ITEM NO. III—*Role of Voluntary Agencies*

According to the Special Working Group, a large part of the meagre income of the backward classes is used for payment of heavy bride price and meeting excessive unproductive expenditure on numerous ceremonial functions. The programme of economic development and social reforms should, therefore, go together. The voluntary agencies can help in tackling these two major evils and in creating favourable climate for the growth of cooperatives. (Rec. 155)

2. The Group has also referred to the important role played by voluntary social service agencies such as Bhil Seva Mandal, Rani Paraj Mandal (Gujarat), Adivasi Seva Mandal (Maharashtra), in promoting forest labour cooperatives. Similarly, Harijan Seva Sangh, Bihar and Ramakrishna Mission, Calcutta have done a good deal in helping sweepers and basket makers respectively to form cooperatives. The Servants of India Society, Poona is also assisting a labour contract society of denotified tribes. A few such examples apart, by and large, the efforts of the voluntary agencies, so far, have been mainly directed to the removal of social disabilities and adequate and sustained attention has not been paid by them to the problems of economic development and promotion of cooperatives. (Rec. 155)

3. For enlisting their support, the Group has made the following recommendations:—

(i) The system of voluntary organisation functioning as sponsoring agencies in regard to forest cooperatives in Gujarat and Maharashtra be adopted in other areas for developing cooperatives. A modest beginning may first be made with a few social workers. (Rec. 156)

(ii) The social worker should not assume leadership but create the necessary local leadership so that eventually the social worker can devote his attention to other areas or other activities. He should not accept paid appointment or draw salary or honorarium from the cooperative; he might work as an honorary secretary or the director of a society. ((Rec. 157)

(iii) Financial assistance should be given to approved all-India voluntary and social agencies for maintenance of whole-time workers at various levels for developing cooperatives. Certain criteria for recognition should be formulated. (Rec. 158)

(iv) The *grants-in-aid* should be given for 5 years so that the voluntary agencies can give assurance to their workers regarding continuity of work. A reasonable maintenance allowance should be paid by the approved

agency to their workers. The Government of India might meet the entire cost of allowances to the selected workers during the third plan.

(v) The National and State Cooperative Unions should (i) produce suitable literature for the benefit of scheduled castes, scheduled tribes and denotified tribes, (ii) study problems relating to cooperatives from time to time. (Rec. 159)

ISSUES

4. It is for consideration: (i) whether voluntary agencies exist and can be made use of in all the States for taking up the responsibility of sponsoring agencies.

(ii) If such agencies are not in existence, what measures are necessary for fostering their growth on proper lines.

(iii) Where such agencies are unable to take up the responsibility, whether the government departments or the federations of these co-operatives should take up promotional and organisational functions.

(iv) Whether *grants-in-aid* to approved voluntary agencies should be given for appointment of carefully selected whole-time workers for promoting and guiding the cooperatives.

5. It is also for consideration whether in the long run various types of cooperatives such as forest labour cooperatives, rickshaw pullers co-operatives, sweepers cooperatives, leather workers' cooperatives, should develop a self-regulatory system through their own functional federations.

AGENDA ITEM NO. IV—*Administrative Machinery*

It should be the endeavour of the Government as a whole to bring about greater awareness among all the technical and administrative officers about the role of cooperation in the planned economy and particularly for the backward classes. The basic condition for the success of cooperatives is the enunciation of a clear policy and its effective implementation.

(Rec. 161)

2. In every State, a high level coordination committee may be constituted to promote cooperative programmes in all fields relating to development of backward classes. This Committee will have greater authority and will be more effective if the Chief Minister could be the Chairman. At the official level there should be a Committee under the Chairmanship of the Chief Secretary for reviewing the progress. (Rec. 162-163)

3. The above recommendations may be endorsed as constitution of such committees helps in the development of cooperatives.

4. Every State with a tribal population of one million or more should have a whole time Joint Registrar for developing cooperatives. In other States a whole-time Deputy Registrar (Class I) may be provided. The cost of such officers with necessary supporting staff should be met from the plan provision for welfare of backward classes, administered by the Ministry of Home Affairs. (Rec. 164)

5. The above recommendation may be endorsed.

6. In the districts, the Collector should be in overall charge of development activities and should ensure the implementation of the cooperative programme among the backward classes. (Rec. 165)

7. The above recommendation may be endorsed.

8. In tribal development blocks forest extension officer should be appointed who should give technical advice and guidance to forest labour cooperatives and other cooperatives concerned with the exploitation of forest wealth. (Rec. 167)

9. The concept of appointment of extension officers for various types of activities such as agriculture, animal husbandry, social education, co-operation etc. is an accepted policy. The appointment of the forest extension officer would help in creating better understanding between the Forest Department and the tribals and help in the smooth functioning of the cooperatives.

10. The above recommendation may be endorsed.

11. In the Ministry of Home Affairs there should be a separate cell for economic development of backward classes under a whole time Joint Secretary supported by an officer having intimate knowledge of cooperatives, especially in tribal areas. (Rec. 168)

12. The Government of India has decided that a special cell should be set up for promoting cooperatives among the backward classes in the Ministry of Community Development and Cooperation.

AGENDA ITEM NO. V—*Pattern of financial assistance*

The recommendations of the Working Group regarding pattern of financial assistance to various types of cooperative societies are given in the Appendix F. The Group has suggested that financial assistance to societies should be related to the programme of work and their performance. It has also recommended that while some subsidy is essential, the aid from the government should largely be in the shape of loans. This would generate a sense of responsibility and direct the efforts of the society to become self-supporting at the earliest.

2. The pattern of financial assistance may be approved subject to the following:

(i) It is not necessary for the Government to provide funds for share capital participation in a society as well as loans to individuals for purchase of shares. Loans to individuals may not be given for purchase of shares. The purpose can be served by the state participation in the share capital of the cooperatives and collection of share money in instalments from the members, the ratio of share capital contribution by Government and members will have to be 10:1.

(ii) The Special Working Group has recommended financial assistance to regional marketing societies to the extent of Rs. 3.75 lakhs. As it is proposed not to set up new societies but to entrust the work to the apex marketing society, it is necessary to consider the extent to which the financial aid should be given to the latter.

(iii) The managerial subsidy for service cooperatives may be Rs. 1,200 instead of Rs. 1,800 as suggested by the Group.

(iv) For accelerating the growth of sweepers' cooperatives, the limit by way of share capital participation and loans for working capital may be raised to Rs. 8,000 and Rs. 50,000 respectively, the actual amount depending upon the number of members.

(v) The recommendation of the Group that a minimum of Rs. 1.6 lakhs should be available for financing cooperative societies (instead of Rs. 1 lakh already agreed to) out of Rs. 4 lakhs allocated for economic development out of Rs. 10 lakhs provided by the Home Ministry per Tribal Development Block may be accepted. For higher organisations and cooperatives outside the tribal development blocks, funds can be found out of Rs. 2.73 crores provided in the central sector for promoting various types of cooperatives.

3. While the assistance to cooperatives for scheduled tribes can be given from the funds available with the Home Ministry in the central sector (but within the State Plan ceilings), the overall pattern of financial assistance to cooperatives of scheduled castes and denotified tribes is for consideration of the Conference. In this connection, it might be mentioned that Government of India has finalised the pattern of financial assistance for rickshaw pullers and dhobies' cooperatives. The scheme of rickshaw pullers' cooperatives is treated as a centrally sponsored scheme for which the entire financial assistance is available outside the state plan ceilings. For the scheme of dhobies' cooperatives the expenditure is shared by the central and state governments on the basis of 75:25 for loans and on 50:50 basis for subsidy, the central assistance being a part of the state plan ceilings. For the programmes to be undertaken in 1965-66, financial provisions can be made subsequently on the basis of the recommendations of the conference and the decisions of the Government thereon. But for implementing the minimum programme during the year 1964-65 funds will have to be found either by adjustments out of the savings or supplementary resources will have to be found. In view of the importance of the programme, it is necessary to do so.

AGENDA ITEM NO. VI—*Programme for the Third Plan and approach in the Fourth Plan.*

(A) PROGRAMME FOR THE THIRD PLAN

(i) *Tribal areas*

The programme of cooperative development should be related to the tribal development blocks where additional resources and trained technical personnel are available and where favourable conditions exist for economic development.

2. The Group has suggested that each tribal development block should have the following four important types of cooperatives :

(i) Tribal area service cooperative	5 per block.
(ii) Forest Labour Cooperatives	5 per block.
(iii) Labour contract societies	2 per block.
(iv) Primary marketing societies	2 for 3 blocks.

The total number of Tribal Development Blocks by the end of the Third Plan, according to the information available to the Group, was likely to be about 367. On this basis, the Group had suggested formation (either by new organisation or reorganisation) of 1835 tribal area service cooperatives, 1835 forest labour cooperatives, 734 labour contract societies and 242 marketing societies. The break-up of the target year by year is given in para 26.3 of the report. (According to the information now available, the total number of tribal development blocks by 65-66 will be about 482).

3. In view of the fact that the implementation would be confined to two years of the plan, instead of four as envisaged by the Group, it would not be possible to complete programme suggested by the Group in the Third Plan. Instead of an ambitious programme right at the beginning it would be more realistic to make a careful start after completing the preparatory work. It is, therefore, suggested that during the current year (64-65), the four important types of cooperative societies referred to in para 2 above should be set up in 119 tribal development blocks which had been started by the year 1962-63. The state-wise break-up of these blocks is given in the appendix-G. Even in these blocks, it is not essential to have, in the first year itself, all the five service cooperatives or forest labour cooperatives. Two or three societies may be started after carrying out the survey on the lines referred to in para 9.1 and 9.2 of the report and the programme expanded further in the year 1965-66.

4. In this context, a question would arise regarding funds. It might be pointed out by some of the states that the budget for 64-65 has been committed and voted and it would be difficult to make adjustments at this stage. It might, however, be stated that financial resources for carrying out the minimum programme set out above are likely to be available in many of the blocks. In this connection, it would be recalled that the Ministry of Home Affairs as well as the Ministry of Community Development & Cooperation (Department of Community Development) have already agreed that out of Home Ministry's allocation of Rs. 10 lakhs for tribal development blocks, Rs. 1 lakh may be used for assisting co-operatives. The initial requirements may not exceed this amount. If they do exceed the limit of Rs. 1 lakh, and the money is available in the allotment for economic development, which is about Rs. 4.8 lakhs, the savings can be made use of.

5. For the year 1965-66, it is suggested that :—

- (a) The backlog of organisation in 119 tribal development blocks be completed,
- (b) Cooperatives should be started in another 212 tribal development blocks organised in the years 62-63 and 63-64.

- (c) As regards 144 new tribal development blocks to be allotted in 65-66, cooperatives should be organised in 66-67.

6. For implementing the programme in 65-66, a good deal of advance action will be necessary. This includes (i) issue of orders of the State governments by 30th June, 1964, on the recommendations of this Conference, (ii) Departments concerned should formulate their proposals and programmes for 65-66 on the basis of the new policy, (iii) Funds for strengthening the apex marketing societies or regional marketing societies be provided, (iv) Proposals should also be worked out for strengthening the central cooperative banks and the departmental staff, (v) Action be taken to select and train secretaries for various types of cooperatives. (vi) Special *ad-hoc* schemes for setting up cooperatives should be worked out in states like West Bengal where the tribal population has not been covered by tribal development blocks.

(ii) *Scheduled castes and denotified tribes*

7. As regards the scheduled castes, the following programme is for consideration :—

(i) Sweepers, rickshaw pullers, hand-cart pullers, dhobies cooperatives should be organised by the end of the Third Plan in 113 cities with a population of 1 lakh and more. (State-wise break-up given in the appendix H.) During the current year, about 50 new societies of each type may be started.

Regarding de-notified tribes, 10 thrift *cum* credit societies, 5 industrial societies, 5 cluster type of societies may be organised during the current year. This number may be doubled in 65-66.

(ii) The conference may also suggest suitable targets for organisation of cooperative societies for coal miners, salt workers, basket makers etc.

(B) BROAD APPROACH TO THE FOURTH PLAN

8. The broad approach to the Fourth Plan is receiving serious consideration of the Planning Commission. The programme of cooperative development of backward classes would, however, be based largely upon the orders of the government on the recommendations made by this conference on the report of the Special Working Group. It is quite likely that additional tribal development blocks may be allotted to cover tribal population of less than 66·2/3 per cent but more than 50 per cent of the total. An estimate in this regard is about 500 additional blocks. These factors and the more accurate data available may be taken into account in formulating the Fourth Plan.

The Fourth Plan should, however, have the following objectives :—

(i) Cooperatives should be agency through which all economic schemes for backward classes should be implemented,

(ii) 75 per cent of the villages in each tribal development block and 60 per cent of the tribal population should be covered by cooperatives in tribal development blocks. In other areas, 50 per cent of the tribal population should be covered.

(iii) 50 per cent of the forest coup and minor forest produce should be exploited through cooperatives.

(iv) Industries for processing of forest and agricultural produce be set up.

(v) All unskilled works upto 25 per cent should be executed through labour cooperatives. For states like Maharashtra, Punjab, Gujarat and Rajasthan, the target should be 50 per cent.

(vi) 10 per cent of the skilled works should be carried out through labour cooperatives.

(vii) 50 per cent of the colliery workers and industrial workers should be covered by cooperatives.

(viii) All cities and towns with a population of 30,000 should be covered by sweepers and rickshaw pullers cooperatives.

(ix) 50 per cent of industrial workers engaged in basket making, leather, salt etc. should be covered.

(x) 50 per cent of the resources for poultry, piggery and dairy development should be earmarked from the general sector for the scheduled castes, scheduled tribes and denotified tribes and this aid be channelled through cooperatives.

APPENDICES

APPENDIX—A

SPECIAL WORKING GROUP ON COOPERATION AMONG BACKWARD CLASSES—A SUMMARY OF THE VIEWS OF THE STATE GOVERNMENTS

General

The Special Working Group on Cooperation among backward classes submitted its report in September, 1962. Copies of the report were sent on 17th October, 1962 to the Chief Secretaries of State Governments and subsequently to the Secretaries incharge of Cooperation, Secretaries incharge of Welfare of Backward Classes and to the Registrars of Cooperative Societies. The replies have so far been received from 9 States and two Union Territories i.e. from Cooperation Departments of Punjab, Maharashtra, Mysore, and Gujarat and from the Social Welfare Departments of Madhya Pradesh, Rajasthan, West Bengal, Kerala and Jammu and Kashmir. A list of departments from which replies have been received is enclosed. Their views/comments on the recommendations of the Group are summarised under various broad heads:

(a) Cooperatives in tribal areas

2. The West Bengal Government has not given its observations on the detailed recommendations, but has broadly stated that the recommendations do not have much bearing for their State as its 21 lakh tribal population is not covered by the tribal development blocks. There is, however, sufficient scope for expanding cooperative movement particularly, in the field of agriculture and industry based on agriculture and forest. Special staff and additional financial assistance should be provided from the central sector. No appreciable progress can be achieved by implementing the recommendations in a disjointed and piecemeal manner.

(i) Integrated service cooperatives

3. The States of Madhya Pradesh, Maharashtra, Gujarat and Rajasthan have agreed that where the system of hats is prevalent in the tribal areas, service cooperatives may be organised on the basis of the hat as the unit. The Madhya Pradesh Government are of the view that the hat system will have distinct advantages. The question of area of operation is being examined in consultation with the cooperation department. The Kerala and Punjab Governments are of the view that as there are not hats, the normal pattern may be adopted with certain flexibility. Mysore and Jammu & Kashmir have no tribal areas.

4. The States of Madhya Pradesh, Maharashtra, Rajasthan have agreed that service cooperatives should take up the four functions of credit, consumers, grain section and marketing. The Maharashtra State, however, feel that separate sections as such may not be opened but should be

dealt with by the society as a whole. The Madhya Pradesh Government are of the view that these societies be called as multi-purpose societies and grain gola section should be at the village level and not at the hat. The village societies should be affiliated to the multi-purpose societies located at the hat. The Gujarat State agrees to have grain section where necessary. The other States agree to the approach.

5. These States have agreed to the need for out-right purchases. The Maharashtra State are of the view that such purchases should be restricted to twice the paid up capital.

Cooperative marketing

6. These States agree that marketing societies should undertake out-right purchases of agricultural and minor forest produce.

Maharashtra State are not in favour of organisation of separate regional marketing societies as the tribal areas are scattered. The commodity-wide societies for marketing of lac, timber etc. should be organised. The work of collecting minor forest produce should be given exclusively either to the forest labour cooperatives or to marketing societies or both.

The Gujarat Government is of the view that district sale unions can work as regional marketing societies and separate regional marketing societies are not necessary. The apex may have a separate cell for this purpose. The Kerala Government also do not consider the necessity of having regional marketing societies. Punjab Government has expressed the view that in view of the limited tribal population in the State there is no need for organisation of separate regional marketing society and the State marketing federation can do the work.

The Madhya Pradesh Government are of the view that the primary marketing societies should be affiliated to the State level tribal development society which is already functioning. The State level society is proposed to be activated for taking up the responsibility. The rest of the States agree to the setting up a cell in the apex marketing society for handling the produce etc. of the tribal areas.

National corporation for tribal area development

7. The States of Maharashtra, Gujarat, Mysore and Madhya Pradesh agree to the setting up of a National Corporation for Tribal area development. The Madhya Pradesh Government have, further said, that cooperatives should handle export directly through the corporation and should not have to deal with middlemen. The States of Kerala, Punjab, Rajasthan and Jammu & Kashmir have not expressed any views on this point.

Forest labour cooperatives

8. The Maharashtra Government have accepted the recommendations of the Working Group on matters relating to organisation of forest labour cooperatives. The State Government is, however, considering the question

of future policy in regard to exploitation of forest coupes through forest labour cooperatives. The Rajasthan Government have also accepted the policy and have indicated that a Committee is appointed to examine the pattern of sharing of profits and losses. The Gujarat Government have indicated that a clear policy has already been laid down and the recommendation of the Committee regarding inclusion of audit fee in the schedule is not acceptable. The Madhya Pradesh State have accepted the policy and the principle of partnership with Government for allotting coupes to forest labour cooperatives. It considers that the sponsoring of the societies should be done by the Government or the State Tribal Development Society. After the societies have established, district federations may be formed. The Jammu & Kashmir and Punjab Governments have indicated that there are no forest areas of the magnitude to take up the organisation of forest labour cooperatives. The Mysore Government have not offered any views on this point. The matter is under consideration of Kerala Government.

Industries for tribals

9. The States have accepted the suggestion regarding the organisation of industries for tribals on cooperative basis. The Mysore Government have indicated that the processing of edible and non-edible oils should be undertaken. Dhoop collection can be undertaken by the National Corporation. The Punjab Government has expressed that extraction of oil from Kuth can be undertaken.

Agricultural credit and special reserves

10. The States have generally accepted the major recommendations in regard to credit for agriculture in the tribal areas. Mysore Government have indicated that larger volume of long-term loans should be provided. The Madhya Pradesh Government are of the view that for the development programme of agriculture, government should provide medium and long-term loans, which should carry a substantial portion of subsidy.

Regarding the question of special guarantee for inducing the Central Cooperative Banks to provide credit, the States of Rajasthan, Mysore and Punjab have accepted the recommendation. The matter is under consideration of the State Governments of Maharashtra and Kerala. The Gujarat State have not offered any comments. The Madhya Pradesh State considers that even if a limited guarantee is given, it may not solve the problem. Government will have to come forward with necessary loans which should carry an element of subsidy.

Operational and business procedure

11. The operational and business procedures suggested by the Group have been generally accepted by the States. The Rajasthan, Maharashtra and Kerala States have indicated that there should be a limit on out-right purchases. In regard to the recommendations regarding mortgage of lands in favour of cooperatives, the M.P. Government have indicated that there is already a provision in the Cooperative Law to this effect.

Finance and indebtedness

12. The Maharashtra Government is of the view that share capital contribution to the service cooperatives should be raised from Rs. 5,000 to Rs. 10,000 in special circumstances. There should not be a condition of matching contribution for securing share capital from the Government. The financial assistance for godowns of marketing societies should be 50 per cent loan and 50 per cent subsidy. The financial assistance recommended to the regional marketing societies should be available to the sections of the apex marketing societies set up for handling agricultural produce of the tribal areas. The assistance for tribal areas not covered by T.D. blocks should be provided by the Government of India.

The M. P. Government is of the view that in the conditions of their State, assistance will have to be given largely in the shape of subsidies. It considers that the pattern of assistance recommended by the Group for service cooperatives is inadequate. The tribals would not be willing to take loans for contributing to the share capital of the societies. The assistance for managerial subsidy should be more liberal. The assistance should be provided to the societies on the basis of the pattern already provided in the tribal welfare plan. A suitable cadre of managers should be provided by Government. The pattern of assistance recommended for forest labour cooperatives is considered inadequate. The existing pattern under the tribal welfare department of the State is recommended. The pattern of aid for regional marketing societies is also considered inadequate and has recommended continuance of the pattern of assistance obtaining in the T.D. blocks of the State.

The States of Punjab, Mysore have accepted the pattern. The Gujarat State has not offered any comments.

Regarding debt relief legislation and money-lending legislation, the Rajasthan and Maharashtra Governments have indicated that the necessary legislation has already been enacted. In Gujarat, Money-lending act is already in force. The M.P. Government have indicated that the debt relief regulation is already promulgated for the scheduled areas. The question of extension to other areas is under consideration.

(b) Cooperatives for scheduled castes

13. The States who have given their comments have accepted the approach suggested by the Group for organisation of various types of societies for scheduled castes. The Madhya Pradesh Tribal Welfare Department had not offered any comments as the subject is handled by another department.

In regard to the recommendations of the Group for earmarking funds from the general sector for schemes relating to dairying, poultry, piggyery, the States of Punjab, Mysore, Gujarat, Kerala and Jammu and Kashmir agree with the recommendations. The Maharashtra Government is of the view that the only preference should be given to cooperatives and instructions in this regard should be issued. The Rajasthan State is of the view that such earmarking should be made after a review.

The State Governments of Punjab, Gujarat, Maharashtra have lent their support to the scheme of organisation of *labour cooperatives* and have indicated that action in this regard has already been taken. The Maharashtra Government agree that the responsibility for promoting labour cooperatives should be with the concerned department. It does not consider it necessary to constitute a committee at the Ministers' level for promoting labour cooperatives. The target of organisation of labour cooperatives is also considered by them to be on the high side.

14. Regarding the scheme of *salt cooperatives*, the Maharashtra State have indicated that funds may be provided to the State Government outside the State plan ceilings. In regard to *sweepers' cooperatives*, Government should subscribe to the share capital of these societies. Regarding the recommendations of the *rickshaw-pullers' cooperatives*, the Rajasthan Government is of the view that these recommendations should be examined in the light of the recommendations of the Working Group on transport set up by the Government of India (the report has not been submitted to the Government).

(c) *De-notified tribes*

15. The programme suggested by the Group is accepted. The Maharashtra Government is of the view that instead of giving loans to individual members, Government should provide share capital contribution in proportion of 1:10. It has expressed the view that unless the persons of these communities are paid adequate remuneration it would be difficult to get them to work as secretaries. The M.P. State has stated that such societies should be formed only after a proper climate has been created.

(d) *Other recommendations*

16. The States are generally in agreement with the recommendations of the Group. They have accepted the need for appointment of Joint Registrar or Deputy Registrar (Class I) as recommended by the Group. The M.P. Government have indicated that appointment of a Joint Registrar is to be made in the Tribal Welfare Department. The Rajasthan State have expressed the view that it would be difficult to get instructors from tribal community. It has, therefore, suggested that assistant inspectors having three years' experience may be selected as instructors. It has also suggested that a junior cooperative training school should be located only when sufficient number of candidates are available. In regard to the orientation training of district staff, the M.P. Government have indicated that Chhindwara institute may also be utilised for this purpose along with Ranchi Centre. It has also indicated that there is already a coordination committee at the Chief Secretary's level and it would be desirable to have committee also at the Ministerial level.

List of departments of State Governments which have furnished their views/comments on the recommendations of the Special Working Group on Cooperation among Backward Classes

S. No.	State	Department
1	Madhya Pradesh . . .	Tribal Welfare Department.
2	Kerala . . .	Revenue Department.
3	West Bengal . . .	Tribal Welfare Department.
4	Rajasthan . . .	Social Welfare Department.
5	Jammu & Kashmir . . .	Social Welfare Department.
6	Maharashtra . . .	Cooperation and Rural Development Department.
7	Punjab . . .	Cooperation Department.
8	Mysore . . .	Cooperation Department (Registrar of Coop. Societies)
9	Gujarat . . .	Registrar of Coop. Societies.
<i>Union Territories</i>		
1	Tripura. . .	Registrar of Coop. Societies.
2	Himachal Pradesh . . .	Secretary, Cooperation.

APPENDIX—B

Copy of letter No. 6-8/59-Coord, dated 21st February, 1961 addressed to the Secretary incharge of Cooperation, All States and Union Territories and copies endorsed to others.

SUBJECT:—*Scheme regarding organisation of Rickshaw Pullers' Cooperative Societies in the Country.*

I am directed to refer to this Ministry's letter No. 13-33/59-Coop.I/UC dated 14th October, 1959 on the above subject and to say that State Governments/Union Territories had been requested therein to take up organisation of one or two Rickshaw Pullers' Cooperative Societies on a pilot basis during 1959-60 or include them in their annual plan for 1960-61. The response, however, has not been very encouraging. It has therefore been decided on the basis of the suggestions received, to liberalise the pattern of financial assistance to enable the State Governments/Union Territories to initiate action for the speedy implementation of the scheme during the third five year plan. The pattern of financial assistance has been revised as follows:—

- (i) To the extent the State Government/Union Territory has to provide loan assistance to a society for the purchase of cycle/autorickshaws, the Central Government may provide an interest bearing loan. Ordinarily the loan assistance should not exceed Rs. 20,000 per society repayable within a period of seven years in equated instalments bearing interest at the usual rate.
 - (ii) The Central Government may provide grants to enable the State Government/Union Territory to give assistance towards managerial expenses. The managerial assistance should not exceed Rs. 900/- per society spread over a period not exceeding five years. It will be shareable on a 50 : 50 basis with the State Government.
2. It may be mentioned further that the draft scheme circulated under this Ministry's letter No. 13-33/59-Coop.I/UC dated 14th October, 1959 is intended to serve as an example and changes as are considered necessary according to local conditions may be made therein subject to the revised pattern of financial assistance indicated above.
3. I am, therefore, to request that necessary action may be taken for starting one or two Rickshaw Pullers' Cooperative Societies on a pilot basis during the first year of the Third Five Year Plan by providing for the cost of the schemes within the plan ceilings. The schemes prepared may be forwarded to this Ministry for approval.

No. 5-10/63-Coord.
Government of India
Ministry of Community Development and Cooperation
(Department of Cooperation)

Krishi Bhavan, the 27th April, 1964
New Delhi, the 7th Vaisakha, 1886.

To

The Secretaries-in-Charge of Cooperation,
All States and Union Territories.

SUBJECT:—*Rickshaw pullers and Reda pullers cooperative societies—
Financial assistance.*

Sirs,

I am directed to refer to this Ministry's letter No. 6-8/59-Coord. and 6-13/60-Coord, dated 21-2-1961 and 14-9-1962 respectively on the subject mentioned above and to say that the response from the state governments etc. regarding organisation and development of rickshaw pullers and reda pullers cooperatives has not been very encouraging. As the scheme was drawn up for the purpose of helping the socially and economically backward classes engaged in the profession of rickshaw and reda pulling, this Ministry is anxious that the organisation of such cooperatives is not held up. It has, therefore, been decided to treat the scheme as a centrally sponsored scheme, the pattern of financial assistance remaining the same. Thus, the entire assistance to such cooperatives will come from the centre and the expenditure on this scheme will be outside the state plan ceilings.

State governments may kindly take necessary action to organise rickshaw pullers and reda pullers cooperatives on a priority basis according to the programme agreed to in the Annual Plan discussion for 1964-65. The financial estimates for the programmes may please be indicated.

Yours faithfully,

M. LALL,
Under Secretary.

Copy to:—

1. All Registrars.
2. P.S. to Minister/Deputy Minister (CD)/Deputy Minister (C).
Secretary/Additional Secretary.
3. All Officers and Sections in the Department of Cooperation.
4. N.C.D.C.
5. N.C.U.I.
6. Committee for Cooperative Training.

M. LALL,
Under Secretary.

APPENDIX—C

No. 9-29/63-Coord.

Government of India

Ministry of Community Development and Cooperation
(Department of Cooperation)

Krishi Bhavan, the 3rd March, 1964

New Delhi, the 13th Phalguna, 1885.

From

Shri M. Lall,

Under Secretary to the Govt. of India.

To

The Secretaries-in-charge of Cooperation,
All States and Union Territories.

SUBJECT:—*Organisation of Washermen's (Dhobies) Cooperatives.*

Sirs,

I am directed to invite a reference to this Ministry's letter No. 11-11/62-Coord., dated the 4th October, 1962, on the subject mentioned above (copy enclosed) and to say that the question of organisation of washermen's cooperatives was considered by the Special Working Group on Cooperatives for Backward Classes which *inter-alia*, recommended that :—

- (i) Cooperatives for dhobies can be effectively organised wherever a large and regular clientele is available and services of a number of dhobies are required. Training establishments, hotels, hostels and hospitals offer good scope for such societies. The membership of the society should be open to the persons actually engaged in this work.
- (ii) The society should supply washing material and other requisites to members. After some experience, equipment for dry cleaning and other improved facilities may be installed.
- (iii) Authorities incharge of various institutions and government departments should adopt the policy of encouraging such cooperatives and entrusting work to them.

2. The Working Group also made recommendations with regard to financial assistance to dhobies' cooperatives and it has been decided to provide assistance to dhobies' cooperatives on the following pattern :—

(i) *Loan for working capital and equipment*

State governments may provide loan to each society upto a maximum of Rs. 10,000. The central government will provide loan to the state governments to the extent of 75 per cent of the amount advanced by them to the societies, repayable in 15 years. 50 per cent of the loan may be utilised by the societies for purchase of equipment and 50 per cent for working capital.

(ii) *Managerial subsidy*

Upto a maximum of Rs. 1,200 may be provided per society, to be spread over a period of 3-5 years and to be shared by state and central government on 50 : 50 basis.

3. The scheme will form a part of the state plan and the outlay on it will be included in the state plan.

1. State governments and Union Territories are requested to take up organisation of washermen's cooperatives during the remaining period of the third plan and submit their proposals for the year 1964-65 as early as possible. It should be possible to organise at least 2-3 societies in each state and 1 society in each union territory during the remaining period of the third plan so as to achieve a total target of 50 societies by the end of the third plan.

Yours faithfully,
M. LALL,
Under Secretary.

1. Copy forwarded for information and necessary action to :—

- (i) Registrars of Cooperative Societies, All State/Union Territories.
- (ii) Development Commissioners of All States/Union Territories.

2. Copy for information to :—

- (i) Planning Commission.
- (ii) Ministry of Health.
- (iii) Ministry of W.H. & R.
- (iv) Ministry of Defence.
- (v) Ministry of Education.

3. Copy also to :—

- (i) P.S. to Minister (CD&C).
- (ii) P.S. to Dy. Minister (CD).
- (iii) P.S. to Dy. Minister (Coop.).
- (iv) All Officers and Sections in the Department of Coop.
- (v) Department of C.D. (5 copies).
- (vi) National Cooperative Union of India.
- (vii) National Cooperative Development Corporation.

M. LALL,
Under Secretary.

Letter No. 11-11-62-Coord., dated the 4th October, 1962 addressed to the Secretaries-in-charge of Cooperation, All State Governments and Union Territories,

SUBJECT:—*Organisation of Washermen's (dhobies) Cooperatives.*

It is well known that dhobies (washermen), who belong to the weaker section of the community, experience considerable difficulty in organising their trade on efficient lines and earning a decent return. Their problems can be tackled effectively if they are organised into cooperatives wherever it is possible to have a large clientele. A beginning in this direction could be made with military establishments, medical colleges, hospitals, hotel, hostels etc. which require the services of dhobies on a permanent basis and can ensure continuity of work.

To start with the societies to be organised may undertake the supply of washing material such as washing soda, starch, blue, charcoal etc., collection of clothing for washing in bulk and their distribution amongst members. Later on they may provide for common worksheds, lockers for storage of clothes and other suitable washing facilities.

The societies should also encourage thrift from the very beginning by introducing a system of saving deposits. A scheme on these lines has been taken up for implementation in the third plan in the state of Madras with financial assistance from the state government. Important details of the scheme have been shown in the Annexure. State governments may kindly examine the possibility of organising such societies.

ANNEXURE

Scheme for the organisation of washermen's cooperative societies in Madras state under the third five year plan.

The main object of such a society is to provide credit facility to members for the purchase of equipment, implements and other material essential for washermen to find profitable employment for the members and to run a dhobikhana on modern scientific lines with necessary machinery and equipment. To start with 100 washermen members are admitted in a society. The liability of the members is limited to their share capital. The authorised share capital of a society is Rs. 50,000 made up of 10,000 shares of Rs. 5 each.

During the first year of the third five year plan period, i.e., 1961-62, the state government sanctioned a scheme for the organisation of 4 washermen cooperative societies. All the 4 societies have been registered and have started functioning at Ooty, Cuddalore, Trichy and Tuticorin. Financial assistance has been sanctioned to each of the four societies at the rate of Rs. 23,480 on the following pattern:—

1. Subsidy—establishment and Contingency.	Rs. 600
2. Loan (interest-free) for share capital at Rs. 50 each for 100 members.	Rs. 5,000
3. Loan (interest-free) at Rs. 100 each for 100 members for the purchase of equipment such as iron-box, table, boiler etc.	Rs. 10,000
4. Loan (interest-bearing at 5½%) at Rs. 50 each for 100 members for the purchase of soda ash.	Rs. 5,000
5. Cost of one Senior Inspector to work as secretary for one year, free of cost.	Rs. 2,880

Total :— Rs. 23,480

The loan for items 2 and 3 above is repayable in ten equal annual instalments—the first instalment commencing from the sixth year of the drawal of the loan. The loan for item 4 above is repayable in twelve months. A society is required to execute necessary documents before the loan is actually disbursed.

APPENDIX-D

Copy of letter No. 13-68/62-Coord. dated the 5th February, 1963 from the Deputy Secretary to the Government of India, Ministry of Community Development and Cooperation (Department of Cooperation), New Delhi to the Secretaries in charge of Cooperation, all states and union territories and copies endorsed to the Registrars of Cooperative Societies.

SUBJECT:—Implementation of the recommendations of the All India Seminar on Labour Contract and Construction Cooperatives September, 1962.

I am directed to refer to the copy of the proceedings of the All India Seminar on Labour Contract and Construction Cooperatives held in September, 1962, at Nagpur which was sent with this Ministry letter No. 13-41/62-Coord. dated 1st November, 1962 and to say that the various recommendations contained therein have been considered in this Ministry.

With regard to the revised pattern of financial assistance for labour cooperatives a separate communication No. 22-96/60-Coord. of 31st January, 1963 has been issued. The recommendations relating to the award of work and extension of facilities by the CPWD have been taken up with the central agencies concerned.

This Ministry is in general agreement with the other recommendations of the seminar. A list of the important recommendations which have to be implemented by the state governments/union territories is enclosed. It is requested that these recommendations may be examined early and steps taken for their implementation.

It will be appreciated if this Ministry is kept informed of the action proposed to be taken in the matter at an early date.

Recommendations Relating to Organisation & Membership

1. Normally a primary society should cover a group of a few villages and should have a membership between 50 to 200 where circumstances warrant otherwise the states should fix suitable limits for the size and membership of such societies having regard to economic viability.

2. District level federations or unions of primary labour cooperatives should be organised as soon as a sufficient number of primaries have been established on the ground. The minimum membership may be 30 viable units but this may vary according to local circumstances.

3. An Advisory Body for Labour cooperatives at the state level consisting of non-officials, representatives of the Public Works and Co-operation Departments and a representative of the cooperatives should be set up to advise government on matters relating to the award of contracts, fixation of workable rates, reservation of works and other promotional measures.

4. Sympathisers may be admitted as members, but their membership should be restricted to 1/10th of the total membership or the prescribed maximum whichever is less. Their number should be reduced progressively.

5. Casual workers may be admitted as nominal or associate members in excess of or within the optimum membership. They may partake in the facilities available but should not be given any bonus.

Recommendations Relating to Financial Assistance Settlement of Bills Etc.

1. There should be only one financing agency in the district which should deal directly with primary labour cooperatives irrespective of the sources from which funds have been obtained by it.

2. Depending upon local conditions state governments may advance funds to central financing agencies for providing working capital loans to labour contract and construction societies.

3. Where necessary a liaison officer of the cooperative department should be attached to the PWD to ensure quick settlement of bills. Similarly an officer of the Public Works Department may be attached to the cooperative department to guide cooperatives in the execution of works.

4. Independent tribunals should be set up for deciding disputes that may arise in connection with the execution of works and settlement of bills. The tribunal may consist of three persons including representatives of the labour cooperatives, PWD and the cooperative department or of one person acceptable to both parties.

Recommendations Relating to Promotion, Supervision and Audit

1. A separate cell with special staff should be created at headquarters to assist registrars in the promotion and supervision of labour cooperatives.

2. Depending upon the increase in the member of societies and the volume of work involved additional staff for supervision and inspection consisting of one or two officers may be appointed at the district and/or divisional levels.

3. State governments should create adequate training reserves to facilitate the training personnel. The cost on account of such reserves should be shared by the Government of India according to the approved pattern

4. Adequate arrangement should be made for the regular audit of labour cooperatives from the very beginning.

5. One district in each state should be reserved for utilising the agencies of labour contract and construction societies exclusively in the execution of works under the rural manpower utilisation scheme sponsored by the Planning Commission.

APPENDIX—E

Minutes of the Third Meeting of the National Advisory Board on Labour Contract and Construction Cooperatives held on 13th April, 1964.

The third meeting of the National Advisory Board on Labour Contract and Construction Cooperatives was held on 13th April, 1964. A list of persons, who attended the meeting is given in the Annexure.

2. The agenda was considered and the following decisions were taken:—

Agenda Item I. (i) The progress in the implementation of the Nagpur Seminar recommendations was reviewed. It was felt that while no State or the Central Ministry had accepted the recommendation *in toto*, States like Orissa, Gujarat, Mysore, Rajasthan, Kerala and Maharashtra had agreed to allot works up to Rs. 20,000/- and more without invitation of tenders. Other States and Central Ministries had not come up even to that limit. It was, therefore, suggested that the States and Central Ministries, which had not agreed to allot works even up to Rs. 20,000/- be requested to agree at least to that limit to start with. The examples of States, which had done better might be quoted to these States and Ministries.

(ii) The desirability of classifying societies into various kinds on the basis of their capacity to undertake works was considered in this connection. After all, all societies were not good enough and their capacity varies from society to society and it was not possible for the work awarding agencies to know which society could be entrusted with what kind of work. The Board therefore felt that classification based on financial status, managerial and technical staff, and in the case of old societies their past performance, was desirable and suggested that such classification might be done by the State Governments in the following manner:—

- | | |
|---|-----------|
| (a) Eligibility for unskilled works up to Rs. 10,000/- | 'C' Class |
| (b) Eligibility for unskilled works from above Rs. 10,000/- to Rs. 50,000/- | 'B' Class |
| (c) Eligibility for unskilled works from above Rs. 50,000/- to Rs. 1,00,000/- and over. | 'A' Class |

As for skilled works 'A' and 'B' classes may be allotted works according to availability of technical know how with the societies. This classification would not apply to award of works involving handling of goods on the railways.

(iii) It was observed that very few societies had appointed technical staff, although there was provision in the Plan for assistance for appointment of such staff. Under the pattern of assistance a subsidy of Rs. 7,200/- spread over a period of 3 to 5 years is available for a group of 10 societies and so the State Governments should be requested to take full advantage of this pattern.

(iv) One of the factors inhibiting the growth of labour cooperatives has been the inadequacy of the present arrangements for settlement of disputes arising from award of works. The Board, therefore, felt that it was necessary to provide for speedy settlement of disputes and towards that end suggested that a committee consisting of three persons; one from the Revenue Department, one from the Cooperation Department; and one from the Engineering Department, might be appointed by the States at district level to dispose of all disputes. In this connection, it was pointed out that there might be no representation from the labour cooperatives on the committee as had been recommended by the Nagpur Seminar.

Agenda Item II

The role of work-awarding agencies in the promotion of labour cooperatives was discussed. It was felt that the organisation and registration of the cooperatives should be the responsibility of the Cooperation Department and non-official cooperators, and that it was not necessary to fix targets in terms of percentage of the total value of works to be taken up by work-awarding agencies in a given area. It was, however, suggested that the work-awarding agencies should take active interest in the formation and growth of labour cooperatives and that it would go a long way towards fostering labour cooperatives if the work-awarding agencies appreciated in some form or other the efforts of officers towards encouragement of labour cooperatives. A quarterly assessment of works awarded to labour cooperatives by the work-awarding departments both at the State and Central levels would be very helpful, and such assessments should be communicated to the Ministry of Community Development and Cooperation, New Delhi.

Agenda Item III

The role of Bharat Sevak Samaj in relation to labour cooperatives was discussed and it was agreed that wherever labour cooperatives existed, Bharat Sevak Samaj should utilise them on preferential basis for execution of works secured by them, and where no cooperatives existed, Bharat Sevak Samaj should help in promotion of such cooperatives. The cost of services rendered by Bharat Sevak Samaj to labour cooperatives could be recovered. Schedules of costs might be worked out for various kinds of services as is done by the P.W.D., so that the labour cooperatives would know what they would be called upon to pay for the services provided by the Bharat Sevak Samaj.

It was agreed that the Bharat Sevak Samaj should not work as a bank for the savings of the labour cooperatives and that such functions should be performed only by a financial institution like the Cooperative Bank.

APPENDIX-F

*Pattern of financial assistance to various types of cooperative societies recommended by the
Special Working Group*

	At the beginning	At the end of Third Plan
	Rs.	Rs.
<i>(a) Assistance to societies in T. D. Blocks</i>		
I. Service cooperative—		
(i) Loans to members for purchasing shares in the society	1,500	7,500
(ii) Share capital to Grain Gola Section (if such gola activity is undertaken)	2,000	5,000
(iii) Contribution towards the Price Fluctuation Fund (Grant) to be used for outright purchases	2,000	2,000
(iv) Godown (50% loan; 50% subsidy)	5,000	10,000
(v) Managerial subsidy	600	1,800
TOTAL	<u>11,100</u>	<u>26,300</u>
II. Primary Marketing Society.		
(i) Share capital		10,000
(ii) Contribution towards Price Fluctuation Fund (Grant)		10,000
(iii) Godown (75% loan, 25% subsidy)		20,000
(iv) Managerial subsidy		5,000
TOTAL		<u>45,000</u>
III. Forest Labour Cooperatives.		
(i) Share Capital contribution		3,000
(ii) Managerial subsidy		1,200
(iii) Welfare Fund (Grant)		1,500
TOTAL		<u>5,700</u>

	Rs.
IV. Subsidy to Central Cooperative Banks for one supervisor, per block spread over 3 years	3,000
	(Rs. in lakhs)
(b) Assistance to higher organisations.	
(a) Regional marketing societies	
(i) Share capital contribution	2.50
(ii) Godown (25% grant, 75% subsidy)	1.00
(iii) Managerial subsidy	0.25
TOTAL	3.75
(b) Loan to marketing societies for purchase of truck	0.40
(c) Subsidy to District Union for Forest-own-Labour cooperatives per society	0.10
(c) Assistance to societies of Scheduled Tribes not covered by T. D. Blocks.	
Additional assistance to the service cooperatives on the following scale is suggested :	
(i) Provision for making outright purchases	2,000
(ii) Loans to tribal members for purchase of shares in the society	3,000
(iii) Share capital to grain gola section	5,000
(iv) Additional managerial subsidy	900
	10,900
(d) Assistance for societies of Scheduled Castes	
(i) Sweepers Cooperatives.	
(a) In towns with a population below 1 lakh.	
(i) Loans to individual members for purchase of shares	2,000
(ii) Working capital (50% for credit section and 50% for consumers stores)	20,000
(iii) Managerial subsidy	1,200
TOTAL	23,200

	Rs.
<i>(b) In towns and cities with a population above 1 lakh</i>	
(i) Loans to individual members for purchase of shares .	5,000
(ii) Working capital	40,000
(iii) Managerial subsidy	1,200
TOTAL	46,200
<i>(ii) Rickshaw Pullers Cooperatives</i>	
<i>Pattern of assistance</i>	
1. Loan upto Rs. 25,000/- per society for purchase of vehicles	25,000
2. Share capital per society in the ratio of 1:5	5,000
3. Managerial subsidy	900
TOTAL	30,900
<i>(iii) Hand-cartmen's Cooperatives.</i>	
1. Loan on an average of Rs. 10,000 per society for purchase of vehicles	10,000
2. Share capital of Rs. 2,000 per society	2,000
3. Managerial subsidy	1,200
TOTAL	13,200
<i>(iv) Salt Workers Cooperatives</i>	
1. Share capital contribution to each society (loan) .	3,000
2. Managerial- <i>cum</i> -technical subsidy for 3-5 years. .	3,000
	6,000
3. Loan and assistance for development of licensed works	40,000
	(per society on average depending on the works).
<i>(v) Leather Workers Cooperatives</i>	
1. Share capital loan to members	3,000
2. Managerial subsidy	1,500
	4,500

	Rs.
<i>(vi) Basket Makers Cooperatives</i>	
1. Working capital loan per society	5,000
2. Share capital contribution	1,000
3. Managerial subsidy	1,000
	<u>7,000</u>
<i>(vii) Dhobies Cooperatives</i>	
1. Working capital loan on an average per society	10,000
2. Share capital loan to members to purchase shares	1,000
3. Managerial subsidy	1,200
	<u>12,200</u>
<i>(viii) Labour Cooperatives</i>	
At the rate of Rs. 17,000 per society calculated as under :—	
Supervisor	7,200
Manager	4,800
	<u>12,000</u>
Share capital.	3,000
Subsidy-cum-loan for tools and equipment	2,000
	<u>17,000</u>
<i>(ix) Coal Miners Cooperatives</i>	
1. Managerial subsidy Rs. 600/- per year for three years.	
2. Working capital at the rate of Rs. 10,000/- per society .	
3. Special staff for 12 districts	
<i>(x) Other Industrial Workers Credit-cum-Consumers Stores</i>	
1. Share capital contribution per society	2,500
2. Working capital loan per society	10,000
3. Managerial subsidy per society	1,800
	<u>14,300</u>
<i>(e) Assistance to societies of Denotified Tribes</i>	
<i>(i) Thrift-cum-credit society</i>	
1. Share capital	5,000
2. Working capital	10,000
3. Managerial subsidy	1,200
	<u>16,200</u>

	Rs.
(ii) <i>Industrial society</i>	
1. Share capital	3,000
2. Working capital	15,000
3. Managerial subsidy	1,800
	19,800
(iii) <i>Cluster type cooperative society</i>	
1. Share capital	5,000
2. Working capital (average Rs. 50,000 Maximum 1 lakh on merit)	50,000
3. Managerial subsidy	5,000
	60,000

APPENDIX—G

Statement showing the number of Tribal Development Blocks in which the Cooperative Programme is proposed to be started during the years 1964-65 & 1965-66

Name of State	Number of tribal development blocks in which cooperative programme is proposed to be started	
	1964-65	1965-66
1. Andhra Pradesh	7	11
2. Assam	15	18
3. Bihar	18	24
4. Gujarat	11	24
5. Kerala	1	..
6. Madhya Pradesh	24	56
7. Madras	1	1
8. Maharashtra	8	28
9. Orissa	16	29
10. Punjab	1	..
11. Rajasthan	4	6
12. Himachal Pradesh	5	..
13. Manipur	3	3
14. Tripura	2	3
15. Nagaland	3	8
16. Dadra & Nagar Haveli	..	1
TOTAL	119	212

APPENDIX—H

Size-wise break up of towns having a population of 1 lakh and more wherein organisation of cooperatives for sweepers, rickshaw pushers etc. is proposed in 1964-65

Name of the State	Cities with population over 1 lakh
1. Andhra	11
2. Assam	2
3. Bihar	9
4. Gujarat	6
5. J & K	2
6. Kerala	4
7. M. P.	8
8. Madras	11
9. Maharashtra	13
10. Mysore	6
11. Orissa	1
12. Punjab	5
13. Rajasthan	6
14. U. P.	17
15. West Bengal	11
16. Delhi	1
TOTAL	113

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