



**REPORT**

**OF**

**THE STUDY GROUP ON  
TRANSPORT COOPERATIVES**

**1962-64**

**T OF INDIA MINISTRY OF TRANSPORT  
NEW DELHI**

**Price : Inland Rs. 4.70 Paise**

**Foreign 11sh. or 1\$ 70 cents**



# REPORT

OF

## THE STUDY GROUP ON TRANSPORT COOPERATIVES

1962-64

**GOVERNMENT OF INDIA MINISTRY OF TRANSPORT  
NEW DELHI**

## TABLE OF CONTENTS

Chapter No.	Subject	Page
1.	Introductory .. .. .	1
2.	Earlier Studies of Transport Cooperatives in India .. .. .	3
3.	Trends in Other Countries .. .. .	5
4.	Review of Transport Cooperatives in India .. .. .	9
5.	Pattern of organisation of Bus and Truck Cooperatives .. .. .	14
6.	Financing of Bus and Truck Cooperatives .. .. .	18
7.	Taxi-Cab Cooperatives .. .. .	26
8.	Inland Water Transport .. .. .	32
9.	Jin and Cycle-Rickshaws and Auto-Rickshaws .. .. .	39
10.	Miscellaneous .. .. .	45
11.	Summary of Recommendations .. .. .	60
	Acknowledgements .. .. .	70

## ANNEXURES

No.	Subject	Page
I	Motor Transport Cooperatives—Questionnaire for Registrars of Cooperative Societies and individual motor transport cooperatives .. .. .	71
II	Questionnaire on Rickshaw Pullers, Cooperatives (Cycle Rickshaws and Auto-Rickshaws) .. .. .	79
III	Questionnaire on Country Craft (Boat) Transport Cooperatives .. .. .	81
IV	List of the Transport Cooperative Societies and Others who replied to the Questionnaire of the Study Group on Transport Cooperatives .. .. .	82
V	Details of the meetings and discussions of the Study Group on Transport Cooperatives .. .. .	87
VI	Motor Transport Cooperatives in India (1962) .. .. .	88
VII	Working Capital of Motor Transport Cooperatives (1962) .. .. .	89
VIII	Gross Earnings in relation to Working Capital .. .. .	90
IX	Miscellaneous data on Transport Cooperatives (1962) .. .. .	91
X	West Bengal Scheme for organisation of Taxi-Drivers' Cooperative Societies .. .. .	92
XI	Bombay Cab-operators' Cooperative Transport Society Ltd. .. .. .	100
XII	A Draft Scheme for organisation of Rickshaw Pullers' Cooperative Societies evolved by the Department of Cooperation .. .. .	110
XIII	Model Bye-laws of a Cooperative Transport Society Ltd. Auto-Rickshaw Pullers' Cooperative, New Delhi .. .. .	113

## CHAPTER 1 INTRODUCTORY

1.1 *Background*—The policy laid down in the Third Five-Year Plan was that cooperation should increasingly become the principal basis of organisation in many branches of the economic life. It was felt that the implementation of this policy would be facilitated if the activities in the different sectors of the country's economy were separately studied and specific programmes drawn up for shaping them in conformity with the desired pattern of development. The Planning Commission suggested accordingly that working groups should be constituted for each of the major sectors for not merely reviewing the progress so far made but indicating the lines of development for the balance of the Third Plan period and the Fourth Plan period.

1.2 *Composition of the Group*—In pursuance of this recommendation<sup>1</sup> the Ministry of Transport appointed a Study Group on the 11th September<sup>1</sup> 1962, consisting of the following persons :—

1. Shri S. N. Bilgrami, Chairman, *Chairman*  
Inter-State Transport Commission,  
Ministry of Transport.
2. Shrimati Subhadra Joshi, Member, Lok Sabha.
3. Secretary, Hijli Cooperative Transport Society Ltd., Midnapur,  
West Bengal (Shri S. S. Panda).
4. Registrar of Cooperative Societies, Punjab.
5. Shri M. L. Batra, Chief Officer, Rural Credit Section, State Bank of  
India.
6. Shri D. P. Singh, Joint Secretary (Agriculture), Planning Com-  
mission.
7. Shri K. L. Luthra, Director (Transport), Planning Commission,
8. Shri A. Sarkar, Deputy Director, Department of Cooperation.  
Ministry of Community Development, Panchayati Raj and Co-  
operation.
9. Shri K. Srinivasan, Deputy Secretary, Ministry of Transport (Member-  
Secretary).

1.3 *Terms of Reference of the Group*—The following were the terms of reference of the Group :—

- “(i) to examine the scope for the cooperative form of organisation in the field of transport;
- (ii) to draw up a pattern of organisation for transport cooperatives;
- (iii) to assess the financial requirements of transport cooperatives and suggest ways and means of meeting them;
- (iv) to suggest patterns of financial assistance from the Central and State Governments to transport cooperatives;
- (v) to recommend specific programmes and physical targets for the organisation of transport cooperatives during the Third Plan period;

- (vi) to make recommendations for allocating to transport co-operatives, a certain portion of the funds provided for the entire cooperative sector; and
- (vii) to indicate the lines of development of transport cooperatives in the Fourth Plan."

1.4 *Nomination of an Additional Member*—Shri S. S. Panda, Secretary, Hijli Cooperative Transport Society, retired from the service of the Society on the 12th May, 1963. Consequently, he ceased to be a member of the Group and no other person was appointed on the Group in his place. The membership of the Registrar of Cooperative Societies, Punjab (Shri V. P. Johar) was withdrawn by the Government of Punjab from the 11th January, 1963 and this vacancy was also not filled. Later, in pursuance of a suggestion of the Planning Commission, Shri K. T. N. Nambiar, Additional Director of Employment Exchanges, in the office of the Directorate General of Employment and Training was nominated a member of the Study Group.

1.5 *Meetings of the Group*—The first meeting of the Study Group was held on the 14th September, 1962 to consider the procedure to be followed by it. In the course of the discussions, it was agreed that problems concerning cycle-rickshaw cooperatives should also be studied by the Group, although these were not specifically covered by the terms of reference. It was decided that questionnaires covering (i) motor transport cooperatives; (ii) boat cooperatives; and (iii) cycle-rickshaw cooperatives should be prepared and circulated to the Registrars of Cooperative Societies in the different States and some individual transport cooperatives.

1.6 The Study Group accordingly prepared three separate questionnaires (Annexures I, II & III) which were distributed to the Registrars of Cooperative Societies and some selected cooperative societies in each State/Union Territory, through the Registrars, on 24-10-1962. A few persons interested in the cooperative movement were also addressed. In response to the questionnaires, replies were received from 99 individual cooperatives (Annexure IV), 17 Registrars of Cooperatives and 13 others.

1.7 The Group held 17 meetings altogether (Annexure V), including discussions with representatives of transport cooperatives.

## CHAPTER 2

### EARLIER STUDIES OF TRANSPORT COOPERATIVES IN INDIA

2.1 No separate and intensive study of transport from the standpoint of cooperation has been made till now, though the need for providing increased opportunities for cooperative service has been recognised for over 25 years.

2.2 *Motor Vehicles Insurance Committee*—In 1936-37, the Motor Vehicles Insurance Committee pointed out that if cooperative insurance was fostered among transport operators it would involve comparatively low overhead and commission charges and a cheap agency for investigating claims, since the business would be confined to small areas. The Committee pointed out further that the popularisation of cooperative insurance might lead to the formation of viable units of owners of public carriers and public service vehicles for effecting other economies in operational cost. They expressed the hope that this would eventually result in keeping down the cost of transport in areas where such cooperative societies functioned. The Committee's recommendations were accepted by the Government and were incorporated under Section 108 of the Motor Vehicles Act, 1939.

2.3 *Saraiya Committee*—The role that cooperatives could play in the transport sector was also highlighted by the Cooperative Planning Committee, popularly known as the Saraiya Committee, 1951. This Committee pointed out that in order to increase the efficiency of the transport system and to improve the economic conditions of the persons engaged in it, it was necessary to organise them cooperatively, and moreover, transport organised on cooperative lines would be more amenable to State regulation than a host of individual lorry owners each plying his own vehicle. The Committee was of the view that it would also provide an opportunity of employing soldiers and technicians who were expected to be demobilised in large numbers after the end of the Second War. They observed that on the 31st July, 1945 there were 15 cooperative transport societies in the Punjab (as against 4 in 1943-44), which were reported to be working satisfactorily and that further increase in their number had been held up pending a final decision by Government in regard to the policy about Government participation in the transport business. The following were their recommendations :—

- (i) Transport cooperative societies composed of ex-servicemen and small owners of vehicles should be organised in different parts of the country and Government should place at their disposal surplus vehicles at nominal rates.
- (ii) The Provincial Cooperative Council should watch the progress in the development of road construction and suggest to the Cooperative Department from time to time in what areas transport cooperative societies should be organised.
- (iii) Passenger and goods traffic on new roads should be reserved for cooperative transport societies.
- (iv) When a sufficient number of transport societies had been organised in a particular area, steps should be taken to organise them into unions for coordinating their activities specially as regards rates,

freights and routes and for obtaining collectively their various requirements such as tyres, petroleum, lubricants, accessories etc.

2.4 *Amendments to the Motor Vehicles Act in 1956*—The question of giving special incentives to transport cooperative societies was gone into in 1955-56 when Sections 47(1) and 55(1) of the Motor Vehicles Act, 1939 were amended by the Motor Vehicles (Amendment) Act, 1956 (Act 100 of 1956) to provide that, other conditions being equal, an application for a stage carriage or public carrier permit from a cooperative society, registered or deemed to have been registered under any enactment in force, for the time being, should, as far as possible, be given preference over applications from individual owners.

2.5 *Pilot Project for Educated Unemployed*—A pilot project for the formation of cooperative societies for running goods transport services was sponsored by the Ministry of Transport in 1958; with the twin objects of provision of employment to the educated unemployed and increase in the number of motor vehicles on the road. Although all the State Governments were offered a unit each, the scheme was implemented only in Kerala, West Bengal and Delhi. The Transport Development Council recommended in 1961 that the other States should also be offered central financial assistance, if they were interested, but no State Government other than Kerala has shown much enthusiasm for the scheme.

2.6 *Madhya Pradesh Enquiry*—A cooperative society as a form of organisation can succeed only if it proves to be a viable unit for purposes of motor vehicle operation. In 1960, a Committee, appointed to examine the working of the viable units of motor operators in Madhya Pradesh recommended, therefore, that suitable measures should be taken to encourage the formation of viable cooperative societies, that smaller cooperative societies should be persuaded to merge into larger societies and that societies operating in compact areas should be induced to form unions. It was suggested further that the proposed unions should be the instruments of common management and maintenance for the societies and these societies should normally get preference in the issue of permits for new routes to develop motor transport in rural areas.

2.7 *Rajasthan Study Team*—A study team set up by the Government of Rajasthan for the formation of viable transport units has also observed that “viable units should be formed either by joining of individuals who possess one or more transport vehicles in a transport cooperative society as members, or by forming Central Transport Societies in which two or more primary societies may be members”. It was suggested that the central cooperative societies should arrange the necessary amenities for their constituent members. As for financial assistance, it was urged that the Government should allot funds for transport cooperative societies as in the case of agricultural, housing and industrial societies. The team also recommended certain amendments to the Rajasthan Motor Vehicles Rules to make preference for cooperatives mandatory in the matter of grant of route permits in certain circumstances.

2.8 It has been represented that these sporadic enquiries and efforts in regard to motor transport have not helped to evolve a uniform or consistent policy in this matter in the different States, and that the actual impact of co-operation on the transport services is yet to be precisely assessed.

## CHAPTER 3

### TRENDS IN OTHER COUNTRIES

3.1 It may be useful to study the development of transport cooperatives in other countries before we proceed to consider their current share in the transport system of this country or evaluate their legitimate role in the future.

3.2 *Relatively Poor Growth of Transport Cooperatives*—It will be observed from the synoptic tables of international cooperation that, while cooperation has impressive gains to show in the field of credit, thrift, marketing, industry and housing, in transport its progress in most countries has been slow and its impact on the economy, as a whole, rather insignificant. As conditions differ from country to country, it may be futile to look for common reasons to explain this phenomenon. It may be that the same degree of compulsive necessity for cooperation does not exist in this field, as in other spheres say, agriculture, credit, marketing or housing or it may be that being capital-intensive and providing only a limited scope for employment, transport does not offer a very congenial soil for the development of cooperation.

3.3 It would appear that, because of the absence of any compelling need or any other effective stimulus, interest has not been shown in transport cooperation in the United Kingdom or the United States. It has been noticed that cooperative trucks are engaged in these countries only for carrying products to markets; and this traffic is also of a negligible order. The position is similar in Finland, France, Italy, the U.S.S.R. and Yugoslavia, where cooperation has germinated fruitfully in other fields.

3.4 *South and Central American Countries*—Progress in transport cooperation appears more appreciable in some South and Central American countries. Argentina is stated to have had 111 transport cooperatives with a total membership of 6,193 and paid up capital of \$54,785,900 million in 1956. Mexico likewise had 360 societies, which secured 40% of the licences for Federal passenger and goods transport and 25% for urban traffic. It would appear that Transport Cooperatives, confining their services to their members, are termed "Consumers" Societies in Mexico; one of these, an automobile repair and accessory society, has been given credit for bringing down charges in the private trade to a marked extent.

3.5 *Iceland and Japan*—In Iceland, the land transport system is stated to have been developed largely under the pressure of demand from cooperative dairy societies and other cooperatives. It has been observed further that cooperatives have taken part in the development of ports and shipping. Salphos Society, which owns a fleet of trucks and S. I. S. (the National Federation and Wholesale), which owns a fleet of ships, have been cited as examples.

Japan is another country where transport cooperatives are not formed as such, but where industrial cooperatives have transport wings for rendering common services to the members.

3.6 *Israel*—Two countries with an impressive record for cooperation are Israel and West Germany. It is interesting to note that though the movement has been conspicuously successful in both countries, there is a basic difference in the processes which have contributed to the success.



3.7 Cooperation is an article of faith in Israel. The immigrants who came to Israel by either the force of circumstances or Zionist fervour were faced with the task of creating a new economy; and they made up for their lack of financial resources by their intense cooperative zeal and self-imposed discipline.

3.8 It has been pointed out in Volume V of "International Cooperation" published by the International Cooperative Alliance that 90 per cent of the Jewish Cooperative movement is organised within the framework of the Hevrat Ovdim, the General Federation of Labour, which has 85% share in nationalised transport and 45% share in the total transport of the country. It has been further pointed out that there were 24 transport cooperatives in 1957 with 7,578 workers and annual income of £71,846,000. It has also been noted that these cooperatives operated the entire passenger omnibus service and 50% of the motorised goods transport services in the harbours and on long distance routes. The Hevrat Ovdim's interest extended even to a shipping company, Zim, which ran a fleet of 23 ships with a gross capacity of 116,000 tons.

3.9 Following are the distinctive features of the network of transport cooperatives under the "roof" of Hevrat Ovdim :—

- (i) Membership of the cooperatives is restricted to the workers.
- (ii) The societies are affiliated to a Cooperative Centre in the management of which the Hevrat Ovdim is represented.
- (iii) The cooperatives are also members of a separate Audit Union, an arm of the Cooperative Centre, with a practically common Board of Management. The Audit Union is responsible for audit of accounts and general supervision.
- (iv) A member cannot hold more than one share in a cooperative.
- (v) All the members are entitled to an equal share in the Society's profits. There are no variations based on the type of work or degree of skill of the individual members. There is provision for old age pension and for relief to dependents in the event of a member's death.

3.10. A problem of recent development in Israel pertains to employment of hired workers. An Indian Study Team, which visited that country in 1960 reports that transport cooperatives had over 3,000 hired workers and the efforts of the Cooperative Centre to enrol them as members were resisted by the existing members. The Team has observed that this experience has led to "doubts regarding the desirability of transport cooperatives continuing to function on the present basis".

3.11. Apart from the tendency of vested interests to behave like the share-holders of a joint stock company, which is not strange or unusual, a fact which has to be remembered in a study of cooperation in Israel is that it is a very small country with an area of only about 8,000 square miles. In 1956, the State owned railways transported only about 4 million passengers and the transport cooperatives, which were 23 in number, had a fleet of only 400 buses which carried about 400 million passengers, in all. A comparison of Israel with our country will be misleading if this point is not kept in view.

3.12. *West Germany*—Transport cooperation has a different character in West Germany, where its objectives are, principally, (i) avoidance of unhealthy competition and (ii) satisfaction of the common needs of small operators. Its membership excludes the actual workers.

3.13. There are 26 Inland Waterways Transport Cooperatives and 48 Road Transport Cooperatives in West Germany. Though they are not accorded any special privileges by the Government, these societies are required by law to affiliate themselves to a Federation of German Cooperative Transport Societies, which has its head office at Hamburge-Wandarbek.

3.14. Roughly about a third of the Inland Water Transport business in West Germany is stated to be in the cooperative sector. Membership of an inland water transport cooperative is open not merely to individuals but also to private companies and public corporations, the requirement being that a member should own a vessel. Even the owner of a country craft is eligible for it. The functions of a cooperative include the booking of cargo, collection of freight bills, procurement of fuel and spares and arrangement of credit facilities for its members. Its management vests in a Board of three Directors elected triennially. A ten-member Supervisory Board, which is similarly elected, guides and controls the Board of Directors in accordance with the bye-laws of the society. The society receives a small percentage, ranging up to 5% of the freight collected by its members through it, as its remuneration for the services it renders them.

3.15. Road passenger transport in West Germany is provided mainly by the Railways and the Posts and Telegraphs Department; cooperative societies cater, however, to a limited extent, to tourist traffic. Two commendable features noticed by an Indian Study Team which went to West Germany in 1960 were the way these societies equipped and maintained their taxis and the prompt efficiency with which they attended to tourists.

3.16. Broadly speaking, trucking cooperatives, the membership of which consists of individual entrepreneurs, are organised on the same lines as the inland waterways transport cooperatives. Following are the special benefits that the members derive from them :—

- (i) They secure favourable freight rates;
- (ii) they operate booking and forwarding agencies or load space distribution offices at all important places;
- (iii) they provide parking spaces for the trucks;
- (iv) they offer boarding and lodging facilities for drivers;
- (v) they have filling stations and they also supply spares etc. at concessional rates to the members;
- (vi) they assist members in getting loans from the Economic Cooperative to which most of them are affiliated;
- (vii) they prepare and collect the members' freight bills;
- (viii) they arrange for the insurance of goods in transit; and
- (ix) they settle and recover the freight tax payable by the members.

3.17. Most of the members of the goods transport cooperatives are single truck or tractor-trailer owners and the cooperatives serve a valuable purpose in enabling them to reap the advantages of large-scale operation, without surrendering their individuality. The movement has taken firm root in West Germany because it is based on intrinsically sound commercial principles. It has received no specific aid from the Government, though official recognition of the Central Federation might have given it some fillip.

3.18. *Features of Developments in Other Countries*—Following are the conclusions that can be drawn from a study of these developments in West Germany and the other countries :—

- (i) The existence of an expanding public sector, particularly for passenger transport, may be one of the reasons why transport cooperative has not been assigned a significant place in the development planning in most countries;
- (ii) A second reason for its tardy growth appears to be that it involves risks and capital investment beyond the capacity of small entrepreneurs. It calls not merely for good administration but a high degree of team-work, discipline, personal integrity and loyalty from members;
- (iii) The public are primarily interested in the fare or freight they are required to pay and also the adequacy of the services. Provision of an efficient, cheap and adequate service is, therefore, no less necessary for the success of a transport cooperative than promotion of mutual interest of members;
- (iv) The limited transport requirements of farmers can be met by organising a transport department within a marketing society, if a marketing society is already functioning. Transport services are generally undertaken by multipurpose marketing societies;
- (v) There is no uniformity in the pattern of cooperatives. The form is shaped by the historical processes and the economic factors that operate in the country concerned. The aim of the cooperatives in Israel is to build up capital and provide equal employment opportunities to the members, while it is reduction in cost and improvement of services in the competitive economy of West Germany. This accounts for the adoption of the workers' cooperative in the former and service cooperative in the latter.
- (vi) A certain amount of Government patronage is not considered as detracting from the principle of self-help which remains the keynote of cooperation.
- (vii) Even cooperatives are not totally free from undesirable monopolistic tendencies;
- (viii) The workers cooperatives in Israel as well as the service cooperatives in West Germany have found it useful to have an apex national organisation to ensure overall guidance and maintain liaison with the Government.
- (ix) Cooperatives in both countries also have an annual audit by an approved outside body, with which they have a voluntary association; and
- (x) Transport cooperatives, which generally constitute viable units, are a convenient instrument for pooling resources and for collective action to common advantage.

## CHAPTER 4

### REVIEW OF TRANSPORT COOPERATIVES IN INDIA

4.1. A study of cooperation in the field of transport in India discloses that though the movement started promisingly, interest in it appears to have somewhat waned of late in some of the States. In Punjab, for instance, there were 397 societies in 1959-60, 394 in 1961-62 and only 363 societies at the close of 1962. Similarly, Madhya Pradesh had 83 societies in 1959-60, 82 in 1961-62 and 80 in 1962-63; and Rajasthan, which had only 30 societies in 1955-56, improved to 111 societies in 1959-60, but has continued to be stationary thereafter. The overall position is that there were 788 societies in 1960-61, 855 in 1961-62 and 826 at the beginning of 1963.

Following is a brief survey of the transport cooperatives as at the beginning of 1962.

4.2. *Distribution of the Societies in the Different States*—Of the total of 826 existing societies, 172 are dealing exclusively with goods traffic, 612 with passenger traffic and 24 with both. The remaining 18 are societies formed of taxi drivers. (Annexure VI).

Punjab, which has 105 societies providing goods transport services and 288 providing passenger services, ranks first among the States. Next comes Rajasthan, where 111 passenger transport cooperatives are reported to be working. Madhya Pradesh has 80 societies while West Bengal and Delhi have 66 and 62 respectively.

Himachal Pradesh has no transport cooperative since it has entirely nationalised commercial traffic.

Orissa has only 1 society, while in the remaining States, the number of societies ranges from 5 to 15.

The maximum number of taxi-drivers' cooperative societies, viz. 15 out of the total 18, are functioning in West Bengal.

4.3 *Membership*—The total membership of all societies stood at 32,966 at the beginning of 1963.

The membership per society is largest in Gujarat, namely 518 (7,258 members for 14 societies) and the lowest in Orissa, namely 25.

The composition of the membership shows that sympathisers account for the bulk i.e. about 65% of the total, workers constitute 30% and users 3.1%.

Societies composed of workers are popular in Madras, Andhra Pradesh and Kerala where they represent 99.5%, 89% and 70% respectively of the total membership. In Bihar too, workers' societies are predominant.

Workers' representation is poor in the Delhi and Punjab transport cooperatives. They share a little over 15% and 25% respectively.

There are 763 vehicle-owners running 20 routes in the country, ten each in Punjab and Manipur.

There are in all 88 societies of ex-servicemen.

4.4 *Capital*—The share capital of all the 826 societies at the beginning of 1963 was Rs. 126·4 lakhs altogether. They had reserve funds aggregating to Rs. 54·2 lakhs; their borrowings amounted to Rs. 191·3 lakhs. They also had other funds to the extent of Rs. 27·4 lakhs.

The capital per society is the highest in Andhra Pradesh, which has an average of Rs. 3·44 lakhs per society, followed by Gujarat with Rs. 3·42 lakhs, and Madras with Rs. 2·6 lakhs and Kerala with Rs. 1 lakh. The average is less than Rs. 1 lakh per society in the remaining States/Territories. The All India average works out to Rs. 48,000. Annexure VII shows the situation in the different States/Union Territories.

The average paid-up capital per unit is the highest in Madras *viz.* Rs. 32,000 followed by Andhra Pradesh with Rs. 27,000, Gujarat with Rs. 25,000. The figure for Punjab is Rs. 18,600. The lowest paid-up capital is in Orissa (Rs. 500), where the society is yet to start operation. In Bihar it is Rs. 2,200/- and in Manipur Rs. 3,100/-. The all-India average is Rs. 15,300.

4.5 *Borrowings*—Societies in Orissa and Bihar have not borrowed any amount. In six States, *viz.* Andhra Pradesh, Kerala, Madras, Manipur, Punjab and Uttar Pradesh the amounts borrowed by the societies have exceeded the total of their share capital and reserve funds. In Kerala, the loans actually amount to three times the sum of their share capital and reserve funds, in Madras and Andhra Pradesh double the sum and in Uttar Pradesh, Punjab and Manipur about  $1\frac{1}{2}$  times.

4.6 *Sources of External Finance*—Apart from their share capital, the societies have depended for their finance on deposits by their members as also by members of the public, loans from Cooperative Banks, the Government, Commercial Banks, State Financial Cooperations and others.

The societies had deposits to the tune of Rs. 76 lakhs or 39·3% of their finance from external sources at the beginning of 1963; Borrowings from cooperative banks amounted to Rs. 56 lakhs in 1962, representing 29·3% of the total borrowed capital while, loans obtained from Government amounted to Rs. 24·8 lakhs or 13%.

Assistance from State Financial Corporations was negligible, *viz.* Rs. 3 lakhs or 1·6%.

The rest of the loans (Rs. 32 lakhs or 16·7%) were provided by commercial banks and others.

4.7 The following is an analysis of the borrowed capital of the societies in the different States/Union Territories :

- (a) *Cooperative Banks*—Out of Rs. 56 lakhs loaned by Cooperative Banks all over India, Gujarat alone provided Rs. 19·23 lakhs; Punjab 18·59 lakhs; Kerala 5 lakhs; Madras 3 lakhs; West Bengal 2·6 lakhs and Andhra Pradesh 1·7 lakhs.

Normally Cooperative Banks charge interest ranging from 6 to 9 per cent.

- (b) *Government Loans*—Punjab Government has lent the maximum sum of Rs. 8·07 lakhs to Transport Cooperatives, followed by Madras, Rs. 6·76 lakhs, Kerala 2·6 lakhs, Andhra Pradesh 2·5 lakhs, and Delhi 3·4 lakhs. The rate of interest varied from 3% to 6%.

- (c) *Deposits*—Deposits are the main source of capital for societies in Punjab, accounting for Rs. 70 lakhs, which represented 35% of their total working capital in 1962. In most of the other States, deposits have been either nil or negligible.
- (d) *Financial Corporations*—The State Financial Corporation in Punjab has lent Rs. 2.75 lakhs. In West Bengal a sum of Rs. 33,000 was provided by the State Financial Corporation. The Corporations in the other States did not give any financial assistance to the transport cooperatives till the close of 1962.
- (e) *Commercial Banks and Others*—Transport cooperatives in Rajasthan obtained the maximum financial assistance from the Commercial Banks and other sources viz. Rs. 15.9 lakhs. The extent of such assistance in the Punjab was Rs. 12.5 lakhs, in Uttar Pradesh Rs. 2.6 lakhs and in Kerala Rs. 1.8 lakhs. The assistance from Commercial Banks in the other States was inconsiderable. The interest charges have ranged up to 16%.

4.8 *Assets*—Motor vehicles, workshops and machinery are the main assets of the societies. Information in regard to the value of these assets is available only in respect of 12 States and the total value of these assets is reported to be Rs. 188.52 lakhs. The value of buses, trucks and other vehicles alone is Rs. 167.3 lakhs forming 88.7% of the value of the total assets. The value of workshop, machinery etc. is assessed at Rs. 7.26 lakhs and other fixed assets at Rs. 11.72 lakhs. Loans given to members amounted to Rs. 2.23 lakhs.

The value of workshops and machinery is reported to be nil in Orissa, Mysore, Bihar, Tripura and Delhi; and the information is not available for Madhya Pradesh, Rajasthan, Uttar Pradesh and Gujarat.

4.9 *Gross Earnings*—During 1959-60, the transport cooperatives in India earned a gross income of Rs. 251 lakhs and in 1960-61 it was Rs. 301 lakhs showing an increase of 22%. There was a uniform increase in earnings in all the States, except Rajasthan where the increase was three fold and Manipur, where the earnings were lower than in the previous year.

In 1960-61 gross earnings per society were the highest in Madras (Rs. 5,35,000), followed by Gujarat (Rs. 3,08,000) and Andhra Pradesh (Rs. 2,38,000). In the remaining States, earnings per society were less than Rs. 50,000. Tripura had the minimum of Rs. 3,000 per society.

4.10 *Gross Earnings in Relation to Working Capital*—An examination of the earnings of the societies with reference to their working capital reveals that societies in Madras earned the maximum for every unit of working capital; 2 units of income were obtained by them per unit of capital during 1960-61. In Manipur also, the rate of earnings was more than 100% in relation to the working capital. Tripura records the lowest earnings with reference to the working capital viz. 7%.

4.11 *Gross Income Per Motor Vehicle*—Average gross earnings per vehicle were the largest in Madras, viz. Rs. 35,000; followed by Punjab Rs. 34,000, Gujarat Rs. 30,800, Rajasthan Rs. 19,000. The lowest earnings viz. Rs. 1,000 per vehicle, were recorded in Manipur; and this was due to the fact that most of the vehicles were leased out to the members. For the same reasons, earnings in Tripura are also among the lowest.

Annexure VIII shows the gross earnings of the societies and their relation to working capital, the number of vehicles operated by them etc.

4.12 *Operational Results*—Analysis of the net operational results of all societies is not possible in view of the inadequacy of the available data. However, we have full information for about 400 societies and this indicates that 1960-61 was not a very prosperous year for transport cooperatives.

Though the number of societies earning net profits remained more or less same viz. 228 in 1959-60 and 226 in 1960-61, the amount of their net profits in 1960-61 was Rs. 10·98 lakhs, which was about 34% lower than in the previous year.

The number of societies incurring losses during 1959-60 was 178; and this number increased to 226 in 1960-61. The net losses of these societies also increased from Rs. 10·83 lakhs in 1959-60 to Rs. 16·98 lakhs in 1960-61, i.e., by about 56·7%.

4.13 *Other Business done by Transport Cooperatives*—There were only 3 transport cooperative societies in India which were also doing other business. A society in Andhra Pradesh was running an Industrial Institute which imparted training for fitters, welders, turners and others. A second society in Maharashtra was running a cloth shop and the third vehicle repairing business.

Other available information regarding transport cooperatives is given in Annexure IX.

4.14 *Insurance Business under Section 108 of Motor Vehicles Act, 1939*—Only four cooperative societies,—two in Orissa and one each in Bihar and Assam—were reported to be transacting insurance business under Section 108 of the Motor Vehicles Act, 1939. The business of these societies is very petty in volume.

4.15 *Rickshaw-pullers' Cooperatives*—Information is available only for the years 1960-61 and 1961-62. There were 45 cooperatives of rickshaw-pullers with a total membership of 2,190, share capital of Rs. 94,000 and working capital of Rs. 4·71 lakhs in 1960-61. They owned 91 rickshaws and had 187 rickshaws on hire and their gross income amounted to only Rs. 50,000.

In 1961-62, there were 61 societies with a membership of 2,859, share capital of Rs. 1·20 lakhs and working capital of Rs. 9·03 lakhs. The number of rickshaws increased by 530 owned and 17 on hire, while the gross income also registered a rise of Rs. 1·13 lakhs.

The maximum number of societies were found in Punjab (34). It would appear that their business is practically moribund since these 34 societies, which had a membership of 1,237 and a working capital of Rs. 1·95 lakhs, could fetch gross income of only Rs. 3,000. The number of rickshaws, which yielded this income was 318, including 17 on hire.

4.16 *Boat Cooperatives*—The Saraiya Committee made the following specific recommendations for the promotion of boat cooperatives :—

- (i) The Provincial Cooperative Council should examine the scope for organising country craft societies on cooperative lines and select places where they should be organised.
- (ii) These societies should be supplied with better boats and in some cases diesel engines. Finance for this purpose should be supplied by the Government.
- (iii) The Provincial Cooperative Council should consider the question whether a particular area should be reserved exclusively for

transport by country craft and should approach Government to have it closed to other forms of transport.

Though 12 years have elapsed since the above recommendations were made, cooperation has made very little headway in inland water transport. We are informed that a boat cooperative was registered in West Bengal in 1961 but that it has not started functioning yet. Similarly, seven boat cooperative societies were registered in Bihar as on the 30th June, 1962, but we have no information about their working.

4.17 *Conclusions and Problems*—We have tried to indicate the composition of the membership and the financial aspects of the working of the transport cooperatives as they exist in the different States at present. The following points emerge for consideration from the terms of our reference and from the above review :—

- (i) The number of vehicles owned or operated on hire by transport societies is less than 1% of the total number of commercial motor vehicles in the country. Is there scope for the movement attaining larger dimensions? What are the factors that inhibit its growth—credit shortage, dearth of leadership or taxation? What immediate and tangible measures does it require for activation? Is there any justification for according any special privilege to transport societies?
- (ii) The progress of transport cooperatives is uneven in the different State because of the absence of uniformity in the policies pursued by them and other local factors. To what extent has the Government policy or phased nationalisation of passenger transport affected the development of cooperatives?
- (iii) What is the importance of cooperation from the point of view of (a) vehicle production and (b) cheap and economic services?
- (iv) There is a view that cooperation can take different shapes, and a purist approach is not advisable, especially in regard to transport. There is also a school which is disposed to the view that only genuine cooperatives should be promoted and firms with large vested interests should not be allowed to simulate as cooperatives. Why have they tended towards the form of workers' societies in some States and societies of owners of vehicles in some others? What are the lines on which they should develop—workers' societies or societies with workers and sympathisers or service societies or societies composed of owners of vehicles and sympathisers?
- (v) Loans have to be arranged on easy terms if transport cooperatives are to thrive. How can capital be attracted for this purpose and on what terms? What is the minimum security that the societies should be asked to furnish for credit facilities?
- (vi) Is there a need for an apex organisation or a union of societies at the State or All India level?
- (vii) There is little evidence of cooperation in inland water transport. This reflects the unfortunate decline of inland water transport itself. Is it not essential to rouse interest in boat cooperatives, at least in Kerala where water transport continues to play a useful part, and other States where country boats operate in large numbers? We propose to deal with the above issues in the following chapters.



## CHAPTER 5

### PATTERN OF ORGANISATION OF BUS AND TRUCK COOPERATIVES

5.1 Passenger and goods transport services constitute the most important part of the vast complex of transport system. We propose to discuss in this chapter the essential characteristics of the different types of bus and truck cooperative societies now in existence and also examine the scope for creating and reorganising new types, having regard to the transport needs which have an over-riding urgency and importance.

5.2 *Workers' Societies.*—We are of the view that a society in which almost all the members are its employees and “sympathiser members” are negligible in number, represents the most desirable form of transport cooperation. In this connection, we have noted with interest the provision made in Section 14 of the Delhi Motor Vehicles Taxation Act, 1962, to give 50% tax relief for genuine workers' cooperative societies and the tests prescribed in that Act for identifying a genuine society. We would commend a formula on similar lines to distinguish a workers' cooperative from others:—

- (a) The society should be mainly engaged in the business of or its Memorandum of Association should provide that its main business would be transport of goods or passengers or both from one place to another in motor vehicles;
- (b) the motor vehicles of the society should be used exclusively for its business;
- (c) at least 75% of the members of the society should be its employees; and in the case of a society the number of whose share-holders exceeds the number of its employees, at least 90% (rounded off to the nearest whole number) of its employees should be its members;
- (d) at least 50% of the members of the society should not be related to each other, a member being deemed to be related to any other member if that member is the husband, wife, brother or sister or a lineal ascendant or descendant of the other members.

5.3 Apart from other reasons, one of the facts that has weighed with us, in expressing a special preference for a workers' cooperative, is that in such a cooperative there is less risk of labour unrest, strike, or dislocation of the services than in others, since the employees themselves will be the managers and there can, therefore, be no clash of interests.

5.4 *Users' Cooperatives.*—In the Carribean Islands, four users' societies are stated to be carrying sugarcane for members. Similarly, in Singapore, a “Singapore Conveyance Cooperative Society” is stated to have been formed at the end of 1955 with the object of providing cheap transport for office workers and school children who are residents of various housing estates.

5.5 This form of cooperation is not very common in this country at present, but it has a widening horizon with improvement in rural roads and production of one-ton vehicles. It can be organised either by village cooperative societies or Panchayati Raj institutions to carry crops from the centres of production to the markets, and the goods the farmers require on their journey to the villages. The membership of the society can be broadbased, including farmers, other users and the drivers and cleaners of the vehicles.

5.6 The changing pattern of rural life calls also for regular passenger transport services to knit the small scattered communities closely, and bring them nearer the urban areas. The aim of any cooperative that is set up to meet such a traffic demand should be to achieve a membership covering not less than 25% of the adult population of the satellite towns/villages. It will not be worth registering any society if it has a membership of less than 50 persons.

5.7 *Service cooperatives*—The All India Motor Unions' Congress has urged in its evidence before us that cooperatives of the service type deserved as much encouragement as "joint ownership cooperatives". The suggestion is that if individual truck owners wish to come together (without transferring the ownership of their trucks in the name of the society) and form a cooperative, such a cooperative should also be eligible for loan assistance from the Government, if the members accepted joint and several liability for it. A service cooperative, the Congress has added, may own warehouses, booking and forwarding agency for goods, a workshop, a petrol pump, a store for spare parts etc. According to the Congress, the Society can even finance truck purchases by its members. It has also been stressed in this context that the favourable development of transport cooperatives in West Germany should, to a great extent, be attributed to the fact that the cooperative societies in that country had their own insurance and financing institutions.

5.8 We realise the practical difficulty in making the large number of existing single vehicle owners surrender their individuality totally and agree that they can usefully form service cooperatives. In our conception an ideal service cooperative will be one which has a membership of at least 10 different bus owners or 15 truck owners with 25 vehicles in all, and undertakes the following services for them.—

*Essential—*

- (a) booking and forwarding agency;
- (b) a garage for repairing and servicing their vehicles;
- (c) procurement and supply of spare parts, tyres, tubes and if possible, oil, petrol etc.;
- (d) settlement of their motor vehicles tax and goods tax/passenger tax liability; and
- (e) arrangements for vehicle fitness inspection.

*Desirable—*

- (a) recruitment and training of drivers and maintenance of a complete record of their antecedents and their service;
- (b) cooperative insurance under Section 108 of Motor Vehicles Act; and
- (c) settling claims and attending to other litigation involving the vehicles of the society.

Any society, which undertakes the above functions, will deserve unstinted encouragement because it will win the confidence of the public for the small operators' services and secure for them the full economies of big business without curtailing their freedom of operation.

5.9 *Ex-servicemen's Societies*.—For the last two decades, a number of ex-servicemen's transport cooperatives have been working mostly in the



According to a direction issued by the Provincial Transport Controller, Punjab in the grant of stage carriage permits on new and kachha routes, first preference is given to the cooperative societies consisting of workers and villagers, who by voluntary efforts construct new roads/routes and second preference is given to the cooperative societies of scheduled tribes and scheduled castes. Most of the 23 societies in the State have, however, languished for want of funds and are now practically defunct.

5.16 We would recommend that societies of scheduled castes and scheduled tribes should also, especially where they are organised under Government initiative or with Government loan assistance, conform to the pattern of workers' cooperatives.

5.17 *Societies of Vehicles Owners.*—Societies of this type generally owe their origin not to any serious belief in the methods and ideals of cooperation but to income-tax relief and other incentives which cooperatives enjoy. A society, which is used as a mask for private interests—that is to say, the members of which are only vehicle owners and their close relatives and namelenders—cannot obviously claim to follow the tenets of cooperation. Its legal framework may be cooperative but it is essentially an association of entrepreneurs, for whom the appropriate course will be either to register themselves as a partnership concern, or set up a company under the Companies Act. We would recommend that workers' cooperatives, users' cooperatives and service cooperatives alone should be eligible for Government financial assistance, tax concessions and preferential treatment in the grant of permits etc. Other societies, including societies of vehicles owners, should imbibe the spirit of cooperation and admit workers into their fold in adequate numbers or should re-organise themselves as users'/service cooperatives if they are anxious to avail of these inducements.

## CHAPTER 6

### FINANCING OF BUS AND TRUCK COOPERATIVES

6.1 *Buses and Trucks on the Road.*—The total number of buses and lorries on the road on the 31st March, 1961 in the different States and Union Territories was 2,28,717 distributed as follows:—

State	Buses	Trucks
Andhra Pradesh .. .. .	4,453	8,177
Assam .. .. .	1,180	7,628
Bihar .. .. .	1,982	8,060
Gujarat .. .. .	4,515	12,068
Kerala .. .. .	3,199	4,995
Madhya Pradesh .. .. .	3,824	13,225
Madras .. .. .	5,179	10,265
Maharashtra .. .. .	6,688	26,869
Mysore .. .. .	4,015	10,600
Orissa .. .. .	789	4,582
Punjab .. .. .	2,823	6,423
Rajasthan .. .. .	4,869	8,674
Uttar Pradesh .. .. .	7,512	15,092
West Bengal .. .. .	4,830	26,280
Jammu and Kashmir .. .. .	510	1,980
Himachal Pradesh .. .. .	168	405
Delhi .. .. .	1,316	4,035
Manipur .. .. .	118	571
Tripura .. .. .	180	529
Andaman and Nicobar Islands .. .. .	8	101
TOTAL .. .. .	58,158	170,559
	228,717	

The total number increased to 2,70,449 (including 563 vehicles in Goa) on the 31st March, 1963.

6.2 *Factors that inhibit the growth of Cooperatives.*—A detailed analysis of ownership of these vehicles, that is to say, how many vehicles are held by different categories of owners, viz. individuals, limited companies, cooperative societies etc. is not possible in the absence of the necessary data. Three important facts to which our notice has, however, been invited are:—

- (i) that about 33% of the passenger transport vehicles are owned by State Transport Undertakings;
- (ii) roughly 25% of the goods vehicles belong to private carriers who do not ply them on hire or reward; and

(iii) over 1,36,000 operators hold a single vehicle each in the different States as under:—

State	Number of Single Vehicle Owners
Andhra Pradesh	6,800
Assam	1,700
Bihar	8,000
Gujarat	11,000
Jammu and Kashmir	3,500
Kerala	5,800
Madhya Pradesh	8,000
Madras	5,400
Maharashtra	27,900
Mysore	7,300
Orissa	3,500
Punjab	6,300
Rajasthan	6,100
Uttar Pradesh	12,700
West Bengal	18,000
Delhi	2,000
Himachal Pradesh	—
Manipur	500
Tripura	600
Andaman and Nicobar Islands	—
<b>TOTAL</b>	<b>1,36,100</b>

6.3 As we have pointed out in Annexures VI and IX there are 172 transport cooperative societies providing goods transport services, 612 providing passenger transport services and 24 providing both, and they own altogether 1,385 vehicles. Cooperative societies account accordingly for less than 1% of the total number of commercial vehicles.

6.4 *Nationalisation Policy*.—Since nationalisation of passenger transport services on a phased basis is the declared policy of the State Governments, we do not think there is considerable scope for promoting the cooperative movement in this field. The following statement, which shows the extent of nationalisation at present in the different States, makes it clear that there is actually no scope at all in some of the States, e.g. Gujarat:—

Name of State/Union Territory	Number of buses in public sector	Number of buses in private sector	Total	Percentage of 2 to 4
1	2	3	4	5
Andhra Pradesh	1,302	3,151	4,453	28·33
Assam	444	736	1,180	37·60
Bihar	613	1,869	1,982	31·00
Maharashtra	3,623	3,065	6,688	57·00
Gujarat	3,190	359	3,549	90·00
Kerala	559	2,640	3,199	17·50
Madhya Pradesh	673	2,415	3,088	21·70
Madras	692	4,487	5,179	13·40
Mysore	1,657	2,358	4,015	41·25
Orissa	386	403	789	49·00
Punjab	722	2,208	2,930	24·60

1	2	3	4	5
Rajasthan .. .. .	177	3,314	3,491	5·10
Uttar Pradesh .. .. .	2,984	4,528	7,512	39·70
West Bengal .. .. .	730	3,270	4,000	18·25
Delhi .. .. .	668	74	742	90·40
Jammu and Kashmir .. .. .	143	497	640	22·30
Himachal Pradesh .. .. .	261	Nil	261	100·00
Manipur .. .. .	115	3	118	97·40
Andaman and Nicobar Islands	5	5	10	50·00
Tripura .. .. .	—	369	369	—
TOTAL .. .. .	17,982	36,213	54,195	33·20

6.5 It has been represented before us that it is the practice in many of the States to leave the comparatively less important and, therefore, less remunerative or kachha routes to the transport cooperatives or individual private operators, the “cream” of the traffic being taken by the State Transport Undertaking. It is unnecessary for us to go into the matter at any length for it is obvious that priority should be given to the more important routes in any scheme of nationalisation. Since, however, cooperation is a State policy and can serve as a satisfactory alternative or adjunct to nationalisation, the State Governments may, where it is not proposed to extend the public sector to any new route or to a feeder route, consider the feasibility of encouraging passenger transport cooperatives to supplement the services provided by the public sector undertaking. If they want to hold their own against the tide of nationalisation, the existing operators should voluntarily organise themselves into cooperatives.

6.6 *Private Carriers and Single Vehicle Owners.*—The dominant factors in the field of goods transport are (i) the increasing number of private carriers from year to year; and (ii) the tenacious independence of the single vehicle owners who have been resisting all attempts to organise them into viable units. Since it is unlikely that there will be any programme for large scale nationalisation of the goods transport services for several years, the State Governments should give all possible inducements for the formation of goods transport cooperatives, particularly those which constitute viable units.

6.7 *Increasingly Brighter Prospects for Cooperatives.*—The general view is that the production of trucks should increase from about 30,000 in 1964-65 to at least 120,000 in 1970-71, and that the range of production should also be diversified to include 1 ton trucks. Since one of the principal reasons for the tardy growth of cooperation in this sector is the high cost of the vehicles, the manufacture of “1 tonners”, with price ranging from Rs. 12,000 to 15,000, may bring them within the means of investment of the common man and also give a spurt to the development of rural transport cooperatives linking the consumers and the suppliers. In any case, there is little doubt that any plan for a substantial increase in truck production will open up bright prospects for the promotion of cooperation also.

6.8 *Lack of Finance Main Hurdle.*—One of the major factors that have hamstrung the development of bus and lorry cooperatives so far is the lack of credit on easy terms. The cost of a new truck is about Rs. 40,000 and of a bus, roughly, Rs. 50,000, with body; and if a workers' cooperative is to be formed, this money has to be raised by not more than 5 people in all—two

drivers, and two assistants in the case of a truck and two drivers, two conductors and a cleaner in the case of a bus, which runs on a double shift. There is little hope that a society, which enrolls only workers as its members, will be able to accumulate adequate fund, either by subscription of share capital or by way of deposits, for the large initial investment that the purchase of a bus requires. The task of organising a transport cooperative bristles, therefore, with practical difficulties.

6.9 *Sources of Finance—Central Cooperative Banks.*—The main sources of credit at present are hire-purchase financiers and other private agencies who charge usurious rates of interest ranging from 18 to 30% since the legitimate sources *viz.* the Central Cooperative Banks, are rarely in a position to spare funds for transport cooperatives. In the Punjab, however, Central Cooperative Banks do, on the security of vehicles and other machinery owned by a society, advance loans up to five times the share capital plus reserve. Not more than 60% of the value of vehicles etc. as fixed by the Vehicle Inspector of the Transport Department is given as loan. It appears that two societies in Karnal District have been able to build up a big fleet of buses through such loans from the Central Cooperative Banks. As regards clearance of the loan, the Karnal Central Cooperative Bank has, in some cases, arranged for daily payments out of the societies fare collections.

6.10 *State Bank of India.*—In 1957, the State Bank of India Act was amended to empower the Bank to advance loans to undertakings engaged in the hire-purchase business, against the original security of hypothecation of vehicles and book debits. Since the facility of registering a hypothecation charge is available only to units organised as companies, the State Bank of India has, in practice, restricted advances to hire-purchase companies alone.

6.11 Subsequently, the Reserve Bank of India classified "road transport" as a scheduled industry and appears to have evolved a scheme whereunder the scheduled Banks can advance loans to transport operators on the security of the hypothecated vehicles and other collateral security.

6.12 *State Financial Corporations.*—Since the above measures do not benefit the small operators, who have hardly any security to offer, other than the vehicles which they want to purchase, the matter was placed before the Conference of State Transport Commissioners held at Bombay in November, 1960. The Conference recommended that the Department of Transport should prepare a model scheme for the establishment of a separate Transport Finance Corporation in each State. This scheme was discussed at the third meeting of the Road and Inland Water Transport Advisory Committee held in New Delhi in July, 1961. The Committee recommended that, while there was no need to set up separate State Transport Finance Corporations, the State Financial Corporations Act should be amended so that the road transport operators and also organisations engaged in financing them, were eligible for assistance from the State Financial Corporations. Accordingly, the State Financial Corporations Act, 1951, was amended with effect from the 1st April, 1962, so as to make the road and inland water transport industries eligible for financial assistance and guarantee facilities from the State Financial Corporations. The limit of accommodation provided is Rs. 20 lakhs in the case of a cooperative society or company and Rs. 10 lakhs in any other case.

6.13 The Reserve Bank was then requested to take steps to ensure that all the State Governments framed uniform rules for extending credit facilities



to road transport operators in conformity with the amended provisions of the State Financial Corporations Act, 1951. Accordingly, the question of financing the road transport operators by the State Financial Corporations was considered at the ninth Conference of those Corporations held in February, 1963. This Conference recommended the appointment of a Working Group to examine the problems involved in financing transport units. A working Group has since been constituted, with the Managing Director of State Bank of India as Chairman, and its report is likely to be available in the next few months.

6.14 *Extent of Annual Investment.*—It is, however, unlikely that the State Financial Corporations will, without augmentation of their own resources, be able to assist the transport industry in any of the States. It is believed that the total amount of investment in the road transport industry as on the 31st March, 1960 was of the order of Rs. 1,500 crores. It is estimated that the investment that the purchase of commercial motor vehicles will call for may be of the order of Rs. 170 crores in the last year of the Third Plan period and that this will rise steadily to an annual investment of about 350 crores by the close of the Fourth Plan period. If the road transport industry is to meet the growing demands of the economy, it will be necessary for the State Governments to devise suitable measures, in consultation with the State Financial Corporation, to facilitate the flow of funds to the industry, as recognised in the last Conference of State Transport Secretaries and Transport Commissioners held at Calcutta in February, 1964. We would add that any scheme that may be so evolved should make adequate provision for assistance to transport cooperatives.

6.15 *Features of Road Transport Finance.*—Credit facilities for small scale industries are now available in the form of loans on liberal terms from the State Governments, State Financial Corporations and the State Bank of India. Further, a Credit Guarantee Scheme was also introduced a few years ago, on an experimental basis, with a view to encourage banks and financial institutions to grant loans to the small-scale industries. The difference between the credit requirements of small-scale industries and those of transport cooperatives is merely one of degree. Transport Cooperatives need a more massive assistance, but, the sources of the assistance and the procedure for extending it, cannot vary materially. The following, however, are the basic facts to be kept in view in this connection:—

- (i) A transport operator does not need any working capital as the daily receipts will be sufficient for the purpose.
- (ii) Comparatively high interest charges are inevitable if the credit is not secured, and
- (iii) the current exorbitant market rates of interest indicate the breakdown of normal credit facilities .

6.16 We have given thought to all aspects of this problem and would make the following recommendations.—

- (i) *Financing agencies.*—The financing agencies would normally be the State and District Co-operative Banks and the State Financial Corporations which should, in their turn, be able to secure the necessary funds from the State Governments or the State Bank of India on State Government guarantee.
- (ii) *Programme for Fourth Plan.*—Instead of promoting too many societies, which only result in the dissipation of the limited resources

available, it is advisable to organise a small number of societies in each State for stage carriages and goods vehicles, preferably the latter. A reasonable target will be 1,000 societies for the entire Fourth Plan period, or about 10 societies per State per year. It will be the responsibility of the Registrar of Cooperative Societies and the Transport Department of the State concerned to organise these societies, watch their working and ensure that they do not flounder.

- (iii) *Economic Unit*.—An economic unit will be five vehicles in the case of stage carriages and 10 vehicles in the case of trucks. However, there should be no objection, in the initial stages, to extending assistance to societies which have a smaller number of vehicles.
- (iv) *Composition of capital*.—Each member of a society should contribute Rs., 1,000 to the society as his share money, out of which a sum of Rs. 500 should be paid immediately and the balance recovered later by deduction from his monthly salary.

Government should also participate in the share capital with 50% holding, from the outset, which will work out to Rs. 50,000 in a society consisting of 50 members. Requirements of funds in excess of the share capital and the contributions of the members and the Government, which may be of the order of Rs. 3,50,000 in the case of a society with 10 trucks, should be obtained either from the State Financial Corporations or other institutions.

Government capital should be retired as soon as the members are able to run the society with their own resources. The loan capital should be repayable within a period of five years, in monthly instalments, the first of which should be due six months after the commencement of business by the society.

- (v) *Preference in loans to workers', users' and service cooperatives*.—Preference should be given to (a) workers' cooperatives, (b) users cooperatives and (c) service cooperatives and in that order of priority in dealing with loan applications.

Incidentally, loan at 5% per annum is stated to be available from the Post War Services Reconstruction Fund for financing the business of ex-servicemen societies which do not, therefore, call for any loans from the State Financial Corporations/Cooperative Banks.

- (vi) *Fourth Plan Financial Provision*.—A provision of Rs. 20 crores should be made in the Fourth Plan of the Central Government and an equal amount in the Plans of all the State Governments together, for permanent investment in road transport cooperatives either directly or through the State Financial Corporations. The sum of Rs. 40 crores represents Government investment in the form of share capital as well as loans in 1,000 societies during the Fourth Plan period. It will also cover subsidies for managerial assistance for a period of two years at the rate of about Rs. 4,000 per society on the lines indicated in paragraphs 10·27 and 10·28.

Though the average, as mentioned above, works out to 10 societies per State/Union Territory, the number of societies to be organised in the different States/Union Territories will obviously depend on the extent to which they have developed road transport.

The Central loan assistance of Rs. 20 crores can be distributed among the various States either in proportion to the number of goods vehicles they have or the capital of the State Financial Corporations which may undertake to finance the cooperatives on behalf of the Government. In the latter case, the funds can remain with the State Financial Corporations as some kind of an "imprest" fund, which will continuously be in circulation as loans to the road transport cooperatives, money repaid by one society will be advanced to another and so on. This will provide a solution not merely for financing cooperatives but for the absorption of the large number of vehicles which are likely to be produced during the Fourth Plan period.

The interest payable by the cooperatives should not normally exceed the rate charged by the Reserve Bank by more than 4%

- (vii) *One ton-trucks.*—Light vehicles, which are likely to be manufactured in sufficient numbers during the Fourth Plan period and which may not involve a large capital outlay for the operators, will have a valuable role in improving the rural economy. The Zila Parishads and other authorities should advise any rural transport cooperative they may organise to go in for one-ton vehicles, which constitute about 50% of the "vehicle population" in Japan, Canada and the European countries. It will be less difficult to secure adequate cargo and keep these vehicles working to full capacity than medium or heavy vehicles. This is the reason for the pronounced tendency for greater production of light vehicles in most countries, especially those with any significant agricultural or small-scale industry sector.
- (viii) *Assistance to service cooperatives.*—Loan assistance to service cooperatives should be restricted to specific purposes e.g. constructing a workshop, organising a training school etc.
- (ix) *Removal of unreasonable restrictions.*—The Bihar State Financial Corporation seems to have decided that no assistance should be made available by it to those owners/undertakings who have more than 3 vehicles. Such restriction will be a disincentive to the formation of viable cooperative units and should be withdrawn.
- (x) *Government supervision.*—Proper arrangements should be made by Government for providing guidance and supervision to a society particularly in its early stages. The departmental staff when loaned can later be partly replaced by society's supervisory staff.
- (xi) *Insurance and Fuel supply.*—Every vehicle that is acquired with Government loan should be comprehensively insured with the Life Insurance Corporation or the Oriental Fire and General Insurance Company or a recognised Cooperative General Insurance Society and the policy should be assigned to the concerned financing institution.

The society must also undertake to purchase its oil from petrol pumps of the Indian Oil Company, unless it is explained to the satisfaction of the Government nominees in the Governing Body that this is inconvenient or impracticable in the circumstances of any particular case.

(xii) *Endorsement in Registration Certificate.*—It has been represented that one of the reasons for the reluctance of hire-purchase financiers and Banks to advance loans for the purchase of vehicles is the absence of any substantive provision in the Motor Vehicles Act enabling any endorsement on the Certificate of Registration of a vehicle to indicate that the vehicle is covered by a hire-purchase deal or is hypothecated against a loan. We would recommend an amendment of the Motor Vehicles Act to permit such an endorsement.

6.17 *Combines of Banks, Oil Companies, Insurers and Vehicle Manufacturers and Dealers.*—The requirement in para 6.16 (xi) above, points to the scope for breaking new grounds in a different direction. An E.C.A.F.E. Working Party on Road Goods Transport convened at Delhi in November, 1963 has observed that small operators have been driven to borrow capital from money-lenders and hire-purchase financiers at high rates of interest in most of the countries of the E.C.A.F.E. region and suggested that Governments of the region should encourage banking organisations, oil companies, insurers and manufacturers or dealers in motor vehicles to combine to accommodate the operators either by direct loans or by deferment of their dues.

6.18 The proposal is not entirely a novel one, since a few insurance companies are already stated to be guaranteeing loans advanced by banks in this country, subject to certain stipulations. Though the E.C.A.F.E. recommendations is merely an extension of this idea, syndicates or joint enterprises of the character and size envisaged by the E.C.A.F.E. have not so far been organised or even planned on any significant scale. Transport cooperatives can take advantage of such syndicates when they come into existence.

## CHAPTER 7

### TAXI-CAB COOPERATIVES

7.1. *Number of taxi-cabs in the country*—The number of taxi-cabs in the country has been increasing steadily from year to year. The following was the position on the 31st March, 1961 and 1962 :—

Sl. No.	Name of the State	Number of Taxis	
		1961	1962
1. Andhra Pradesh	.. .. .	470	566
2. Assam	.. .. .	439	330
3. Bihar	.. .. .	691	800
4. Maharashtra	.. .. .	6,416	6,646
5. Gujarat	.. .. .	675	909
6. Kerala	.. .. .	1,875	1,972
7. Madhya Pradesh	.. .. .	302	400
8. Madras	.. .. .	1,840	2,248
9. Mysore	.. .. .	994	1,188
10. Orissa	.. .. .	35	42
11. Punjab	.. .. .	349	497
12. Rajasthan	.. .. .	413	339
13. Uttar Pradesh	.. .. .	313	322
14. West Bengal	.. .. .	4,895	5,000
15. Jammu and Kashmir	.. .. .	153	125
16. Himachal Pradesh	.. .. .	41	38
17. Delhi	.. .. .	2,078	2,020
18. Manipur	.. .. .	5	5
19. Tripura	.. .. .	—	33
20. Andaman and Nicobar Islands	.. .. .	—	16
TOTAL		21,984	23,496

7.2 It is probable that this number rose by about 2,000 vehicles in 1963. So far as the current year is concerned, the production of cars is expected to be of the order of 20,000 and 10% of this production has been reserved as “taxi-quota”, besides a special quarterly allotment of a total of 45 vehicles for six major cities.

7.3 *Future taxi-cab requirements*—The target for the production of cars in the last year of the Third Plan period, viz. 1965-66, is 30,000 vehicles and this is bound to be achieved. The Fourth Plan target is likely to range from 75,000 to 100,000 vehicles per annum in 1970-71. If the supply of vehicles is to cope with the demand and if the present demand can be taken to serve as an indication of the future trend, the taxi-cab requirements can also be expected to go up, though it may not be in strict proportion to the expansion in production.

7.4. There is a general feeling that there is scope for the immediate introduction of a large number of taxis in the growing towns.

In Delhi, for example, there are 1926 small taxis, 73 Ambassadors (DLY) and 186 big taxis (DLZ); and the Director of Transport thinks that 1,500 more taxis will be needed to meet the existing demand.

There are hardly 2,000 taxis in Calcutta and the West Bengal Government estimate that 1,500 taxis will be required to enable them to tide over their immediate difficulty and meet "the mounting complaints of inconvenience to the travelling public"

7.5. Since the cost of a taxi-cab is not high and the traffic demand is, from all accounts, intense, we should have expected cooperation to thrive very well in this sector but, in fact, it has gained ground only in West Bengal.

7.6. *West Bengal scheme for taxi cooperatives*—In 1960, the Cooperation Department of the West Bengal Government sponsored a scheme for the organisation of taxi drivers' cooperative societies to be implemented, in the first instance, in the Calcutta area and to be extended to other parts of the State later. The main features of the scheme, which is annexed (Annexure X), are, as follows :—

- (i) Each society will be a viable unit with 10 taxis, 20 drivers, a mechanic, a fitter and two cleaners.
- (ii) The taxi drivers will each hold 10 shares of Rs. 100/- each and the remaining "operational staff" one share of Rs. 100 each
- (iii) The Government will participate in the share capital of the society to the extent of Rs. 20,000/-;
- (iv) The Government will advance a loan of Rs. 1,30,000/- repayable in five years;
- (v) The Managing Committee of the society will consist of six elected Directors and such additional number of Directors as may be appointed by the Government as a share-holder;
- (vi) Taxis will be hired to drivers on a stipulated rent, varying from Rs. 20 to Rs. 30/- per day, according to the condition of the taxi and other factors. In this case, the cost of the fuel and other incidental charges will be borne by the drivers.  
Taxis can also be given to the drivers on the condition that the drivers will be entitled to receive 15 to 20% of the total income plus Rs. 2/- as food allowance. In this case, the cost of fuel and other incidental charges will be borne by the society;
- (vii) After the society repays its loans to the Government the system of distribution of earnings between the society on the one hand and the driver-members on the other will be modified to suit the interests of all concerned; that is to say, the society will be entitled to receive compulsory contribution from driver members for office, garage, servicing charges etc., the rest of the income being distributed among the members;
- (viii) The society will be given the services of an Executive Officer to be appointed by the Registrar of Cooperative Societies, free of cost, till the Government loan is fully paid.

Two societies were organised on the above basis in 1961. They started working on 11-10-1961 and their work has so far been satisfactory.

7.7. A proposal to organise 8 more societies has been administratively approved by the West Bengal Government, with the modification that each of the societies will run 11 taxis and will consist of 22 driver-members, each contributing Rs. 1,000 with share capital participation of the State Government

to the extent of Rs. 22,000/-. Provision has also been made for a loan of Rs. 1,45,000/- for each of the societies by the West Bengal Provincial Cooperative Bank Ltd., repayable in three years, interest being chargeable at 5% per annum. The loans will be secured against the assets of each society.

7.8. To ensure the proper working of the societies, one Executive Officer trained in motor mechanism etc. will be deputed for every two societies for a period not exceeding 3 years. The Government will bear 15 to 25% of the cost of each Executive Officer in the first and the second year respectively, the balance of the cost being contributed by the societies concerned equally. In the event of the presence of the Executive Officer being necessary beyond two years, the cost in respect of the Executive Officer will be charged from the society/societies concerned.

7.9. *Maharashtra scheme for taxi cooperatives*—The Government of Maharashtra have also prepared a scheme for the Bombay Cab Operators Co-operative Transport Society Ltd. A copy of the scheme, which is very elaborate is also included in the annexures (Annexure XI). The salient features of the scheme are as follows :

- (i) The vehicles purchased and the permits issued in the society's name will be the collective and joint property of the society;
- (ii) No person shall be a member of the society unless—
  - (a) he has held a public service vehicle driving badge for a minimum period of 3 years and has also a clean record for at least two years before the date of his admission as a member;
  - (b) his written application for membership is approved by at least three-fourths of the members present at a general meeting of the society;
  - (c) he is over 20 years of age;
- (iii) The membership of the society shall not exceed 25 and the maximum number of vehicles owned by it shall not exceed 10;
- (iv) A member may be expelled from the society if he is a person who has interest as an owner or a share-holder in any other taxi or transport vehicle not being the property of the society;
- (v) The Director of Transport, Maharashtra Government shall have the power to issue such directions as he may deem fit with regard to the suspension of a member for driving vehicles for a temporary period or removal from membership of the society in view of the bad conduct or any offence committed by such a member under the Motor Vehicles Act or Rules;
- (vi) All members of the society shall be drivers who shall actually ply the vehicles belonging to the society or work in the installations of the society;
- (vii) No member may subscribe to shares of total face value of more than Rs. 3,000 or less than Rs. 1,000/-.
- (viii) The managing committee shall consist of seven members of which five will be elected. Of the remaining two, one shall be the nominee of the Registrar of Cooperative Societies and the other of the Director of Transport, Maharashtra State;

- (ix) The society shall not engage any "casual" drivers for plying the vehicles owned by it of a number exceeding 20% of the total membership of the society;
- (x) After providing for interest on loans, working expenses and depreciation and making provision for reserve fund to the extent of 25% of the net profits, the balance of profits will be available for distribution of dividend of  $6\frac{1}{4}$ % per annum. The balance, if any, still remaining shall be divided as follows :
- (a) 40% of the members in proportion to the wages or salaries earned by them during the year from the society;
  - (b) 20% to the salaries or wage earning staff of the society;
  - (c) 10% to be devoted to the cost of research at the discretion of the society; and
  - (d) balance to be taken to the general reserve fund.

7.10. The Registrar of Cooperative Societies in Madras has submitted a scheme for the organisation of a taxi driver cooperative society in the Madras city to run a fleet of 10 baby taxis by converting the existing Auto-rickshaw Drivers' Cooperative Society, in view of the policy of the Madras Government not to grant fresh permits to run auto-rickshaws. It is stated that this scheme has been drawn up broadly on the lines of the scheme formulated by the Government of West Bengal and is under the consideration of the Madras Government.

7.11. No venture of the West Bengal or Maharashtra type has been undertaken in any other State.

7.12. In Delhi, there are taxi operators' cooperative thrift and credit societies which are stated to be doing very well and meeting the credit requirements of the taxi drivers who own taxis.

7.13. *Mysore Government's view*—The Mysore Government do not also have a separate scheme for the organisation of taxi drivers' cooperatives or for providing such cooperatives any regular assistance. However, in Bangalore, a cooperative tourist and transport society has been organised with an authorised share capital of Rs. 5 lakhs and subscribed capital of Rs. 41,900. The society, which is open to persons interested in the promotion of tourist and transport trade, has enrolled 125 members. So far 12 taxi-cabs have been allotted to it, 8 of which have been passed on by it to members on a hire-purchase basis and 4 operated by the society itself as luxury taxis. 25 per cent of the value of the taxi must be deposited by the intending purchaser and the remaining 75% will be allowed to be repaid by the members in 36 equal monthly instalments along with  $7\frac{1}{2}$ % interest. The Bangalore District Cooperative Bank is providing money on a cash credit basis to this institution at the rate of 50% of the value of each vehicle. The society was started in February 1962 and is making good progress.

With reference to the West Bengal scheme for Taxi-cab Drivers cooperatives, the Mysore Government have expressed the doubt whether the required efficiency can be expected from the drivers if they are engaged only as drivers on hire charges. They believe that the prospects of individual ownership of the vehicles will serve as a better incentive for the proper upkeep and



maintenance of the vehicles. They also feel that each society should have separate staff for the maintenance of accounts etc.

7.14. *Kerala Government's difficulty*—The Kerala Government have stated that it is difficult to organise cooperative societies as purely "State-financed schemes" and that it is also unlikely that initial capital required will be forthcoming from the State Cooperative Bank, if the loans are spread over as long as a period of 5 years. However, they have declared their readiness to organise a society as a pilot measure either at Trivandrum or Ernakulam or Calicut if the Government of India can indicate "the pattern of financial assistance" they are inclined to give for the purpose. They have further expressed the opinion that the West Bengal Scheme will need some modifications in regard to the instalments or repayment of the loans, pay of General Managers, hire charges etc.

7.15. The success achieved by the West Bengal Government in the implementation of its scheme in Calcutta is impressive. It is, however, obvious that it may not be possible to apply the scheme in its entirety in other States without revision to meet local conditions. So is the case with Maharashtra Government's scheme, the shortcomings of which are probably its over-emphasis on Government direction and its rigidity in regard to distribution of profits.

7.16. *Joint ownership versus option to acquire vehicles and leave society*—We cannot see our way to agree with the Mysore Government that the maximum efficiency cannot be ensured in a Cooperative Society if prospects of eventual ownership of vehicles are not held out to the member drivers. In our view, security of service, a good remuneration, common operational and maintenance facilities, a sense of participation in the management and the hope of better income after the clearance of all liabilities to the creditors—including the Government, are also among the main-springs of activity in workers' cooperatives. If these do not serve to make the membership of the society meaningful or constitute sufficient incentive, we doubt whether the mere fact that a society is instrumental in arranging the necessary finance for acquisition of vehicles will serve as an inducement for better performance. In our view, the best form of taxi cooperative is one which involves not merely the concept of self-help but the pooling of resources and joint working of the members to mutual advantage, though societies which secure cheap credit for taxi drivers and improve their resources, also have useful purpose.

7.17. *Financing of taxi cooperatives and Fourth Plan provision*—As regards finance, what we have stated about the pattern of financing for trucking and passenger transport cooperatives elsewhere also applies to taxi cooperatives. Unlike trucking and passenger transport cooperatives, however, the area of operation of taxis will normally be limited to the bigger cities. Since the chances of adequate return in the smaller towns are not bright and since embarking on a cooperative scheme simultaneously in all towns is a formidable task, we would suggest that State Governments should concentrate attention on a few important cities during the Fourth Plan period. At least one society for every city with a quarter million population appears to us to be a practical target.

7.18. As for central financial aid, to which a pointed reference has been made by the Kerala Government, we would recommend a total provision of Rs. 1 crore\* in the Fourth Plan. The funds can be made available to taxi co-

\*According to the 1961 census, there were 38 cities/towns in India whose populations exceeded 2.5 lakhs. The proposed provision of Rs. 1 crore will help the formation of 70 societies with 10 taxis each, costing Rs. 1,50,000 during the Fourth Plan period.

operative societies through the State Financial Corporations or directly through the State Governments subject to the State Governments concerned taking the responsibility for organising the cooperatives, providing them managerial assistance and supervising their working till they repay their loans. We would, in this connection, commend the pattern of managerial and financial assistance followed in West Bengal for adoption in other States.

## CHAPTER 8

### INLAND WATER TRANSPORT

8.1. It has generally been recognised that the promotion of country boat co-operatives is of crucial significance from the economic as well as the transport standpoint.

8.2. *Saraiya Committee*—As indicated in para 4.16, the Saraiya Committee had recommended the promotion of boat cooperatives as far back as 1951, but little was done to implement this recommendation in any of the States.

8.3. *Gokhale Committee*—The role of the country craft came up for consideration again before the Gokhale Committee in 1959. The Committee emphasised that the State Governments should organise country boats on a co-operative basis and provide them tugs, adequate cargo and ancillary occupations. They recommended further that immediate steps should be taken to see that neither restrictions by ferry contractors nor excessive tolls impeded their operation. They were also of the opinion that country craft should be mechanised, if they were to retain any share in the transport system of the country.

8.4. *Road and Inland Water Transport Advisory Committee*—In 1960, the recommendations of the Gokhale Committee were endorsed by the Road and Inland Water Transport Advisory Committee and the Transport Development Council, who suggested further that one or more pilot cooperative societies should be established in the States of Assam, Bengal, Orissa, Kerala, Bihar and any other States where the conditions were favourable, *i.e.* where the boats were strong enough for towing and the traffic justified such operation.

8.5. *Transport Development Council*—Again, at their fourth meeting in April, 1963, the Transport Development Council recommended that the owners of the country boats should be encouraged to form themselves into cooperatives and start operation with mechanised craft as well as the existing craft, the ultimate aim being to switch over completely to large-sized mechanical craft.

8.6. *State's unwillingness to set up I.W.T. Cooperatives*—In pursuance of the above recommendations, the Ministry of Transport urged the State Governments to report on the action taken by them. The reports that have been received by the Ministry show that the State Governments are either unwilling or unready to translate these recommendations into practical policy and that no efforts have been made so far anywhere in the country to arouse public enthusiasm, or even interest, in the matter.

8.7. The Uttar Pradesh Government have informed the Transport Ministry that their Registrar of Cooperative Societies had conducted some enquiries and is of the view that there is no scope in Uttar Pradesh for forming co-operative societies to run inland water transport services.

8.8. The Government of Assam state that they find it difficult to organise such societies for lack of funds.

8.9. *Kerala Committee-Cooperatives or Corporation*—The Kerala Government set up a Committee to go into this, among other matters. The Committee called "The Water Transport (Cargo) Enquiry Committee", have brought out the following facts in the report submitted by them to the Kerala Government in 1961 :—

- (1) The West Coast Canal system is 313 miles long, and the length of the navigable rivers is 521 miles.
- (2) There is little passenger traffic in these water-ways but country canoes account for a considerable share in the State's goods traffic.
- (3) There are 30,149 country canoes registered in the State, which can be classified on the basis of their capacity as under :—

(i) Boats below 10-tons (including dug-outs of below 1-ton) .. ..	24,591
(ii) Boats between 10 and 15 tons .. ..	3,644
(iii) Boats above 15-tons (ranging up-to 30 tons) .. ..	1,914
<b>TOTAL ..</b>	<b>30,149</b>

- (4) The total number of valloms of over 10-ton capacity which are available for regular transport over long distances will be about 5,000.
- (5) A vallom of 15-tons will cost about Rs. 1,500/-. The total capital invested in the industry will accordingly work out to about Rs. 2 crores.
- (6) More than 75% of the valloms are operated on the hire-basis by boat men who do not own them. The rate of rent is usually out of all proportion to the capital invested in the vallom, and the boat men are subjected to heavy exactions by the owners.
- (7) The number of men engaged in the operation of the above canoes is as under :—

(i) Boats below 10-tons (@ 2 per boat) .. ..	49,182
(ii) Boats between 10 and 15 tons (@ 3 per boat) .. ..	10,932
(iii) Boats above 15-tons (@ 4 per boat) .. ..	7,656
<b>TOTAL ..</b>	<b>67,770</b>

- (8) A large majority of the boat men are functioning independently. In several cases, the valloms are taken on hire by the Chief Boat men who canvass loads either directly from the owners of the goods or through brokers and agents.
- (9) If a central agency is set up to maintain tugs for the rescue of valloms during foul weather or for towing them in dangerous portions of the water-ways, speedy delivery of goods may be possible and the volume of traffic by valloms will substantially increase.

8.10. The Committee have pointed out that Kerala has two multi-purpose cooperative societies providing water transport services, besides a third wholly engaged in the transport of cargo to and from ships calling at the port of Calicut. In the Committee's view, they are doing some good work but none of them has been able to secure the confidence of the business community, including the cargo owners, the boat owners and the general public. The Committee have come to the conclusion that the establishment of a Government-controlled

water transport corporation is preferable to formation of co-operative societies for the following reasons :—

- (i) Inland water transport is open to risk of accidents involving loss of goods and damage to boats in transport but the cooperative societies will not be in a position to offer compensation in case of accidents or loss. Even if the societies offer compensation, the general public may not take it seriously and have any faith in their offer; and
- (ii) In the case of railway transport, the R/R is recognised by banks for advances on the security of goods. As the transport of cargo through country craft is open to risk, Banks may not give advance on receipts issued by a co-operative society.

8.11. The Corporation visualised by the Committee will not itself operate any regular transport service but merely procure cargo for the valloms of its members. It will be more or less an "Agency Corporation", which will have a head office at Cochin and branch offices at all important loading centres in the State, four tugs and four small motor boats for towing valloms in difficult water-ways and in bad weather and a total capital of Rs. 10 lakhs.

8.12. *Sundararajan Survey*—The arguments cited by the Committee to show the disabilities from which cooperative societies suffer, have not come as a surprise to us, but there can be two views on the proposed remedy. The case for cooperatives has been advocated by Shri T. K. Sundararajan, who was appointed by the Kerala Government to conduct a traffic survey in Kerala in 1960 :—

"The very large number of valloms (country-canoes) have to be brought into some sort of a cooperative society, which will not only ensure a living wage for them but also provide the much needed transport. These have to be organised into serviceable units in regions, say two to three in the Malabar area and one on the Quilon-Trivandrum area. One reason why the individual vallom is not preferred to-day and traders resort to the road is the absence of security for the cargo. A system of insurance against pilferage and damage has to be enforced and to avoid, indiscriminate competition, booking and delivery agencies at important trade centres such as those the lorries have to-day but on a different basis, have to be established; these may form part of the suggested cooperatives. In any case a monolithic corporation would appear to be inconsistent with the 30 to 40 thousand valloms which ply on these inland water-ways."

We too are disposed to doubt that the setting up of a Corporation will arrest the decline of inland water transport.

8.13. *Need for Mechanisation and Cooperation*—It is unquestionably true that the unhealthy competition that currently prevails among country boats, and the absence of booking, insurance and other facilities are merely consequences of lack of organisation. We are convinced, however, that the mere formation of viable units will not meet the requirements. Intrinsicly, the issue is not merely one of organisation but also of modernisation. It merits emphasis that if an economic, dependable and efficient service is to be built up, with the least dislocation to the existing boat-men, a two-pronged drive for mechanisation of country craft and their formation into cooperatives should be carried through with vigour. It is obvious that cooperation cannot be achieved by compulsion but the supply of powered craft by Government may effectively secure the twin objectives, *viz*, replacement of obsolete and slow-moving craft by fast-moving tugs and barges or flats and of unhealthy competition by collective ownership.

8.14. *Cooperatives and Nationalisation*—In inland water transport, as in road transport, we would commend the acceptance of cooperative enterprises as adjuncts or alternatives to nationalisation. Apart from obviating the administrative burdens, which outright nationalisation may involve, Government sponsorship of cooperative societies is likely to be less expensive and cause less resentment than Government monopoly even in the matter of booking cargo.

8.15. *Measures for development of I.W.T. Cooperatives*—The various difficulties which retard the development of inland water transport at present will diminish if the following measures are initiated :—

- (1) The optimum size of a society will be about 100 members. Preference should be given in the selection of members to boat-men operating in areas where societies are proposed to be set up. The order of preference should be as under :—
  - (a) Boat-men who own their boats and will sell them to the cooperatives, if the boats conform to prescribed specifications;
  - (b) Boat-men who have been working in the area but do not own any boats; and
  - (c) Boat-men from other areas.

Every one of the members should be called upon to serve as an employee of the society. The initial subscription could be a nominal amount, say Rs. 100/- per member, to be increased by deductions from monthly salary to Rs.1,000/- per member over a period of two years.

- (2) The primary security for the Government loan is the member's character, the tug being only the additional security. Care should, therefore, be exercised in the selection of members.
- (3) The members of the society should be given the necessary training in the operation of powered vessels.
- (4) The members should be paid reasonably for their services in the form of salary and bonus proportionate thereto and also assured of security of employment.
- (5) Each society should have three tugs which can push suitably designed flats or barges or pull as many boats as possible. For operation over small stretches of sheltered waters, boats with out-board engines may be used.
- (6) Government should give the societies long-term credit facilities and should be entitled to re-possession of all the assets acquired with their loan if there is reason to believe at any stage that the assets have not been properly maintained or if there is any default in the repayment of the loan.
- (7) Obsolete craft should be systematically replaced and adequate reserves built up for return of Government loans and for other purposes.
- (8) The craft and other assets acquired with Government loan should be fully insured.
- (9) Each society should have a booking, forwarding and distributing agency at important loading centres.

- (10) Arrangements should be made to ensure (a) booking of bulk cargo as far as possible, (b) speedy movement of goods, (c) regularity of services, (d) safety of the cargo, and (e) warehousing facilities at important centres.
- (11) What is needed is intensive and not extensive development. Instead of dissipating resources in scattered areas in the State where the water-borne traffic is not heavy or where cooperation has not taken root concentrated action should be taken in areas where there is comparatively greater scope for achieving cooperative economy in this sector.
- (12) An Apex society should be established at the State level to serve as the forum for bringing the problems of the primary societies to the Government's notice and also to provide common repair and workshop facilities.

If the Government take the initiative and promote societies on the above lines, the immediate lure of a steady income and the prospects of future expansion may stimulate public interest in them.

8.16. *Financing of I.W.T. Cooperatives*—There is probably no analogy between road and inland water transport except in their lack of organisation. From the point of view of finance, powered inland water vessels need more capital to operate than motor vehicles but involve less risk. There is no scope for their physical removal from the water-ways or "cannibalisation". Further it may not be difficult to keep track of them, or even of the members of the societies which own them, since their range of operation will be limited and since the character and antecedents of the members, who are likely to be local people, can be varified before the formation of the societies. In any case, the vessels themselves will constitute adequate security for any loans advanced for their acquisition. Financial assistance from State Financial Corporations and Banks should, therefore, be available in this sector in a larger measure and with less hesitation than in the case of road transport. The State Government should also, subject to satisfactory safeguards, either advance loans themselves or guarantee any loans obtained by inland water transport cooperatives from banking institutions.

8.17 As we have mentioned with reference to motor transport, Government will have to keep a watchful eye on the working of the societies, as large funds are involved. Government should take steps to ensure that there is proper management of a society till it reaches a stage of voluntary discipline and regulation. Government encouragement and assistance would be valuable, especially in the early stages. As the undertaking gathers strength and experience, Government supervision can be relaxed; and the management will cease to be under Government umbrella immediately repayment of Government loans is completed.

8.18. We wish to emphasise that cooperatives should be allotted a key role in the State's development plan for inland water transport and that there can be no real progress either in country-boat cooperation or, generally in inland water transport, without massive financial aid and active guidance from Government. The aim should be to organise a net-work of cooperatives in water-ways where Government are not themselves providing the services. The State, which is potentially the best suited for such a project, is Kerala. The State can pioneer with a target of 50 societies in the Fourth Plan period.

8.19. We are of the view that the successful operation of a few pilot societies with Central assistance may help the expansion of the movement. The capital structure of a society and the pattern of Government assistance may be as follows :—

- (i) The total membership of a society should be 100 and the capital of each member Rs. 1,000, out of which at least Rs. 100 should be paid in cash at the outset. (Where a member is able to make a suitable valloom available, its value, as assessed by a Government valuer, should be adjusted against his share contribution).  
This will account for capital formation of Rs. 1 lakh.
- (ii) Equal participation by the Government in the share capital, i.e. Rs. 1 lakh.
- (iii) Each society should have either 50 valloms (of 10 to 15 tons capacity each) or 12 dumb barges of 50-ton capacity each. This will enable the continuous movement of at least 50% of the valloms/barges, the balance being retained at the important trading centres for booking and loading purposes.
- (iv) Number of tugs required 3.
- (v) Cost of 50 valloms or 12 barges roughly Rs. 75,000/-; cost of three tugs Rs. 1,25,000; total capital requirement Rs. 2 lakhs.
- (vi) Since the members may not be able to contribute their share of the capital amounting to Rs. 1 lakh at the commencement of the business, Government assistance will have to assume the form of the necessary loan in addition to its own share contribution of Rs. 1 lakh. Government loan is likely to be repaid within a period of two years, since the entire subscription of each member should be collected within this period.
- (vii) The total Government assistance that will be needed for the entire Fourth Plan period will accordingly be about Rs. 1 crore for the organisation of 100 societies.

8.20. *Target for the Fourth Plan*—We would accordingly suggest provision for loans to State Governments in the Central Fourth Plan to the extent of Rs. 1 crore altogether. Out of this amount, Rs. 50 lakhs should be earmarked for Kerala for facilitating the establishment of at least 50 societies. Other States, which set up pilot cooperative units on the above lines, with any modifications that local conditions may require, may be given a loan of Rs. 10 lakhs each. If prompt measures to execute the project are not taken by any of them within the first two years of the Fourth Plan, the funds set apart for the defaulting State may also be diverted to Kerala.

8.21. *Apex Society's role*—Central Government can supply outboard engines, tugs, barges or flats and the equipment necessary for putting up small dockyards or slipways for repairs and maintenance of craft. It should be the duty of the apex society proposed in para 8.15 (12) above, which may be feasible in Kerala, to construct dockyards etc. as near the centres of operation of the cooperatives as possible. It may not be difficult to accommodate the financial needs of an apex society within the Plan provision proposed by us above.

8.22. *Training facilities*—In addition to the loans, the Central Government may also make a grant not exceeding Rs. 5 lakhs for starting a training



institution in Kerala with provision for training about 100 men each year in the operation and maintenance of powered craft as well as cooperative principles and procedures. The State Government, who were asked to establish a training school two years ago, expressed a desire to defer the proposal for the duration of the current emergency. It is advisable for them to reconsider it, in spite of the discontinuance of the emergency.

8.23. <sup>sir</sup> It will be idle to pretend that the mere organisation of cooperative societies will cure all the ills that beset inland water transport. We hope, however, that the proposals that have been made will lay the basis for the growth of inland water transport and also animate cooperation in this field. To all intents and purposes, this will be a scheme for the development of inland water transport but it will make full use of the available resources in men and craft in accordance with cooperative principles.

## CHAPTER 9

### JIN AND CYCLE-RICKSHAWS AND AUTO-RICKSHAWS

9.1. *Labour Investigation Committee's findings*—The Labour Investigation Committee, which conducted a socio-economic enquiry into the working conditions of rickshaw-pullers in 1946, made a scathing criticism of almost every aspect of this trade—low earnings and wages, long hours of work, high incidence of a number of occupational diseases resulting in early physical incapacity; insanitary housing, indebtedness, absence of welfare facilities and the exploitation of the rickshaw pullers by petty capitalists whose hire charges were exorbitant. The views of the Committee are summed up in the concluding paragraph of their report :—

“Whatever ameliorative measures may be undertaken for improving the conditions of pullers, the fundamental fact should not be overlooked that this type of labour is a degradation of human personality. The ultimate aim should be to abolish this form of conveyance as it is an offence against human dignity. The general consensus of opinion, therefore, is that there should be planning in respect of early abolition of the Jin and cycle-rickshaws”. This view was accepted at the Labour Ministers Conference held at Hyderabad in 1955.

9.2. *Labour Ministry's appeal for elimination of cycle and jin-rickshaws*—In their letter No. RD-165(4)/55, dated the 27th July, 1956, the Ministry of Labour requested the State Governments to take the following measures for implementing the decision to eliminate rickshaw plying gradually :—

- (a) a phased programme according to which, after a specified period, rickshaw plying would be totally abolished. This would mean an annual percentage reduction in the total number of licences issued in respect of vehicles and pullers for different reasons like unserviceable nature of vehicles, medical unfitness of the pullers etc.;
- (b) non-issue of fresh licences for new vehicles and also for new rickshaw pullers;
- (c) prescribing the period over which the rickshaws, handpulled and cycle-driven, were expected to give satisfactory service and non-renewal of the licence thereafter;
- (d) specification and allocation of areas in which particular rickshaws could be plied; and gradual reduction of the specified area from year to year according to the phased programme; and
- (e) instructing local authorities that rickshaw plying should not be introduced at a future date at places where it was not then prevalent.

9.3. *Number of rickshaw pullers in 1956*—According to the available information, there were 1,20,205 rickshaw pullers in the country in 1956 distributed as under :—

1. Andhra Pradesh	..	..	..	..	..	..	..	23,839
2. Assam	..	..	..	..	..	..	..	1,789
3. Bombay	..	..	..	..	..	..	..	621
4. Madhya Pradesh	..	..	..	..	..	..	..	11,473
5. Madras	..	..	..	..	..	..	..	6,324
6. Orissa	..	..	..	..	..	..	..	11,284

7. Punjab	..	..	..	..	..	..	..	..	..	15,746
8. Kerala	..	..	..	..	..	..	..	..	..	2,291
9. West Bengal	..	..	..	..	..	..	..	..	..	40,306
10. Mysore	..	..	..	..	..	..	..	..	..	266
11. Rajasthan	..	..	..	..	..	..	..	..	..	2,374
12. Jammu and Kashmir	..	..	..	..	..	..	..	..	..	—
13. Himachal Pradesh	..	..	..	..	..	..	..	..	..	—
14. Tripura	..	..	..	..	..	..	..	..	..	1,603
15. Manipur	..	..	..	..	..	..	..	..	..	400
16. Delhi	..	..	..	..	..	..	..	..	..	1,889
17. Andaman and Nicobar Islands	..	..	..	..	..	..	..	..	..	—
TOTAL										1,20,205

9.4. *Action taken to eliminate jin and cycle rickshaws*—The following is the gist of the action taken by the State Governments for implementing the policy enunciated in paragraph 2 above.

#### MADRAS

With a view to abolish rickshaws in the State, the State Government decided more than five years ago that no new rickshaw or cycle rickshaw should be licensed and that no person should be given fresh licence to pull rickshaw or drive cycle rickshaw.

#### ANDHRA PRADESH

In addition to the decision not to issue fresh licences for new cycle rickshaws or drivers, the Andhra Pradesh Government decided five years ago that the life of each rickshaw should be fixed at 10 years and every year 10% reduction should be effected by refusing renewal of registration from out of the total number of rickshaws.

#### UTTAR PRADESH

The Uttar Pradesh Government also decided on the elimination of rickshaw pulling over a period of 10 years.

#### MADHYA PRADESH

No new licences have been issued for jin rickshaws or cycle rickshaws. All Municipalities have been asked to earmark certain amounts, keeping in view their financial position, for advancing loans to rickshaw pullers for purchasing auto-rickshaws.

#### MAHARASHTRA

A statutory ban was imposed long ago on rickshaw pulling except in hilly areas.

#### DELHI

Hand-pulled rickshaws are not allowed to ply. With a view to discouraging cycle-rickshaws, permits are being issued liberally for two-passenger auto-rickshaws.

There are no rickshaws in Jammu and Kashmir, Himachal Pradesh, Pondicherry and Andaman and Nicobar Islands and other Islands.

9.5. It is over 8 years since the "abolition policy" was evolved; but the progress in its implementation appears feeble. It will, indeed, be regrettable if jin or cycle-rickshaws are not off our roads early, the earlier, the better.

A sweated trade, which treats men like beasts of burden, is incompatible with the pattern of society to which the country is wedded, and the process of its elimination requires, therefore, to be speeded up.

9.6. *Need to organise auto-rickshaw societies and rickshaw pullers' societies*—This is, however, not to argue that there is no need to organise the men who are already earning their livelihood by this means into cooperative societies. Cooperation can actually be an effective instrument for the early replacement of jin and cycle-rickshaws by auto-rickshaws. The first step in the conversion of cycle-rickshaws into auto-rickshaws is to license and bring the existing rickshaw pullers together within the fold of a cooperative society. This will serve to improve their present plight, while the acquisition of auto-rickshaws will support and strengthen the society and will be the means of their attaining better standards of life. The State Governments have a duty to promote such societies not merely on this major humanitarian consideration, but also the interest of cheap transport for people in the middle and low-income groups, who cannot afford to hire taxis in urban areas. Auto-rickshaw societies will satisfy an imperative traffic need, and to the extent they are directed to the rehabilitation of rickshaw pullers, they will yield additional benefits which are equally valuable, though they cannot be measured in economic terms.

9.7. *Cooperation Department's scheme for organising jin and cycle-rickshaw pullers society*—As far back as 1959, the Ministry of Community Development and Cooperation drew up a scheme for the organisation of rickshaw-pullers' cooperative societies in consultation with the Planning Commission and the Ministries of Labour and Employment and Transport and Communications. A copy of this scheme, for the working of which concerted or serious efforts have so far been made only in a few States, has been included in Annexure XII to this report.

9.8. *Details of Implementation*—An outstanding example of faithful implementation of the scheme is provided by Delhi, where there are three societies. One of these societies, which was registered in 1955, with 24 members and 7 cycle-rickshaws has steadily expanded and now has 244 members with paid-up share capital of Rs. 41,250 and borrowed capital of about Rs. 34,000 including a loan of about Rs. 20,000/- and cash credit of about Rs. 14,000. The society plies cycle-rickshaws as well as auto-rickshaws and the vehicles are owned by the society which hires out cycle-rickshaws to the members at 77 nP per day (as against Rs. 3/- per day charged by other operators) and auto-rickshaws at Rs. 12 per day (as against the market "rent" of Rs. 12/- to 14/- per day). The success of this society bears eloquent testimony to the drive and energetic leadership of a few individuals who had not merely started it but assiduously nurtured it. A copy of the bye-laws of this society, which are in consonance with the model scheme of the Ministry of Community Development and Cooperation, is also reproduced in Annexure XIII.

There is an enterprise at Nagpur, where an Ex-servicemen's Auto-rickshaw Owners' Cooperative Society, created with the object of converting cycle-rickshaws into auto-rickshaws, is being granted financial assistance to the tune of Rs. 1 lakh under the Maharashtra Government's Third Five Year Plan Scheme ('No COP-10').

Similar efforts are also being made in Rajasthan where the State has under consideration a proposal to give a loan of Rs. 20,000 and a subsidy of Rs. 300 to a cycle-pullers' cooperative society, and in Kerala, where two

societies, one at Alleppey and the other at Ernakulam, have been granted a loan of Rs. 20,000 each for purchase of cycle-rickshaws and auto-rickshaws. The Kerala societies have, however, not yet commenced regular activities.

A society has likewise been established recently in Manipur. It is too early to assess its performance.

In sheer numbers, Punjab leads with 34 societies, followed by Bihar with 10. However, the Bihar societies are still in the "initial stages" of their formation, and the Punjab societies have also not prospered.

9.9. It is a pity that although cooperation can be of real assistance to workers in this field, in that, through it they can augment their financial resources and secure technical facilities at a reasonable cost, it has not been availed of, so far to any significant extent.

9.10. In the scheme sponsored by them in 1959, the Ministry of Community Development and Cooperation pointed out that, as per 1951 census figures, there were 75 cities with a population of over 100,000 and urged that, as a first step in the propagation of the scheme, 100 societies should be organised in these cities and that the scheme should then be extended to other urban areas. The number of cities with a population exceeding 1,00,000 increased to 112 in 1961 and the number of auto-rickshaws in the States has also gone up, but the rise in the number of auto-rickshaws and cycle-rickshaw cooperatives during the last five years is dis-proportionately low in all except a few States, as will be seen from the table below.

Name of the State	Number of towns with a population exceeding 1,00,000 in 1961	Number of auto-rickshaws in 1961	Number of cycle-rickshaw co-operatives as on 31-3-63	Number of auto-rickshaw co-operatives as on 31-3-63
Andhra Pradesh .. ..	11	78	—	—
Assam .. ..	1	8	—	—
Bihar .. ..	9	42	10	—
Gujarat .. ..	6	1,106	—	—
Jammu and Kashmir .. ..	2	8	—	2
Kerala .. ..	4	82	2	3
Madhya Pradesh .. ..	8	141	—	—
Madras .. ..	11	594	—	—
Maharashtra .. ..	13	383	1	5
Mysore .. ..	6	583	—	1
Orissa .. ..	1	—	—	—
Punjab .. ..	5	341	34	—
Rajasthan .. ..	6	50	—	—
Uttar Pradesh .. ..	17	26	—	—
West Bengal .. ..	11	89	—	—
Delhi .. ..	1	2,761	3	—
Manipur .. ..	—	1	1	—
Himachal Pradesh .. ..	—	—	—	—
Pondicherry .. ..	—	—	—	—
<b>TOTAL .. ..</b>	<b>112</b>	<b>6,293</b>	<b>50</b>	<b>11</b>

9.11. It is significant that Uttar Pradesh, which has 17 cities with a population exceeding 1,00,000, has only 26 auto-rickshaws and the State Government have ruled out the possibility of organising cooperatives. So has Madhya Pradesh, which has 8 such cities and 141 auto-rickshaws. In West Bengal, which has 11 such cities, there are 89 auto-rickshaws but only 2 societies have been registered, one of them is under liquidation and the other has not yet started functioning. The fact that most of the States continue to have a very large number of cycle-rickshaws leads to the inference that the "conversion" programme of the Ministry of Community Development and Cooperation and the "abolition" programme of the Ministry of Labour and Employment have not received adequate consideration in most of the States.

9.12. As far as we can see, the schemes suffer from three basic weaknesses—

- (i) Absence of a single agency for executing them. In the States licensing of motor vehicles is done by the Transport Commissioners/Controllers and of cycle rickshaws, generally, by the Corporations and other local bodies. There is no proper machinery for coordination between the Transport Commissioners and the concerned officers of the local bodies;
- (ii) There is also no integrated approach from the three departments who deal with the subject in the States viz: Transport, Cooperation and the Labour Departments; and
- (iii) Financial stringency and inadequacy of Government assistance.

9.13. *Need for Standing Committees in the States*—We would suggest that a Standing Committee consisting of the Transport Commissioner, Registrar of Cooperative Societies, Labour Commissioner and the Managing Director of the State Financial Corporation should be constituted in every State to review the position periodically, but not less than twice a year, from the following points of views:—

- (i) Surveying and licensing of all the existing rickshaws and rickshaw pullers.
- (ii) Necessity for granting new permits for operation of auto-rickshaws in the different towns/cities in the State, taking the rising traffic demand into consideration;
- (iii) Scope for replacement of cycle-rickshaws (coopting representatives of the local bodies concerned when this is examined); and
- (iv) Practical measures required for giving effect to (i) to (iii) on a cooperative basis.

9.14. *Cancellation of Licence for Rickshaw not plied by their Owners*—We recommend that where a cycle-rickshaw is not plied by its owner but by an employee, the licence for the rickshaw should be cancelled if necessary, by suitable legislation and if the owner is prepared to sell the rickshaw to a cooperative society in which the erstwhile rickshaw pullers are members, the licence may be transferred to the society for the duration of the life of the rickshaw. This may be effected as a gradual process. (No new rickshaw licence should be given except to cooperative societies of rickshaw pullers).

9.15. *Programme for Future Development*—We do not think that the number of auto-rickshaws on the road at present in any State can constitute

the sole criterion for assessing the possibilities of the development of cooperatives in this sector. We should take note also of the probable demand for these vehicles during the next few years. The Ministry of Transport have estimated that the annual requirements of auto-rickshaws in the entire country will be 3,000 in 1966-67 rising to 6,000 in 1970-71. Keeping in view:—

- (i) the order of the annual demand estimated by the Ministry of Transport; and
- (ii) the obvious advantages of the cooperative form of undertaking to (a) the administration, (b) the members of the public and (c) the workers themselves

we would urge the Uttar Pradesh, Madhya Pradesh, Andhra Pradesh and other State Governments to take positive action or organise at least one society in each city with a population exceeding 1,00,000, where auto-rickshaws are not banned on grounds of traffic regulation and control. It will make a great and salutary difference not merely from the transport angle but also from the point of view of the cooperative movement.

9.16. We would, however, sound a note of caution that any Society that may be organised will be shortlived, if cheap credit is not made available to them and if they are not monitored by Government in their formative period. An effective programme for auto-rickshaw cooperatives may entail a total provision of Rs. 50 lakhs\* for all the States together for the entire Fourth Plan period and the assistance, which should take the form of loans at a nominal rate of interest, can be channelised through State Governments. In addition to loans in liberal terms, the State Governments should also see that permits are not withheld from these cooperative societies, unless the Transport Authorities are satisfied that either the traffic in the area in question cannot bear any additional permit or that the members of any particular society are bad characters and the society must be screened off in the public interest. As a condition for the issue of permits, the State Government may also insist on a society building a shed or garage and setting up a workshop, (preferably a mobile one) either individually or jointly with other societies; and any financial help that this may involve may also be extended by the Government.

9.17. It is needless to stress that one of the obstacles to the development of cycle-rickshaw and auto-rickshaw cooperatives is the inertia arising out of social and economic backwardness of rickshaw pullers and drivers. Even if the workers' inertia is overcome and they are brought into the cooperative fold and financial aid is secured for them, there would still remain a dearth of honest and competent management to guide them, account properly for their daily collections, arrange for repair and other facilities and keep an alert eye on their expenses. It is, therefore, evident that State Governments have not only to take the initiative in organising them but nurture them till they can manage their affairs without any external assistance.

---

\*Each Society may have a total membership of 30, each share valuing Rs. 200/-. The capital requirements of a society, with 15 auto-rickshaws, will work out to Rs. 62,000/- (Rs. 60,000/- for 15 auto-rickshaws plus Rs. 2,000/- for managerial subsidy), the bulk of which has to be borne by the Government as share capital, loan and managerial subsidy.

## CHAPTER 10

### MISCELLANEOUS

10.1 Since the cooperative movement creates employment and is also conducive to a fair distribution of economic power, it has been one of the important elements in the country's development planning. However, cooperation in the field of transport has not had its due share in our plans. The various legislative and administrative measures that have been suggested to us to promote transport cooperatives are considered below:

10.2 *Difficulties in securing Route Permits*—The proviso to sub-section (1) of Section 47 of the Motor Vehicles Act, 1939, lays down that "other things being equal, an application for a stage carriage permit from a cooperative society registered or deemed to have been registered under any enactment in force for the time-being, shall, as far as may be, be given preference over applications from individual owners". A similar provision exists under Section 55 of the Act for the grant of public carrier permits for transportation of goods.

10.3 On an analysis of the reports of the Registrars of Cooperative Societies it has been noticed that no preference is given to transport cooperatives in actual practice in Andhra Pradesh. In Rajasthan, preference is given at the discretion of the authorities; but cooperatives in this State are used only for distances over 40 miles. In Manipur, permits are given to the holders of new model vehicles and the old models even in good condition are not approved. In Uttar Pradesh public carrier permits are not given to the District Cooperative Development Federation as a result of which, they carry only goods belonging to cooperatives, and, therefore, on the inward journey, they have to run empty. Cooperatives in Maharashtra complain that they are not given preference in the matter of granting permits and, therefore, are unable to stand competition from the private operators. The position is similar in West Bengal, Mysore and Madhya Pradesh.

10.4 The difficulties in Punjab are that cooperatives are granted permits mostly for kutchha, unremunerative routes, where no other operator is willing to operate. It is further alleged that a condition has been imposed that every cooperative should build up a strength of 7 permits, if it wants to continue to function in the field of transport and that this condition has acted rather severely, particularly since permits are not being given for pucca or good routes. There are also restrictions on the maximum mileage that may be operated by the transport cooperatives.

10.5 In Madras, the transport authorities follow a "marking system" in selecting applications for the grant of stage carriage permits. According to an order passed by the State Government in 1958, the applications are to be screened with reference to certain specified criteria, one of them being workshop facilities or other arrangements to attend to repairs. After eliminating applicants who do not satisfy all the required conditions, one mark each is to be awarded to the eligible applicants for (a) sector qualification, *i. e.* area or distance of operation by the applicant (b) business or technical experience in motor transport and (c) being registered as a cooperative society or incorporated as a public or private limited company.



The above-mentioned order was modified in July, 1962 and it was laid down that, in the case of new entrants the possession of workshop facilities or any arrangement with an established workshop, should be required not in the preliminary stage when the merit of an applicant was assessed but later when a stage carriage permit was actually granted.

The Government of Kerala have also adopted a similar marking system for selection of applicants for stage carriage permits.

10.6 It has been pleaded that the scales are thus heavily loaded against cooperatives in most of the States and that the pace of their expansion can be accelerated only if the preference for them is not hedged in with difficult conditions. It has been suggested that the deletion of the existing proviso to Section 47(1) of the Motor Vehicles Act and the insertion of a new subsection on the following lines may serve this purpose

“Notwithstanding anything contained in this Section an application from a cooperative society, registered or deemed to have been registered under any enactment in force for the time being, with less than 5 buses shall, as far as may be, be given preference over other applications from individual owners for routes the distance of which is less than 35 miles”.

10.7 The comments of the State Governments and Administrations of the Union Territories were invited on this proposal.

The Administrations of Manipur, Pondicherry and Delhi and the State Governments of Bihar, West Bengal, Andhra Pradesh, Rajasthan and Punjab have supported it. The Mysore Government have said that there is no marking system in the State and, as such, no amendment is necessary. Orissa and Madhya Pradesh are of the view that the limitations in respect of mileage and number of buses owned by a cooperative society, as contained in the proposal, may tend to retard the growth of Transport Cooperative Societies.

The Maharashtra Government are opposed to the proposal since it will enable a Cooperative Society to secure a permit even if it does not satisfy the prescribed conditions. Gujarat Government are also of the same view.

10.8 The Madras Government have expressed the opinion that the object can be achieved if the words “other conditions being equal” are substituted by the words “other conditions being satisfactory”, in Sections 47(1) and 55(1) of the Motor Vehicles Act. The Ministry of Law, whose advice was sought, have, however, pointed out that this proposal suffers from vagueness and will not solve the problem.

10.9 An alternative suggestion has also been made that a fixed percentage of the total number of stage carriage and public carrier permits issued by a Regional Transport Authority should be reserved for transport cooperatives. This is based on the practice prevailing in the Punjab where 15% of all the existing and new kachha routes are earmarked for transport co-operatives under the State Transport Nationalisation scheme. We doubt whether the allotment of kachha and unremunerative routes will help the cooperatives to any great extent, since the success of a society depends on the importance of the routes granted to it.

10.10 In any consideration of this problem it is to be borne in mind that cooperation is only a means to an end, the end being the largest measure

of good of the largest number. The Government are concerned primarily with the provision of cheap and efficient public transport services and therefore, the interests of cooperation will necessarily have to be subordinated to the larger interest of an adequate transport system.

10.11 We recognise, however, that preferential treatment should be given to a cooperative as long as there is no reason for any misgiving about its ability to cope with the traffic requirements. In this connection we are glad to find that the Inter-State Transport Commission have given a directive to all the State Governments for preference to genuine workers' co-operatives, which satisfy the following conditions:—

*A. Essential Conditions:*

- (i) The owner/undertaking shall own at least five public carriers and shall forfeit the permit, if, during the period for which the permit is granted, he/the undertaking ceases to own five vehicles.
- (ii) The owner/undertaking shall produce a bank reference to establish his/its creditworthiness and also a certificate from the bankers to the effect that discounting facilities will be extended to him/the undertaking.
- (iii) The owner/undertaking shall maintain audited accounts, proper log books and details enabling cost verification.
- (iv) The owner/undertaking shall maintain and submit all statistical data that may be required from him/undertaking from time to time by the Inter-State Transport Commission.
- (v) The owner/undertaking shall have a proper schedule of rates and a time schedule.
- (vi) The owner/undertaking shall take transit insurance policies and accept common carrier obligations.
- (vii) The owner/undertaking shall pick up or drop goods only at the two terminal points of the route, unless the State Governments concerned agree otherwise. The owner/undertaking found picking up or dropping goods *enroute* when not so authorised in the permit, will be liable to forfeit his/its permit.

*B. Desirable but not Essential:*

- (i) The owner/undertaking shall have servicing and repair facilities, either of his/its own or by arrangements with garages.
- (ii) The owner/undertaking shall utilise trailers, wherever practicable.
- (iii) The owner/undertaking shall employ only drivers who have not been convicted for rash or negligent driving during the three years preceding the application for the grant of the permit.
- (iv) The owner/undertaking shall provide facilities for collecting, forwarding and distributing goods and also for godown and warehousing facilities at the terminii.
- (v) The owner/undertaking shall commission into service only vehicles not more than 3 years old at the time of the issue of the

permits. The owner/undertaking shall not substitute any of these vehicles during the period for which the permit is issued, by a vehicle which is older.

We are of the view that, within the framework of the existing provisions of the Motor Vehicles Act and without prejudice to the policy of State Governments in regard to nationalisation of road transport, fillip can be given to the development of transport cooperatives. What is required is that the existing provisions should be implemented in their spirit and cooperatives given their legitimate share on all routes, including long distance routes.

10.12 *Representation in State and Regional Transport Authorities—* It has been urged before us that inclusion of a cooperative worker in the Regional/State Transport Authorities may ensure that the interests of cooperatives do not go by default in the grant of permits by these authorities

10.13 Section 44(2) of the Motor Vehicles Act provides that “ a State Transport Authority or a Regional Transport Authority shall consist of a Chairman who has had judicial experience and such other officials and non-officials, not being less than two, as the State Government may think fit to appoint, but no person who has any financial interest whether as proprietor, employee or otherwise in any transport undertaking shall be appointed or continue as a member of a State or Regional Transport Authority and, if any person being a member of any such Authority acquires a financial interest in any transport undertakings he shall, within four weeks of so doing, give notice in writing to the State Government of the acquisition of such interest and shall vacate office”.

10.14 It has been argued (1) that a cooperative worker has no proprietary interest in a society like a private operator in that he is permitted to purchase only a few shares usually worth not more than a thousand rupees and is not entitled to draw a dividend exceeding 9% of this investment; and (ii) that, therefore, the above provision should not act as a bar to his appointment in the State/Regional Transport Authority. This argument is of doubtful validity. In any case, the members of a genuine workers' cooperative are generally inexperienced. We do not think that the proposed representation will either advance the cooperative movement, or contribute to the development of transport in the situation that prevails at present.

10.15 Moreover, the Road Transport Reorganisation Committee, 1959 (also known as the Masani Committee) recommended the appointment of single member Regional Transport Authorities. In the Committee's opinion, an official with requisite experience was best suited to discharge the functions of granting permit and enforcing the conditions of the permits. While considering this recommendation, the Transport Development Council suggested that no rigid pattern should be prescribed for the composition of a Regional Transport Authority and that those State Governments which found that a single member transport authority was more effective, should be enabled to constitute such an authority and the others might have more than one member on the authorities but the total number of members, including the Chairman, should not exceed five. The Council recommended further that non-officials to be included in the authority should not be more than two in an authority composed of five members. In view of this recommendations of the Council, which has been accepted by the Government, there is hardly any scope for giving a representation to cooperative interests in Regional Transport

Authorities. Where however, there are Regional Transport Authorities with more than one member, representation may be given to the Co-operative Department on them.

10.16 It is, however, possible and also desirable for the Registrar of Cooperative Societies to be a member of the State Transport Authority which is the body which coordinates and regulates the activities and policies of the Regional Transport Authorities of the entire State, in order to ensure that the interests of cooperatives are not neglected.

10.17 *Ownership Versus Control of Vehicles*—The Maharashtra Government have pointed out that clause (c) of sub-section (1) of Section 60 of the Motor Vehicles Act says that a transport authority, which grants a permit, may cancel or suspend it if the holder ceases to own the vehicle covered by it. It, therefore, follows that the ownership of a vehicle is a necessary pre-requisite for obtaining a permit to ply it. The result of this requirement is that in order to qualify for the grant of permits, a transport cooperative must own the vehicles to be covered by the permit. The Maharashtra Government state that individual operators, who are at present in the field, are averse to parting with the ownership of the vehicles firstly for the general reason that they do not like to part with their property and secondly for the reason that if they part with it once, they may not be able to get it back if they choose to go out of the society at a later date. The State Government are inclined to the view that this aversion is the biggest handicap in the promotion of transport cooperatives and have suggested that the requirement of ownership may be changed into one of possession.

10.18 The practical difficulty in the matter is that if the owner of a vehicle, who is to insure it and comply with several other requirements under the law, is different from the person who holds a permit for it, it may not be possible to administer the various penal provisions of the Act. For example, it will affect the permit-holder adversely if the permit is cancelled for the failure of the owner to insure or comply with other requirements. In the circumstances, we do not recommend that effective control as against ownership of vehicles by a cooperative society, should make it eligible for the grant of permits.

10.19 *Tax Concessions—(A) Motor Vehicles Tax.* As we have mentioned in para 5.2, the Delhi Motor Vehicle Taxation Act, 1962 has provided 50% tax relief for workers' cooperatives. We understand that Transport Ministry have recommended to all the State Governments that a similar concession should be extended to vehicles owned by transport cooperatives, under their respective Motor Vehicles Taxation Acts. We endorse this recommendation.

10.20 *Income Tax*—It appears that a new transport cooperative is exempt from Income Tax during its first three years in Canada. Till recently, all cooperatives, including transport cooperatives, enjoyed tax exemption in India. However, the Direct Tax Administration Enquiry Committee 1958-59, commonly known as the Tyagi Committee, pointed out that the provisions of Section 14(3) of the Income Tax Act, 1922, under which cooperatives enjoyed such exemption were lending themselves to abuse. According to the Committee, some of the cooperatives had become almost close corporations of a few people making profits out of non members and were controlling large industrial and commercial undertakings. The provisions of Section 14(3) of the Act of 1922 were changed in the Act of 1961 on the basis of the Committee's recommendation.

10.21 Section 81 of the Income-Tax Act (Act 43 of 1961) prescribes tax relief to a varying extent to cooperative societies engaged in different kinds of businesses:—

Income-tax shall not be payable by a cooperative society:—

- (i) in respect of the profits and gains of business carried on by it, if it is—
  - (a) a society engaged in carrying on the business of banking or providing credit facilities to its members; or
  - (b) a society engaged in a cottage industry; or
  - (c) a society engaged in the marketing of the agricultural produce of its members; or
  - (d) a society engaged in the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members; or
  - (e) a society engaged in the processing without the aid of power of the agricultural produce of its members; or
  - (f) a primary society engaged in supplying milk raised by its members to a federal milk cooperative society;

Provided that, in the case of a cooperative society which is also engaged in activities other than those mentioned in this clause, nothing contained herein shall apply to that part of its profits and gains as is attributable to such activities and as exceeds fifteen thousand rupees;

- (ii) in respect of so much of the profits and gains of business carried on by it as does not exceed fifteen thousand rupees, if it is a cooperative society other than a cooperative society referred to in clause (i);
- (iii) in respect of any interest and dividends derived from its investments with any other co-operative society;
- (iv) in respect of any income derived from the letting of godowns or warehouses for storage, processing or facilitating the marketing of commodities;
- (v) in respect of any interest on securities chargeable under section 18 or any income from property chargeable under section 22, where the total income of the co-operative society does not exceed twenty thousand rupees and the society is not a housing society or an urban consumer's society or a society carrying on transport business or a society engaged in the performance of any manufacturing operations with the aid of power.

10.22 Section 99(1) of the Income Tax Act provides that any income in respect whereof no income tax is payable by a cooperative society by virtue of the provisions of Section 81, will also not be chargeable to super tax.

10.23 It will be observed that profits and gains resulting from mutual transactions, cottage industries, milk supply etc. are now totally free of tax whereas the income of other societies, including transport cooperatives, are exempt from tax only upto Rs. 15,000/. It will be observed further that the

Income-Tax Act does not distinguish between a worker's cooperative and other types of societies.

10.24 The finding of the Tyagi Committee is not applicable to genuine worker's cooperatives and there is no ground to assume that worker's cooperatives also circumvent the law in order to avoid tax, though it is true that their business is not strictly mutual. In our view, a differential tax levy *i.e.* an increased exemption limit is justifiable in their cases. Since the optimum size of a viable transport cooperative will be 10 trucks with a membership of about 50 people, we would recommend that the exemption limit of Rs.15,000/ may be increased in these cases to Rs.50,000/ and that workers' cooperative may be defined on the lines of Section 14 of the Delhi Motor Vehicle Taxation Act, 1962 for this purpose.

10.25 *Audit Fee and Accounting*—It has been represented that the audit fee of a society is fixed in some States *e.g.* Punjab with reference to the profits of the society and is often high. This encourages wasteful expenditure and amounts, in effect, to taxing efficiency. In our opinion, the audit fee should not be regarded as a measure of taxation but correlated to the actual cost of the service rendered by the auditors. Audit should be either departmental or through an approved panel of auditors. Steps should, however, be taken to see that a society does not suffer undue expenditure by prolonged audit.

10.26 We recommend further that the Registrar -of Cooperative Societies should, in consultation with the transport authorities concerned, simplify the system of accounts that a transport cooperative should follow and, if possible, arrange for the supply of forms and books to the societies. Since these societies cannot afford to employ qualified accountants and do not understand the principles and practices of commercial book keeping, it is essential to evolve a procedure by which the required information can be recorded even by men with little or no accounting experience.

10.27 *Lack of Managerial Skill*—Transport cooperatives have experienced considerable difficulty in securing the necessary managerial and technical skill for efficient operation. The Minister of Community Development and Cooperation, with whom we had the benefit of a discussion on this subject, pointed out that there were two ways of tackling this problem:—

- (i) loan the services of a suitable officer of a State Transport Undertaking to a transport cooperative for a period of 3 to 5 years; or
- (ii) provide for a managerial subsidy to the societies for 4 to 5 years.

Since the number of persons required under (i) above would be very large and it might not be possible for the State Transport Undertakings to spare the services of qualified officers for deputation to all transport cooperatives, the Minister considered that (ii) would be a better approach. We are in agreement with this appraisal but may point out that it will be very useful to obtain the services of qualified Government officers preferably of the State Transport Undertakings or the Cooperative Departments wherever possible, for a period of two or three years, on deputation basis free of charge to put the working of the societies on a sound footing. The persons so selected should be trained in all aspects of cooperation and transport before they are given this assignment.

10.28 A desirable objective is the development of a professional managerial class familiar not merely with transport operation but also with the methods and ideals of cooperation. This will be practicable if the Registrars of Cooperative Societies draw up a programme for the recruitment of qualified men with business aptitude, who can be sponsored for training for two or three years in the State Transport Undertakings, the Central Road Transport Research and Training Institute which is shortly proposed to be established by the Ministry of Transport and also any central institution that may be organised for providing training in cooperation on an all India basis. The transport societies can be made to engage them either jointly or individually, depending on the extent to which their services are needed and to contribute to their salary accordingly.

10.29 Federation It has been suggested before us that apex societies should be constituted in all the States and that there should be an all India Federation of the societies to give general and technical advice and pursue matters of common interest, including procurement of supplies, arrangement of import licences, provision of audit services etc. It is evident, however, that there will be need for such apex societies or a Federation only if transport cooperatives come up in large numbers in the different States.

10.30 *Liaison between the various Departments and undertakings of the Central Government*—It has been urged before us that manufacturers of spare parts, tyres and tubes are unwilling to make any supplies directly to transport cooperatives, which have to depend on distributors and retail agents, and that in times of scarcity the retail prices of parts rise to the disadvantage of transport cooperatives. We have no data before us to find out how far this is correct. We have, however, no doubt that the appointment of a few service cooperatives as agents of the manufacturers or importers may obviate all causes of complaint.

10.31 While it is not possible to compel a manufacturer in the private sector to extend any special concessions or patronage to transport cooperatives, there should be no difficulty in Government's instructing all public-sector undertakings, including State Trading Corporation, Indian Oil Company etc., to encourage cooperatives to the maximum possible extent, e. g. in allotment of petrol stations by Indian Oil Company, distribution of tyres by the State Trading Corporation etc. The Postal Department can likewise give preferential treatment to applications from stage carriages operated by transport cooperatives in the award of contracts for carriage of mails. Similar preference should also be extended by other Government departments and public sector undertakings.

10.32 We suggest the creation of a cell under a senior officer in the Ministry of Transport to plan and watch the development of transport cooperatives and to maintain liaison with the Cooperation and other Departments and the various public sector undertakings for this purpose.

10.33 *Cooperative Motor Vehicle Third Party Insurance*—We now turn our attention to cooperative motor vehicle third party insurance. The Second Motor Vehicles Insurance Committee, constituted by the Government in

1962, did not examine the role of cooperatives in motor vehicle insurance in view of the formation of this Working Group at about the same time. It is now for consideration, therefore, whether the growth of cooperative motor vehicle third party insurance has been appreciable and if there is any scope for stimulating it by the amendment of the Motor Vehicles Act, 1939.

10.34 Section 108 of the Motor Vehicles Act authorises the State Governments to allow registered cooperative societies of transport vehicle owners to transact business of insurance for the purposes of Chapter VIII of that Act, *i.e.* business of insurance of motor vehicles against third party risks. The existing provisions are limited in their scope; they are applicable only to the commercial vehicles of the members of a society and they cover only the risk of injury or death of third parties knocked down by these vehicles.

10.35 These provisions were inserted in the Motor Vehicles Act on the recommendation of the first Motor Vehicles Insurance Committee (Roughton Committee), 1936. The reasons on which this recommendation was based have been set out in the Committee's report as under:—

“It is clearly desirable to encourage associations of this kind, as they are able to operate in local areas with much smaller overhead and commission charges than insurance companies, and have a cheaper agency for investigating claims. Moreover, the existence of cooperative liability will act as a binding force to keep together associations of public vehicle owners, which will enable the single owner to take his proper place in the development of the industry. This will result in keeping down the cost of transport in areas where such associations operate.”

Although Section 108 of the Motor Vehicles Act came into force on 1-7-1946, it has practically been a dead letter. There are only four societies in the entire country and the volume of business transacted by them is negligible.

10.36 It has been explained that the present provisions of the Motor Vehicles Act have not been availed of to any appreciable extent because they confine the activities of the society not merely to its members but to “the Act Liability” part of the motor vehicle insurance of the transport vehicles of the members. It has been suggested that Section 108 of the Act should be amended to enable a cooperative society to do third party risk insurance for any motor vehicles (and not necessarily a transport vehicle as at present) irrespective of whether its owner is a member of the society or not.

10.37 The matter was recently placed by the Transport Ministry before a conference of the State Transport Secretaries and Transport Commissioners. The unanimous view at the Conference was that it was inadvisable to enlarge the scope of the existing provisions of Section 108 of the Motor Vehicles Act for the following reasons:—

- (i) The problem was to compensate the victims of road accidents. The existing provisions made a society responsible for compensating victims of accidents in which commercial vehicles of its members were involved. There was no justification for allowing a society to cover risks of non-commercial vehicles of its members, much



less the commercial vehicles, or non-commercial vehicles of non-members;

- (ii) The assets of these societies would not be adequate to protect the interest of third party victims.

10.38 The Second Motor Vehicles Insurance Committee who had occasion to study the motor vehicle insurance cost in 1962-63, have underlined the following important facts:—

- (i) There has been no increase in the Act Liability premium rates for some years. The following are the current annual premium rates:—

*Public carrier vehicles Class A (2)*  
*Licensed goods carrying capacity of the vehicles*

	Premium Rs.
Not exceeding 3 tons .. .. .	50·00
Not exceeding 5 tons .. .. .	60·00
Exceeding 5 tons .. .. .	70·00

*Taxis (excluding passenger's risk)*  
*Class B (2) (a)*

Bombay region	Calcutta & Delhi region	Madras region
Rs. 30·00	Rs. 40·00	Rs. 40·00

Extra premium Rs. 3.50 nP. per passenger (for covering legal liability to passengers)

*Public passenger service vehicles (excluding passenger's risk)*  
*Class B—1*

*Maximum licensed passenger carrying capacity*

	Premium Rs.
Not exceeding 18 .. .. .	50·00
From 19 to 24 inclusive .. .. .	55·00
From 25 to 30 inclusive .. .. .	60·00
From 31 to 36 inclusive .. .. .	65·00
Exceeding 36 passengers .. .. .	70·00

Extra premium Rs. 2.50 nP per passenger (for covering legal liability to passengers).

- (ii) According to the Automobile Dealers' Association, Western India Ltd., the comprehensive insurance premium worked out to 4.9% of the total operating cost of a vehicle and Act Liability alone to only 0.24% of the operating cost.
- (iii) It was represented by the All India Motor Unions' Congress before the Committee that the majority of operators took comprehensive policies and not mere Act Liability policies as required by the Motor Vehicles Act.

Since the Act Liability or compulsory insurance cost is already low, it may not be possible to reduce it further by the formation of cooperative societies; and it is open to doubt whether a provision permitting a cooperative society to undertake not merely compulsory third party risk insurance but also general motor vehicle insurance will be within the ambit of the Motor Vehicles Act.

10.39 The Controller of Insurance, who has also been consulted in the matter, has pointed out that a cooperative society transacting business in terms of Section 108 of the Motor Vehicles Act is not required to comply with any of the provisions of the Insurance Act, 1938 except to the very limited extent provided in clause (g) of Section 108(1) of the Motor Vehicles Act, and consequently it has not been possible for him (the Controller) to exercise any effective control over them. He is of the opinion that the proposal to widen the scope of the societies to insure vehicles owned by the general public without at the same time subjecting them to all the provisions of the Insurance Act would be clearly against the interest of the societies, other insurance companies as well as the insuring public.

10.40 While we recognise the desirability of promoting cooperative insurance societies, we are satisfied that there is no justification for any amendment of the Motor Vehicles Act for this purpose. A society which wants to undertake comprehensive motor vehicle insurance should do so after complying with the provisions of the Insurance Act, 1938.

10.41 *Pilot Cooperatives for Educated un-employed*—We finally turn to the pilot scheme of the Union Transport Ministry for running goods transport services. The objectives of the scheme were two-fold; (i) to provide employment to the educated unemployed; and (ii) to increase the number of vehicles on the road.

10.42. The salient features of the scheme were that although the Co-operative Societies would be under the control of the State Governments, financial assistance by way of loans, not exceeding Rs. 3 lakhs in each case, would be granted to the Societies by the Government of India. The cost of training of the members of the Co-operative Societies and their Managers would also be borne by the Central Government. The membership of the Co-operative Societies would be restricted to workers like drivers, mechanics, booking clerks, depot managers etc.

10.43 Since one of the objectives of the scheme is to provide employment to the educated unemployed, the minimum educational qualification of a:

member was fixed as matriculation. Each society would have 10 vehicles. On the basis of 5 hands for one vehicle, each Co-operative Society would have 50 members. Each member would be required to contribute Rs. 1,000 towards the capital of the Society.

10.44 To ensure proper management of these societies, it was provided that there would be a Board of Directors for each Society headed by the Transport Commissioner of the State concerned with the Registrar of Co-operative Societies and Officer-in-charge of the Employment Directorate as members.

10.45 In addition, two members of the Board may be selected from amongst the members of the Society. The association of the Transport Commissioner with the Society would provide the necessary co-ordination with the State Transport Department and secure their cooperation and help.

10.46 In making selection of members, preference would be given to those who already know driving, possessed experience of operating goods transport services or were qualified mechanics. Each member of the society would be given the same wages (Rs. 120 per month) and their training so arranged that any member of the Society would be able to perform the duties of any other member.

10.47 Five units employing 50 vehicles each were to be set up on an experimental basis. To start with, it was proposed to set up one society in each of the States of Bombay (Maharashtra), Madras, Kerala and West Bengal and the Union Territory of Delhi. The five societies would operate their vehicles on inter-city routes, which might also be inter-State routes, if necessary.

10.48 The five States/Union Territory concerned were addressed in August, 1958, to initiate action early on the following matters:—

- (i) Selection of routes and location of society;
- (ii) Recruitment of members and arrangements for their training and
- (iii) Nomination of a suitable officer for the managership and arrangements for his training.

Subsequently, the Government of Maharashtra suggested certain modifications to the scheme, which were not accepted by the Government of India. Consequently, they expressed inability to work the scheme. In view of this, the unit allotted to Maharashtra was withdrawn and offered to Tripura, which had expressed willingness to run the scheme. Later, the Tripura Administration intimated that the response to the scheme was poor and they did not propose to proceed with it. The Government of Madras organised a society, but later ordered its dissolution, since they found that the scheme, in its present form, was not workable. As a result, the scheme has had to be confined to the States of Kerala and West Bengal and the Union Territory of Delhi.

10.49 The Delhi Administration organised the 'Delhi Educated Persons Cooperative Transport Society Limited' under the scheme and got it registered in the year 1960. The Administration placed an indent on the Directorate General of Supplies and Disposals for 10 Mercedes Benz truck chassis on behalf of the Society. The delivery of the chassis commenced in 1961 and the society started functioning from November, 1961. A loan of Rs. 3,39,500 was advanced by the Government to the society and the amount was drawn by it in April, 1962. The loan is repayable in five instalments as noted below:—

First year	..	..	..	..	..	15%
Second Year	..	..	..	..	..	15%
Third Year	..	..	..	..	..	25%
Fourth Year	..	..	..	..	..	25%
Fifth Year	..	..	..	..	..	20%

The loan carries interest @ 8% per annum but there is provision for a rebate of 3½%, if the repayments of the principal and the interest are made on the due dates. The Delhi Administration have entered into a Deed of Agreement with the Society incorporating the terms and conditions of the loan. They were advised further to consider the question of entering into a regular Deed of Mortgage of the vehicles, which were purchased with the money and also the income thereof, since the amount of the loan is heavy but is unsecured. The society had 50 members on its roll on the 12th December, 1962, but the share money collected from them was only Rs. 29,000/- (against Rs. 50,000. Subsequently, all the members, except about a dozen, either resigned or were expelled. 9 trucks of the society, on which bodies were built, were employed at Gorakhpur, Kanpur and Lucknow where sub-offices were set up. The society could not get a body built on the tenth chassis for lack of funds.

10.50 During the years 1962 and 1963, some representations were received by the Government from some of the members of the society against the working of the society. It was alleged that the society was running at a loss and that its accounts had not been audited. Some allegations were also made against the Manager of the Society. After making the necessary enquiries, the Delhi Administration found that advances amounting to Rs. 47,000/- had been made to some of the members of the society without proper authority. During the year 1962-63, the society suffered a net loss of about Rs. 25,000/-. The first instalment against the loan sanctioned by the Government, which fell due in March, 1963, had also not been paid. According to the balance sheet of the society for the years 1961-62 and 1962-63, there should have been a balance of Rs. 46,500 but the money actually available on the 1st July, 1963, was less than Rs. 200. None of the vehicles of the Society had been comprehensively insured. Road tax had been paid in respect of only two vehicles out of nine. The running expenses exceeded the income. The result was that the society did not have any working capital to run the vehicles. The Registrar of Cooperative Societies, therefore, took the view, with which there was general agreement among the members also

that there was no hope of any improvement in the affairs of the society, which had reached a point of no return, and that the only way to clear the society's liabilities to the Government would be to liquidate it and dispose off its assets. It has accordingly been decided that the society should be wound up.

10.51 The West Bengal Cooperative Society Limited was registered on the 30th November, 1961. A loan of Rs. 3.76 lakhs was sanctioned by the Government of India to the Government of West Bengal on 28-3-1962 for being passed on to this society. The loan carries interest at  $3\frac{5}{8}\%$  per annum and the amount was drawn by the society on 31-7-1962. Seven Mercedes-Benz truck chassis were purchased by the society through M/s French Motor Car-Company Limited, Calcutta, on the 30th July, 1962 and another three chassis on 26-10-1962. Body building on the first seven chassis was completed on 4-10-1962 while that on the remaining three on 19-2-1963. Route permits were obtained from the concerned Transport Authority of West Bengal during the last week of October, 1962, and the permits were countersigned by the concerned Transport Authority of Bihar in the second week of November, 1962. The society started its business with seven vehicles on 14-11-1962. Four vehicles were used on the Calcutta-Tatanagar route and three on the Calcutta-Patna route. The society made a net profit of Rs. 2,143.27 nP. during the period from 1st July 1962 to 31st December, 1962. A subsidy of Rs. 29,000 was paid to the West Bengal Government by Government of India on the 26th March 1963 to cover the expenditure incurred by them on the training of the members of the Society, payment of stipend to them for the duration of their training and the salary of their Manager upto the 31st March, 1962. An Inspector of the Department of Cooperative Societies, West Bengal, has been functioning as the Manager of the Society.

10.52 The Kerala Goods Transport Cooperative was registered on the 30th August, 1959. The training of the members was completed by the end of January, 1961. Although the operation of lorries started on the 16th January 1961, regular services were run only from the beginning of February, 1961. An expenditure of Rs. 3,33,070 was incurred by the society on the purchase of 10 truck chassis and construction of bodies on them. The Government of India advanced a loan of Rs. 3 lakhs to the society, through the Government of Kerala, in March, 1960, and the balance of Rs. 33,070 was met by the society from its own resources. After making provision for interest charges, return of loan instalment, operational and managerial expenses, the society incurred a loss of Rs. 26,018.21 np. during the period from 16th January 1961 to 30th June 1961. The total earnings for the period from 1st July 1961 to 31st December 1961 were Rs. 2,74,890 and the net expenditure was Rs. 2,82,779 including provision to cover the loss of Rs. 26,018.21 nP. incurred during the period from 16th January 1961 to 30th June, 1961. The net profit for the whole calendar year 1961 was, therefore, Rs. 12,111.61 nP. The State Government have intimated that the Society repaid three instalments against the loan on the 30th December 1960 (Rs. 45,000), 31st December, 1961 (Rs. 45,000) and 20th February 1963 (Rs. 75,000).

10.53 The Kerala Government have been asking for the allotment of an additional unit to the State, as they consider that the existing Society has been successful. At the third meeting of the Transport Development Council held in July 1961, it was recommended that one additional unit might be allotted to Kerala. The matter is stated to be under the consideration of the Government of India at present. We endorse the recommendation of the Transport Development Council that the Kerala Government should be given the necessary loan for organising a second unit. It need not be a "pilot" society, since

the pilot society that was registered in 1959 appears to have gained in strength and come of age. Financial assistance can be given for the second unit as a part of the general effort to promote cooperation.

10.54 The success of the Kerala Society augurs well for the future of the scheme while the failure of the Delhi Society should serve as a cautionary sign. We are, however, of the view that it is premature to consider expansion of the current pilot scheme elsewhere.

## CHAPTER 11

### SUMMARY OF RECOMMENDATIONS

(1) A society in which almost all the members are its employees and "sympathiser members" are negligible in number, represents the most desirable form of transport cooperation. A formula on the following lines may help in distinguishing a workers' cooperative from others:

- (a) The society should be mainly engaged in the business of, or its Memorandum of Association should provide that its main business would be transport of goods or passengers or both from one place to another in motor vehicles;
- (b) the motor vehicles of the society should be used exclusively for its business;
- (c) at least 75% of the members of the society should be its employees; and in the case of a society the number of whose shareholders exceeds the number of its employees, at least 90% (rounded off to the nearest whole number) of its employees should be its members;
- (d) at least 50% of the members of the society should not be related to each other; a member being deemed to be related to any other member if that member is the husband, wife, brother or sister or a lineal ascendant or descendant of that other member. (Para 5.2)

(2) Users' cooperatives are not very common in this country at present but this form of cooperation has a widening horizon with improvement in rural roads and production of one-ton vehicles. It can be organised either by village cooperative societies or Panchayati Raj institutions to carry crops from the centres of production to the markets, and the goods the farmers require on their journey to the villages. The membership of the society can be broad-based including farmers, other users and the drivers and cleaners of the vehicles.

The changing pattern of rural life calls also for regular passenger transport services to knit the small scattered communities closely, and bring them nearer the urban areas. The aim of any cooperative that is set up to meet such a traffic demand should be to achieve a membership covering not less than 25% of the adult population of the satellite towns/villages. It will not be worth registering any society if it has a membership of less than 500 persons. (paras 5.5—5.6)

(3) An ideal service cooperative will be one which has a membership of at least 10 different bus owners or 15 truck owners with 25 vehicles in all, and undertakes the following services for them:—

#### *Essential*

- (a) booking and forwarding agency;
- (b) a garage for repairing and servicing their vehicles;
- (c) procurement and supply of spare parts, tyres, tubes and, if possible, oil, petrol etc.

- (d) settlement of their motor vehicles tax and goods tax/passenger tax liability; and
- (e) arrangements for vehicle fitness inspection.

*Desirable*

- (a) recruitment and training of drivers and maintenance of a complete record of their antecedents and their service;
- (b) cooperative insurance under Section 108 of Motor Vehicles Act; and
- (c) settling claims and attending to other litigation involving the vehicles of the society.

(para 5.8)

(4) Ex-servicemen's societies should be formed as far as possible, with ex-servicemen who become employees of the society in some capacity or other—conductors or drivers or clerks or managers. (para 5.9)

(5) Societies of route permit holders should convert themselves into workers' societies or service or users' societies as early as possible and should not be given any new routes by the Transport authorities till such conversion is effected. (para 5.14)

(6) Societies of scheduled castes and scheduled tribes should also, especially where they are organised under Government initiative or with Government loan assistance, conform to the pattern of workers' cooperatives. (para 5.16)

(7) Other societies, including societies of vehicle owners, should imbibe the spirit of cooperation and admit workers into their fold in adequate numbers or should reorganise themselves as users'/service cooperatives.

(para 5.17)

(8) Since cooperation is a State Policy and can serve as a satisfactory alternative or adjunct to nationalisation, the State Governments may, where it is not proposed to extend the public sector to any new route or to a feeder route, consider the feasibility of encouraging passenger transport cooperatives to supplement the services provided by the public sector undertaking. If they want to hold their own against the tide of nationalisation, the existing operators should voluntarily organise themselves into cooperatives.

(para 6.5)

(9) Since it is unlikely that there will be any programme for large scale nationalisation of the goods transport services for several years, the State Governments should give all possible inducements for the formation of goods transport cooperatives, particularly those which constitute viable units.

(para 6.6)

(10) The financing agencies would normally be the State and District Cooperative Banks and the State Financial Corporations which should, in their turn, be able to secure the necessary funds from the State Governments or the State Bank of India on State Government guarantee. [para 6.16(i)]



(11) Instead of promoting too many societies, which only result in the dissipation of the limited resources available, it is advisable to organise a small number of societies in each State for stage carriages and goods vehicles, preferably the latter. A reasonable target will be 1,000 societies for the entire Fourth Plan period or about 10 societies per State per year. It will be the responsibility of the Registrar of Cooperative Societies and the Transport Department of the State concerned to organise these societies, watch their working and ensure that they do not flounder. [(para 6.16(ii))]

(12) An economic unit will be five vehicles in the case of stage carriages and 10 vehicles in the case of trucks. However, there should be no objection, in the initial stages, to extending assistance to societies which have a smaller number of vehicles. [para 6.16(iii)]

(13) Each member of a society should contribute Rs. 1,000/- to the society as his share money, out of which a sum of Rs. 500/- should be paid immediately and the balance recovered later by deduction from his monthly salary.

Government should also participate in the share capital with 50% holding, from the outset, which will work out to Rs. 50,000/- in a society consisting of 50 members. Requirements of funds in excess of the share capital and the contributions of the members and the Government, which may be of the order of Rs. 3,50,000/- in the case of a society with 10 trucks, should be obtained either from the State Financial Corporations or other institutions.

Government capital should be retired as soon as the members are able to run the society with their own resources. The loan capital should be repayable within a period of five years, in monthly instalments, the first of which should be due six months after the commencement of business by the society. [(para 6.16(iv))]

(14) Preference should be given to (a) workers' cooperatives, (b) users' cooperatives and (c) service cooperatives in that order of priority in dealing with loan applications. [para 6.16 (v)]

(15) A provision of Rs. 20 crores should be made in the Fourth Plan of the Central Government and an equal amount in the plans of all the State Governments together, for permanent investment in road transport cooperatives either directly or through the State Financial Corporations. The sum of Rs. 40 crores represents Government investment in the form of share capital as well as loans in 1,000 societies during the Fourth Plan period. It will also cover subsidies for managerial assistance for a period of two years at the rate of about Rs. 4,000/- per society.

The number of societies to be organised in the different States/Union Territories will obviously depend on the extent to which they have developed road transport. The Central loan assistance of Rs. 20 crores can be distributed among the various States either in proportion to the number of goods vehicles they have or the capital of the State Financial Corporations which may undertake to finance the cooperatives on behalf of the Government. In the latter case, the funds can remain with the State Financial Corporations as some kind of an "imprest" fund, which will continuously be in circulation as loans to the road transport cooperatives; money repaid by one society will be advanced to another and so on.

The interest payable by the cooperatives should not normally exceed the rate charged by the Reserve Bank by more than 4%. [para 6.16(vi)]

(16) Light vehicles, which are likely to be manufactured in sufficient numbers during the Fourth Plan period and which may not involve a large capital outlay for the operators, will have a valuable role in improving the rural economy. The Zila Parishads and other authorities should advise any rural transport cooperative they may organise to go in for one-ton vehicle. It will be less difficult to secure adequate cargo and keep these vehicles working to full capacity than medium or heavy vehicles. [para 6.16(vii)]

(17) Loan assistance to service cooperatives should be restricted to specific purposes, e.g. constructing a workshop organising a training school etc. [para 6.16(viii)]

(18) The Bihar State Financial Corporation seems to have decided that no assistance should be made available by it to those owners/undertakings who have more than 3 vehicles. Such a restriction will be a disincentive to the formation of viable cooperative units and should be withdrawn. [para 6.16 (ix)]

(19) Proper arrangements should be made by Government for providing guidance and supervision to a society, particularly in its early stages. The departmental staff, where loaned, can later be partly replaced by society's supervisory staff. [para 6.16(x)]

(20) Every vehicle that is acquired with Government loan should be comprehensively insured with the Life Insurance Corporation or the Oriental Fire and General Insurance Company or a recognised cooperative General Insurance Society and the policy should be assigned to the concerned financing institution.

The society must also undertake to purchase its oil from petrol pumps of the Indian Oil Company, unless it is explained to the satisfaction of the Government nominees in the Governing Body that this is inconvenient or impracticable in the circumstances of any particular case. [para 6.16(xi)]

(21) It has been represented that one of the reasons for the reluctance of hire-purchase financiers and Banks to advance loans for the purchase of vehicles is the absence of any substantive provision in the Motor Vehicles Act enabling any endorsement on the certificate of Registration of a vehicle to indicate that the vehicle is covered by a hire-purchase deal or is hypothecated against a loan. The Motor Vehicles Act should be amended to permit such an endorsement. [para 6.16(xii)]

(22) Banking organisations, oil companies, insurers and manufacturers or dealers in motor vehicles should be encouraged to combine to accommodate the operators either by direct loans or by deferment of their dues. Transport cooperatives can take advantage of such syndicates when they come into existence. [paras 6-17, 6.18)]

(23) The best form of taxi cooperative is one which involves not merely the concept of self-help but the pooling of resources and joint working of the members to mutual advantage, though societies which secure cheap credit for taxi drivers and improve their resources, also have a useful purpose. (para 7.16)

(24) Since the chances of adequate return in the smaller towns are not bright and since embarking on a cooperative scheme simultaneously in all towns is a formidable task, State Governments should concentrate attention

on a few important cities during the Fourth Plan period. At least one society for every city with a quarter million population appears to us to be a practical target. (para 7.17)

(25) As for central financial aid, it will be necessary to make a total provision of Rs. 1 crore in the Fourth Plan.

According to the 1961 Census, there were 38 cities/towns in India whose population exceeded 2.5 lakhs. The proposed provision of Rs. 1 crore will help the formation of 70 societies with 10 taxis each, costing Rs. 1,50,000/- during the Fourth Plan period.

The funds can be made available to taxi cooperative societies through the State Financial Corporations or directly through the State Governments subject to the State Governments concerned taking the responsibility for organising the cooperatives, providing them managerial assistance and supervising their working till they repay their loans. The pattern of managerial and financial assistance followed in West Bengal is commendable and may be adopted in other States. (para 7.18)

(26) If an economic, dependable and efficient inland water transport service is to be built up with the least dislocation to the existing boatmen in Kerala, and other States with navigable waterways, a two-pronged drive for mechanisation of country craft and their formation into co-operatives should be carried through with vigour. It is obvious that cooperation cannot be achieved by compulsion but the supply of powered craft by Government may effectively secure the twin objectives, viz: replacement of obsolete and slow-moving craft by fast-moving tugs and barges or flats and of unhealthy competition by collective ownership. (para 8.13)

(27) The optimum size of an inland water transport cooperative will be about 100 members. Preference should be given in the selection of members to boat-men operating in areas where societies are proposed to be set up. The order of preference should be as under:—

- (a) Boat-men who own their boats and will sell them to the cooperatives if the boats conform to prescribed specifications;
- (b) Boat-men who have been working in the area but do not own any boats; and
- (c) Boat-men from other areas.

Every one of the members should be called upon to serve as an employee of the society. The initial subscription could be a nominal amount, say Rs. 100 per member, to be increased by deductions from monthly salary to Rs. 1,000/- per member over a period of two years. [para 8.15 (1)]

(28) The primary security for the Government loan is the members' character, the tug being only the additional security. Care should, therefore be exercised in the selection of members. [para 8.15 (2)]

(29) The members should be paid reasonably for their services in the form of salary and bonus proportionate there to and also assured of security of employment. [para 8.15(4)]

(30) Each society should have three tugs which can push suitably designed flats or barges or pull as many boats as possible. For operation over small stretches of sheltered waters, boats with out-board engines may be used. [para 8.15 (5)]

(31) Government should give the societies long-term credit facilities and should be entitled to re-possession of all the assets acquired with their loan if there is reason to believe at any stage that the assets have not been properly maintained or if there is any default in the repayment of the loan.

[para 8.15(6)]

(32) Obsolete craft should be systematically replaced and adequate reserves built up for return of Government loan and for other purposes.

[para 8.15 (7)]

(33) The craft and other assets acquired with Government loan should be fully insured.

[para 8.15 (8)]

(34) Each society should have a booking, forwarding and distributing agency at important loading centres.

[para 8.15(9)]

(35) Arrangements should be made to ensure (a) booking of bulk cargo, as far as possible, (b) speedy movement of goods, (c) regularity of services, (d) safety of the cargo, and (e) warehousing facilities at important centres.

[para 8.15 (10)]

(36) What is needed is intensive and not extensive development. Instead of dissipating resources in scattered areas in the State where the water-borne traffic is not heavy or where cooperation has not taken root, concentrated action should be taken in areas where there is comparatively greater scope for achieving cooperative economy in this sector.

[para 8.15 (11)]

(37) An apex society should be established in Kerala, if possible, to serve as the forum for bringing the problems of the primary societies to the Government's notice and also to provide common repair and workshop facilities.

[para 8.15(12)]

(38) The aim should be to organise a net work of cooperatives in waterways where Government are not themselves providing the services. The State, which is potentially the best suited for such a project, is Kerala. The State can pioneer with a target of 50 societies in the Fourth Plan period.

(para 8.18)

(39) Provision should be made for loans to State Governments in the Central Fourth Plan to the extent of Rs. 1 crore altogether. Out of this amount, Rs. 50 lakhs should be earmarked for Kerala for facilitating the establishment of at least 50 societies. Other States, which set up pilot cooperative units on the above lines, with any modifications, that local conditions may require, may be given a loan of Rs. 10 lakhs each. If prompt measures to execute the project are not taken by any of them within the first two years of the Fourth Plan, the funds set apart for the defaulting State may also be diverted to Kerala.

(para 8.20)

(40) Central Government can supply outboard engines, tugs, barges or flats and the equipment necessary for putting up small dockyards or shipways for repairs and maintenance of craft. It should be the duty of the apex society proposed in (37) above to construct dockyards etc. as near the centres of operation of the cooperatives as possible. It may not be difficult to accommodate the financial needs of an apex society within the Plan provision proposed by us above.

(para 8.21)

(41) In addition to the loans, the Central Government may also make a grant not exceeding Rs. 5 lakhs for starting a training institution in Kerala

with provision for training about 100 men each year in the operation and maintenance of power craft as well as cooperative principles and procedures. The State Government, who were asked to establish a training school two years ago, expressed a desire to defer the proposal for the duration of the current emergency. It is advisable for them to reconsider it, inspite of the continuance of the emergency. (para 8.22)

(42) The earlier jin and cycle-rickshaws are off our roads, the better. A sweated trade, which treats men like beasts of burden, is incompatible with the pattern of society to which the country is wedded, and the process of its elimination requires, therefore, to be speeded up. (para 9.5)

(43) The first step in the conversion of cycle-rickshaws into auto-rickshaws is to license and bring the existing rickshaw pullers together within the fold of a cooperative society. This will serve to improve their present plight, while the acquisition of auto-rickshaws will support and strengthen the society and will be the means of their attaining better standards of life. The State Governments have a duty to promote such societies not merely on this major humanitarian consideration, but also in the interest of cheap transport for people in the middle and low-income groups, who cannot afford to hire taxis in urban areas. (para 9.6)

(44) A Standing Committee, consisting of the Transport Commissioner, Registrar of Cooperative Societies, Labour Commissioner and the Managing Director of the State Financial Corporation should be constituted in every State to review the position periodically, but not less than twice a years from the following points of view:

- (i) Surveying and licensing of all the existing rickshaws and rickshaw-pullers; (No new rickshaw licence should be given except to cooperative societies).
- (ii) Necessity for granting new permits for operation of auto-rickshaws in the different towns/cities in the State, taking the rising traffic demand into consideration;
- (iii) Scope for replacement of cycle-rickshaws (coopting representatives of the local bodies concerned when this is examined); and
- (iv) Practical measures required for giving effect to (i) to (iii) on a cooperative basis. (para 9.13)

(45) Where a cycle rickshaw is not plied by its owner but by an employee, the licence for the rickshaw should be cancelled, if necessary, by suitable legislation and if the owner is prepared to sell the rickshaw to a cooperative society in which the erstwhile rickshaw pullers are members, the licence may be transferred to the society for the duration of the life of the rickshaw. This may be effected as a gradual process. (para 9.14)

(46) The U.P., M.P., A.P., and other State Governments should take positive action to organise at least one society in each city with a population exceeding 1,00,000 where auto-rickshaws are not banned on grounds of traffic regulation and control. It will make a great and salutary difference not merely from the transport angle but also from the point of view of the cooperative movement. (para 9.15)

(47) An effective programme for auto-rickshaw cooperative may entail a total provision of Rs. 50 lakhs for all the States together for the entire Fourth

Plan period and the assistance, which should take the form of loans at a nominal rate of interest, can be channelised through State Governments. In addition to loans on liberal terms, the State Governments should also see that permits are not withheld from these cooperative societies, unless, the Transport Authorities are satisfied that either the traffic in the area in question cannot bear any additional permit or that the members of any particular society are bad characters and the society must be screened off in the public interest. As a condition for the issue of permits, the State Government may also insist on a society building a shed or garage and setting up a workshop, (preferably a mobile one) either individually or jointly with other societies; and any financial help that this may involve may also be extended by the Government.

(para 9.16)

(48) Preferential treatment should be given to a cooperative in the grant of route permits as long as there is no reason for any misgiving about its ability to cope with the traffic requirements.

(para 10.11)

(49) Within the framework of the existing provisions of the Motor Vehicles Act and without prejudice to the policy of State Governments in regard to nationalisation of road transport, fillip can be given to the development of transport cooperatives. What is required is that the existing provisions of the Act should be implemented in their spirit and cooperatives given their legitimate share on all routes, including long distance routes.

para 10.11)

(50) It is possible and also desirable for the Registrar of Cooperative Societies to be a member of the State Transport Authority which is the body which coordinates and regulates the activities and policies of the Regional Transport Authorities of the entire State, in order to ensure that the interests of cooperatives are not neglected. Where, however, there are Regional Transport Authorities with more than one member, representation may be given to the Cooperation Department on them.

(para 10.16)

(51) Only ownership of vehicles, and not their mere control by a cooperative society, should make it eligible for the grant of permits.

(para 10.18)

(52) The Delhi Motor Vehicles Taxation Act, 1962 has provided 50% tax relief for workers' cooperatives. A similar concession should be extended by all State Governments to vehicles owned by transport cooperatives, under their respective Motor Vehicles Taxation Acts.

(para 10.19)

(53) A differential tax levy *i.e.* an increased exemption limit is justifiable in the cases of transport cooperatives. Since the optimum size of a viable transport cooperative will be 10 trucks with a membership of about 50 people, the exemption limit of Rs. 15,000/- may be increased in these cases to 50,000/- and a workers' cooperative may be defined on the lines of Section 14 of the Delhi Motor Vehicles Taxation Act, 1962 for this purpose.

(para 10.24)

(54) Audit fee should not be regarded as a measure of taxation but correlated to the actual cost of the service rendered by the auditors. Audit should be either departmental or through an approved panel of auditors. Steps should, however, be taken to see that a society does not suffer undue expenditure by prolonged audit.

(para 10.25)

(55) The Registrar of Cooperative Societies should, in consultation with the transport authorities concerned, simplify the system of accounts that a

transport cooperative should follow and, if possible, arrange for the supply of forms and books to the societies. Since these societies cannot afford to employ qualified accountants and do not understand the principles and practices of commercial book-keeping it is essential to evolve a procedure by which the required information can be recorded even by men with little or no accounting experience. (para 10.26)

(56) Managerial subsidies may be provided to transport cooperatives for four or five years. It will be very useful to obtain the services of qualified Government officials, preferably from State Transport Undertakings or the Cooperation Department, wherever possible, for a period of two or three years on deputation basis, free of charge, to put the working of the societies on sound footing. The persons so selected may be trained in all aspects of transport operation and cooperation before they are given this assignment. (para 10.27)

(57) A desirable objective is the development of a professional managerial class familiar not merely with transport operation but also with the methods and ideals of cooperation. This will be practicable if the Registrars of Co-operative Societies draw up a programme for the recruitment of qualified men with business aptitude, who can be sponsored for training for two or three years in the State Transport Undertakings, the Central Road Transport Research and Training Institute which is shortly proposed to be established by the Ministry of Transport and also any central institution that may be organised for providing training in cooperation on an all-India basis. The transport societies can be made to engage them either jointly or individually, depending on the extent to which their services are needed, and to contribute to their salary accordingly. (para 10.28)

(58) There will be need for apex societies or Federation at State and all India levels only if transport cooperatives come up in large numbers in the different States. (para 10.29)

(59) Appointment of a few service cooperatives as agents of the manufacturers or importers may obviate all causes of complaint from transport cooperatives about difficulties in the procurement of spare parts etc. (para 10.30)

(60) While it is not possible to compel a manufacturer in the private sector to extend any special concessions or patronage to transport cooperatives, there should be no difficulty in Government's instructing all public sector undertakings, including State Trading Corporation, Indian Oil Company etc., to encourage cooperatives to the maximum possible extent, e.g. in allotment of petrol station by Indian Oil Company, distribution of tyres by the State Trading Corporation etc. The Postal Department should likewise give preferential treatment to applications from stage carriages operated by transport cooperatives in the award of contracts for carriage of mails. Similar preference should also be extended by other Government departments/public sector undertakings. (para 10.31)

(61) A cell should be created under a senior officer in the Ministry of Transport to plan and watch the development of transport cooperatives and to maintain liaison with the co-operation and other Departments and the various public sector undertakings. (para 10.32)

(62) Though it is desirable to promote cooperative insurance societies, † here is no justification for any amendment of the Motor Vehicles Act for this

purpose. A society which wants to undertake comprehensive motor vehicle insurance should do so after complying with the provisions of the Insurance Act, 1938. (para 10.40)

(63) The Kerala Government have asked for loan assistance for promoting a second unit under the Union Transport Ministry's pilot scheme for organising transport cooperatives for educated unemployed. It need not be a "pilot" society, since the pilot society that was registered in 1959 appears to have gained in strength and come of age. Financial assistance can be given for the second unit as a part of the general effort to promote cooperation. It is, however, premature to consider extension of the current pilot scheme, as such, elsewhere. (para 10.53)



## ACKNOWLEDGEMENTS

We are thankful for the full measure of cooperation which we received from the State Governments, transport cooperatives, the All-India Motor Union's Congress and others interested in road transport and cooperation. We are also grateful to Shri S. K. Dey, Minister for Community Development & Cooperation, Shri S. D. Misra, Deputy Minister for Community Development & Cooperation and Shri M. S. Bhide, formerly Secretary, Department of Cooperation, for the valuable guidance and advice they gave us in our work.

2. We did not trouble the Government for separate staff in connection with our enquiry but availed of the services of the staff of the Road Transport Division of the Ministry of Transport. We wish to place on record our appreciation of the outstanding zeal, ability and industry displayed by Sarvashri N. A. A. Narayanan, who is at present a Section Officer and A. Arunachalam, who is a Senior Investigator in the Ministry of Transport, in collecting, sifting and tabulating the necessary information, collating the evidence tendered before us, and in maintaining a complete record of all our proceedings. Sarvashri Dharam Pal Singh, A. N. Dhawan. S. K. Jain and S. N. Kakarya have also turned out creditable work and given us ungrudging secretariat assistance.

3. We regret the delay in the submission of this report which was mainly due to the paucity of data and the time it took us to collect them.

Sd./-S. N. Bilgrami  
(Chairman)  
12-5-1964.

Sd./-Smt. Subhadra Joshi  
12-5-1964.

Sd./-M. L. Batra  
12-5-1964

Sd./-A. Sarkar  
12-5-1964.

Sd./-D. P. Singh  
12-5-1964.

Sd./-K. T. N. Nambiar  
12-5-1964.

Sd./-K. L. Luthra  
12-5-1964.

Sd./-K. Srinivasan  
(Member Secretary)  
12-5-1964.

ANNEXURE I

MOTOR TRANSPORT COOPERATIVES

A. Questionnaire for Registrars of Cooperative Societies

1. Total number of motor transport cooperatives in the State:

- (a) Number of societies dealing in goods traffic.
- (b) Number of societies dealing in passenger traffic.
- (c) Number of societies dealing in both goods and passenger traffic.
- (d) Number of societies of taxi drivers.

2. Composition of membership.

1	2	3	4
<i>Sympathiser</i>	<i>Worker</i>	<i>User</i> (Passenger)	<i>Owners of vehicles</i>

- (a) Number of members of goods and passenger transport cooperatives.
- (b) Number of members of taxi drivers' cooperatives.
- (c) Number of societies formed exclusively of bus/truck owners.
- (d) Number of societies formed of workers and sympathisers.
- (e) Number of societies formed of users (passengers) and sympathisers.
- (f) Number of societies formed of bus/truck owners, workers and others.

3. Working capital Amount

- (a) Share capital
- (b) Reserve fund
- (c) Borrowings
- (d) Others (funds)
- (e) Total:

(If Government contributes to share capital, please indicate the amount contributed).

4. Sources of borrowing.

*Amount*      *Rate of interest*

- (a) Cooperative Banks
- (b) Governments
- (c) Deposits
- (d) State finance corporation.
- (e) Commercial banks/others.

(Duration and terms and conditions of loan may be specified).

5. Value of assets.

*Amount*

- (a) Value of buses and trucks and other vehicles owned
- (b) Value of workshops and machinery etc.

- (c) Value of other fixed assets.
- (d) Loan, if any, given to members.

6. Volume of business transacted. 1959-60            1960-61

(a) Gross income earned by transport co-operatives from goods and passenger traffic.

(b) Gross income from other business.

7. Operational results. 1959-60            1960-61

(a) Number of societies running in profit.

(b) Number of societies running at loss.

(c) Amount of net profit earned by societies at (b)

(d) Amount of net loss sustained by societies at (b)

8. Distribution of net surplus.

*Number            Amount*

(a) The societies paying dividend on shares.

(b) Societies paying bonus to worker members.

9. Management.

(a) Do the by-laws provide for adequate representation of worker members in mixed type of societies consisting of workers and owners? If there is no such provision, are there any such societies wherein worker-members are represented on the managing committees.

(b) Managerial assistance in the form of deputation of departmental officers to the service of societies or in the form of subsidy, if any, given by State Governments may be indicated.

10. Information on motor vehicles etc.

(a) Number of trucks operated by societies.

(b) Number of buses operated by the societies.

(c) Number of station wagons and other types of vehicles.

11. Number of vehicles owned by the societies.

12. Number of vehicles leased out to members.

13. Number of vehicles leased out to non-members.

14. Number of vehicles pooled by owner members.

15. Number of vehicles taken on lease from non-members.

16. How many of the societies have their own garages and repairing and servicing facilities?

17. How many of the societies have their own forwarding and distributing agencies and how many depend on others?

18. Do the societies have any other business apart from transport? If so how many have such business?
19. Amount of third party insurance premium the societies paid during 1960 and 1961.
20. (a) What are the general difficulties of the Transport Societies in the matter of obtaining route permits, spare parts and motor vehicles?  
(b) What are the major drawbacks and deficiencies of transport cooperatives as regards management? Please give specific suggestions for their improvements.
21. Do you think the present arrangement for obtaining finance is satisfactory? If not, give specific suggestion as to how the societies should be financed.
22. What other special incentives, relief or assistance will the societies need, to function on efficient and economic lines?
23. What should be the suitable composition of membership of such societies? Please give specific suggestions regarding membership of vehicle owners, worker members, users and sympathisers in the composition of societies. If a federation is needed, please indicate whether it should be at State level, or down below, and its functions.
24. What should be the number of vehicles and other requirements to form a viable transport society of goods/passenger traffic and taxi drivers?
25. Please supply one model by-law of a transport society in the State.
26. Please furnish names of 3 societies; good, bad and indifferent, with their bye-laws and balance sheets for the years 1959-60 and 1960-61.

### *Motor Transport Cooperatives*

#### B. *Questionnaire for individual motor transport cooperatives*

Name of the Society:

Year when established:

#### *A. Particulars of Financial Position*

Particulars of Society/Unit	Position at the end of			
	1958-59	1959-60	1960-61	1961-62
1. Membership .. ..	Number			
2. Authorised capital .. ..	Rs. in thousands			
3. Paid up capital—				
(i) By members .. ..	..	..	..	..
(ii) By Government, if any .. ..	..	..	..	..
4. Statutory Reserves .. ..	..	..	..	..
5. Other Reserves .. ..	..	..	..	..
6. Undistributed profits .. ..	..	..	..	..

## A. Particulars of Financial Position—contd.

1	2	3	4	5
7.	Deposits .. ..	..	..	..
8.	Working Capital ..	..	..	..
9.	Borrowing (Give rate of interest in brackets)			
	(i) From Government	..	..	..
	(ii) Central Co-operative Banks .. ..	..	..	..
	(iii) Other Commercial Banks .. ..	..	..	..
	(iv) Industrial Finance Corporation ..	..	..	..
	(v) State Financial Corporation .. ..	..	..	..
	(vi) Others (Specify) ..	..	..	..
	Total borrowings	..	..	..
10.	Total Liabilities .. ..	..	..	..
11.	Assets—			
	(i) Value of vehicles ..	..	..	..
	(ii) Value of Land ..	..	..	..
	(iii) Value of Buildings ..	..	..	..
	(iv) Value of other plant and machinery ..	..	..	..
	(v) Value of other articles	..	..	..
	Total Assets ..	..	..	..
12.	Government subsidy, if any	..	..	..
13.	Cost of management during the year—			
	(i) Office establishment	..	..	..
	(ii) Salary of operators (drivers, conductors, mechanics etc.) ..	..	..	..
	(iii) Other salaries, if any	..	..	..
	(iv) Other expenses ..	..	..	..
14.	Profit (+)/Loss(—) during the year .. ..	..	..	..
15.	Percentage of dividend declared during the year	..	..	..
16.	Amount deposited by the society with ..	..	..	..
	(i) Members .. ..	..	..	..
	(ii) Cooperative Banks	..	..	..
	(iii) Other banks ..	..	..	..
	(iv) Other individuals ..	..	..	..
	(Give rate of interest charged in brackets).			

### B. Composition of Membership (1960-61)

Name of Members with address and date of joining society	Major occupation	Income from societies				Whether holds directorship in any joint stock company/cooperative (name the company/the cooperatives)
		Dividend	Salary	Bonus	Other sources	
(1)	(2)	(Rs.) (3)	(Rs.) (4)	(Rs.) (5)	(Rs.) (6)	(7)

Whether member of any other cooperative	Loans advanced to the society			Loans obtained from the society			Whether employed in the society in	
	Amount (Rs.)	Duration (years)	Rate of Interest	Amount (Rs.)	Duration (years)	Rate of Interest	Office Estab-lishment	Cooperative service
8	9	10	11	12	13	14	15	16

Otherwise nature of job	Relation with	
	Any of the Directors	Any of the members
17	18	19

### C. Details about establishment

Name of the employee	Date of joining the society	Job	Pay (Rs.)	Scale of pay	Whether member of the society or not	Bonus received during		
						1958-59	1959-60	1960-61
1	2	3	4	5	6	7	8	9

  

Service conditions whether temporary/permanent	Any other facilities (specify)
10	11

## D. Operational Details

Number	Value		Carrying/ loading capacity (tons)
	When pur- chased (Rs.)	Estimated present value (Rs.)	
1	2	3	4
1. Number of vehicles—			
(i) Passenger buses—			
(a) Petrol operated			
(b) Diesel operated			
(ii) Goods carriers—			
(a) Petrol operated			
(b) Diesel operated ..			
(iii) Station wagons .. ..			
(iv) Jeeps .. ..			
(v) Pick-up vans .. ..			
(vi) Cars .. ..			
(vii) Tempo .. ..			
(viii) Others .. ..			
2.† Number of vehicles owned ..			
		<i>Passenger buses.</i>	<i>Goods carriers.</i>
(i) Number operated by the society itself			
(ii) Number leased out .. ..			
(iii) To whom leased out—			
(a) Members .. ..			
(b) Other individuals .. ..			
(c) Institutions (give names) .. ..			
(iv) Hire charges—			
(a) Per day .. .. Rs.			
(b) Per month .. .. ”			
(c) Per annum .. .. ”			
3. Has the society hired in some vehicles ..		<i>Passenger buses.</i>	<i>Goods carriers.</i>
4. If so (i) Number hired and from whom (mem- bers or non-members).			
(a) per day .. .. Rs.			
(b) per month .. .. ”			
(c) per year .. .. ”			
5. Number of route permits secured.			

D. *Operational Details—contd.*

1	2	3	4
	6. Distance of the routes covered.		
	(i)		
	(ii)		
	(iii)		
	7. Does it hold monopoly for plying transport over the route?		
	8. If not, how many operators are competing with it?		
	9. Has the society leased out any of its vehicles? If so to whom (members or non-members), how many, for how long and on what terms?		
	10. Has the society its own booking/forwarding office?		
	11. If not, how does it manage to carry on booking/forwarding work?		
	12. Terms of sharing costs with other concerns for booking/forwarding work.		
	13. Does it supply trucks (only in case of goods carriers) as a whole to a retail booking/forwarding agency?		
	14. Does it do retail booking/forwarding work itself?		
	15. What is the difference in rates for a truck load supplied as whole and booked on retail system (Rs. per md.)?		
	16. Is the society doing any business other than motor transport operation?		
	17. Is the society doing the business of insurance of motor vehicles against third party risks under Section 108 of the Motor Vehicles Act, 1939?		

E. *Special privileges and facilities*

1. Was the society given priority over others for.
  - (a) Grant of route permit
  - (b) Supply of vehicles.
2. Is the society exempted from income tax?
3. If so, to what extent of income?
4. Has any preference been given to this society for allotment of parking places?
5. What are the difficulties experienced by the Society?



6. Are these also experienced by other private operators ?
7. If not, what are the suggestions to remove them ?
8. What special incentives or relief or assistance will the society need to function on efficient and economic lines ?

F.

Please supply a copy of the Bye-laws of the society and also the Balance Sheets for the year 1959-60, 1960-61 and 1961-62.

## ANNEXURE II

### QUESTIONNAIRE ON RICKSHAW PULLERS' COOPERATIVES (CYCLE RICKSHAWS AND AUTO RICKSHAWS)

1. How many cities and towns with more than 20,000 population each in the State are served by:
  - (a) Cycle-rickshaws;
  - (b) Auto-rickshaws.
2. Whether these are generally owned by the drivers/pliers themselves or by persons for hiring them out to the drivers/pliers?
3. What is the average daily rate of rent paid by the drivers/pliers to the owners of:—
  - (i) Cycle rickshaws;
  - (ii) Auto-rickshaws.
4. What is the average daily earning of
  - (a) Cycle-rickshaw pullers;
  - (b) auto-rickshaw drivers.
5. Who pays for repairs and servicing of cycle rickshaw/auto-rickshaw when let out on rental?
6. What is average repairing/servicing cost per auto-rickshaws/cycle-rickshaw per month ?
7. Whether the pliers/drivers are required to pay security money and interest on default of daily rents to the owners and the approximate rate thereof?
8. Which agency/department issues licence for:
  - (i) Cycle rickshaws;
  - (ii) Auto-rickshaws.
9. Whether there is any restriction on the issue of new licence or the renewal of old licence for cycle rickshaws in the State ?
10. Whether cycle rickshaws/auto rickshaws are freely available in the State ? If not, state the difficulties thereof.
11. What is the average price of a cycle-rickshaw ?
12. Is there any cycle rickshaw pullers/auto-rickshaw drivers cooperatives in the State ? If so state the following (figures for 1960-61).
  - (i) Number of such societies.
  - (ii) Membership.
  - (iii) Amount of paid up share capital.
  - (iv) Amount of borrowed capital ;
    - (a) Central Cooperative Banks.
    - (b) Government.
    - (c) Others.

- (v) Average earning per member of cycle rickshaw puller/auto rickshaw driver.
- (vi) Average rent paid by a member to the society on hire of cycle rickshaw/auto rickshaw.
- (vii) Whether they maintain paid staff.
- (viii) Nature and amount of taxes, licence fees paid by societies/members.
- (ix) Whether the societies have:
  - (a) Workshops
  - (b) Stand.
- (x) Indicate the problems and difficulties of such societies.

13. Please furnish specific suggestions about the following:

- (i) Number of cycle rickshaws/auto rickshaws required to form a viable cooperative society.
- (ii) Approximate amount of investment necessary.
- (iii) Difficulties, if any, in obtaining funds/loans from cooperative central financing agencies by the societies. Suggestion regarding financing of such societies.
- (iv) Whether the rickshaws should be owned by a society and let out to member workers on rent or the ownership should gradually be transferred to members on hire purchase system?
- (v) Should the societies have repairing shops of their own ?
- (vi) What other incentives, assistance and relief are considered necessary for their development on sound lines ?

### ANNEXURE III

## QUESTIONNAIRE ON COUNTRY CRAFT (BOAT) TRANSPORT COOPERATIVES

(For Registrars of Cooperatives)

1. Please indicate areas of the State where country boats are used for:
  - (a) Passenger traffic.
  - (b) Goods traffic.
  - (c) Ferry service.
2. Please give brief review of the existing position of country boat transport about their ownership, equipment, rate of earnings of actual workers and owners.
3. Is there any scope for organisation of boat transport cooperatives in the State for the purposes as indicated in Question No. 1 and if so, please state the following:—
  - (a) Composition of membership of such societies;
  - (b) Possibility of obtaining finance from different sources, *i.e.* (central cooperative banks, State Governments etc.).
  - (c) Number of boats and funds required to form a viable cooperative unit.
  - (d) Whether mechanisation of boats would be desirable with suggestions therefor.
  - (e) Whether such cooperatives will be beneficial to users also.
4. What incentives, assistance, tax or toll relief etc. need be given to encourage development of such societies.

## ANNEXURE IV

### LIST OF THE TRANSPORT COOPERATIVE SOCIETIES AND OTHERS WHO HAVE REPLIED TO THE QUESTIONNAIRE OF THE STUDY GROUP ON TRANSPORT COOPERATIVES

#### Andhra Pradesh

1. The Vijayawada Cooperative Motor Transport Society for Ex-servicemen Limited, No. H. 1636, Vijayawada.
2. Guntur District Motor Transport Cooperative Society for Ex-servicemen Limited, Guntur.
3. The Visakhapatnam Cooperative Motor Transport Society Limited, Visakhapatnam.
4. The Kurnool District Cooperative Motor Transport Society Limited, No. 700, Kurnool.

#### Assam

5. North Lakhapur Transport Cooperative Society Limited.
6. North Kamrup Transport Cooperative Society Limited.
7. Hajai Transport Cooperative Society.

#### Bihar

8. Mithila Motor Transport Cooperative Society Limited, Rasalpur.

#### Gujarat

9. Shri Dharngadhra Motor Vahan Vyavahar Sahakari Mandli Limited, Dharangadhra.
10. Shri Jodiya Sarvodaya Motor Vahan Vyavahar Cooperative Society Ltd.
11. Wadhwan Vibhagiya Motor Vahan Vyavahar Sahakari Mandli Ltd., Surendran.

#### Kerala

12. Private Motor Workers' Cooperative Society Ltd., Paravur, Quilon.
13. The Ex-services Cooperative Coastal Transport Ltd., Arathinkal.
14. The Shertallay Taluk Motor Transport Cooperative Society, Shertallay.
15. The Quilon Ex-servicemen's Disability Pensioners Motor Transport Cooperative Limited, Kananad, P.O. Quilon.
16. The Trivandrum Road Transporting Cooperative Society Limited, Vallakadanoo.
17. The Malabar Motor Transport Cooperative Society Limited, for Ex-servicemen, Calicut.

#### Madhya Pradesh

18. Purshatri Transport Cooperative Society Limited, Dhar.
19. Bhoj Transport Cooperative Society Limited, Dhar.

20. Malawa Yatayat Multipurpose Cooperative Society Limited, Indore.
21. The Burhanpur Azad Hind Motor Transport Cooperative Society Limited, Burhanpur.
22. Dhar Motor Transport Cooperative Society Limited, Dhar.
23. Sindhi Sahiti Multipurpose and Transport Cooperative Society Ltd., Bhopal.
24. The Jaihind Motor Transport Cooperative Society Ltd., Raigarh.
25. Bhopal Ex-servicemen's Motor Transport Cooperative Society Limited, Bhopal.
26. The Capital Multipurpose Cooperative Society Ltd., Hamida Road, Bhopal.
27. Mahakoshal Transport Cooperative Society Limited, Raipur.
28. The Janta Motor Transport Cooperative Society, Guna.
29. Berhampore Cooperative Transport Society Limited, Murshidabad.
30. Jan Sewa Transport Cooperative Society, Jabalpur.
31. The Amar Kamgar Passenger Transport Society Limited, Sagar.
32. The Narejivan Cooperative Transport Society Ltd., P.O. Kondagaon.
33. District Cooperative Transport Society, Mandla.
34. The Janata Transport Cooperative Society Limited, Ambikapur.
35. National Transport Service Cooperative Society Ltd., Jabalpur.

#### **Madras**

36. The Tirunelvely Cooperative Motor Transport Society for Ex-servicemen Limited, Palayamkottai.
37. The Tiruchirapalli Cooperative Motor Transport Society Limited for Ex-servicemen, Tiruchirapalli.
38. The Salem Cooperative Motor Transport Society for Ex-servicemen, Limited, Salem.
39. The Pudukottai Cooperative Transport Limited, Pudukottai.
40. The North Arcot District Cooperative Motor Transport Society for Ex-servicemen Limited, Vellore.
41. The Coimbatore Motor Transport Cooperative Society for Ex-servicemen Limited, Avanashi Road, Coimbatore.
42. The South Arcot District Cooperative Motor Transport Society for Ex-servicemen Limited, Devanampatnam Cuddalore N.T.

#### **Maharashtra**

43. The Akola Ex-servicemen Motor Transport Cooperative Society Ltd., Akola.
44. Amaravati Motor Kamgar Transport Cooperative Society Ltd., Amaravati.
45. Arun Ex-servicemen Motor Transport Cooperative Society Limited, Khamgaon
46. The Parbhani Transport Cooperative Society Limited, Parbhani.
47. The Versowa Machimer Sehekari Motor Sangh Ltd., Versowa.

48. Vesava Koli Sahekari Vahtuk Sangh, Vesava.
49. Madh Machimer Sahekari Sangh Limited, Madh.
50. Kolhapur Jillha Mukta Sainik Sah, Vikas Seva Sangh Ltd., Kolhapur.
51. Shrirampur Motor Owners' Cooperative Society Ltd., Shrirampur.
52. Sangamner Cooperative Motor Transport Society Ltd., Sangamner.
53. Sholapur City Automobile Consumers' Cooperative Society Ltd., Sholapur.

#### Orissa

54. Orissa Ex-servicemen Transport Cooperative Society Ltd., Orissa.

#### Punjab

55. The Bhatia Parkash Cooperative Transport Industrial Society Limited Faridabad, District: Gurgaon.
56. Republic Cooperative Transport Industrial Society Limited, Faridabad, District: Gurgaon.
57. Karnal Cooperative Transport Society Limited, Karnal.
58. Karnal General Labour Cooperative Transport Society Ltd., Karnal.
59. The Jullundur Transport Cooperative Society Limited, Jullundur City.
60. The Union Cooperative Transport Society Ltd., Ferozpur.
61. The Ferozpur Cooperative Goods Carrier Transport Society Limited, Ferozpur.
62. The Ambala Ex-servicemen Transport Cooperative Society Limited, Ambala City.
63. Haryana Ex-servicemen's Cooperative Transport Society Ltd., Rohtak.
64. The Azad Cooperative Transport Industrial Society Ltd., Faridabad, District: Gurgaon.
65. Karnal Kaithal Cooperative Transport Society Ltd., Karnal.
66. The Phagwara Central Cooperative Transport Society Ltd., Phagwara.

#### Rajasthan

67. Motor Workers' Cooperative Society Limited, Bundi.
68. The Gurunanak Transport Cooperative Society Limited, Shri Ganganagar.
69. Nehru Motor Transport Cooperative Society Limited, Jodhpur.

#### Uttar Pradesh

70. Garhwal Motor Users Cooperative Transport Society Limited, Garhwal.
71. Rampur State Transport Cooperative Society Limited.

#### West Bengal

72. Falguni Sarbartha Sadhak Samabai Samity Ltd., Kani (Murshidabad), West Bengal.
73. Hijli Cooperative Transport Society Limited, Hijli.
74. Murshidabad Cooperative Transport Society Limited, Murshidabad.
75. Berhampore Cooperative Transport Society Limited, Berhampore.

76. West Bengal Goods Transport Cooperative Society Limited, Calcutta.
77. Burdwan Zila Motor Mazdoor Mandali Cooperative Transport Society Ltd., Burdwan.
78. The Ghatal Cooperative Transport Society Limited.
79. Siliguri Cooperative Transport Society Limited.
80. Munbhu Motor Transport Cooperatives Society Limited.

### **Delhi**

81. The Delhi Educated Persons Cooperative Transport Society Limited.
82. Delhi Corporation Transport Cooperative Society Limited.
83. Mahabir Cooperative Transport Society Limited.
84. Crown Cooperative Society Limited, 733 , Church Mission Road, Delhi.
85. The People Cooperative Transport Society Limited.
86. The Sher-E-Punjab Cooperative Transport Society, Delhi.
87. Northern India Cooperative Transport Society Limited.
88. Doaba Cooperative Transport Society Limited.
89. Jungpura Cooperative Transport Development Society Limited.
90. Delhi Ex-servicemen Cooperative Multipurpose Transport Society Ltd.
91. The Chinab Cooperative Transport Society Limited.
92. Globe Cooperative Transport Society Limited.
93. Messurs Kumar Cooperative Transport Society Limited, Delhi.
94. The Narib Cooperative Transport Society.

### **Manipur**

95. Tidim Road Motor Owners' Cooperative Society Ltd., Imphal.
96. Manipuri Drivers Union Cooperative Association Ltd., Police Line, Imphal.
97. The Munipur Public Carriers Transport Cooperative Association Ltd., Imphal.
98. The Lattan Ukhrul Road Transport Cooperative Society.

### **Tripura**

99. Hind Transport Cooperative Society Limited, Agartala.

### **Other individuals**

1. Shri R.G. Saraiya, Chairman, Maharashtra State Road Transport Corporation.
2. Shri S.P.K.R. Bhandari, Head of the Department of Commerce, Banaras Hindu University Central Hindu College, Varanasi.
3. Shri S.B. Rangnekar, Department of Economics, Punjab University, Chandigarh.
4. Prof. V.R. Pillai, M.A., M.Sc. (Econ.) Lond., University Professor of Economics, University of Kerala.



5. Shri Harcharan Lal Upadhyaya, Ph.D., Reader, Department of Economics, University of Jodhpur.
6. Shri M.N. Patel, B.A., M. Com., L.L.B., Lecturer in Commerce.
7. The Vice-Principal, Brihan Maharashtra College of Commerce, Poona.
8. Dr. K.N. Naik and Shri H.B. Desai Members of the Faculty of Commerce, The University of Baroda, Baroda.
9. Shri Lakshmi Naryan Chitlangi, Lecturer, University of Jodhpur.
10. Shri G. Soundararajan, Professor, Head of the Department of Commerce, Loyola College, Madras.
11. Shri Subha Chandra Barowa, Mathur Bhawan, Gauhati.
12. Vividh Vyawasaik Sahkari Samiti Ltd., Mangan.
13. Shri Kundan Lal, All India Motor Unions' Congress, Delhi.

## ANNEXURE V

### DETAILS OF THE MEETING AND DISCUSSIONS OF THE STUDY GROUP ON TRANSPORT COOPERATIVES

S. No.	Place of meeting	Date	Nature of discussions
1.	New Delhi	14-9-1962	First meeting of the Study Group.
2.	New Delhi	31-10-1962	Second meeting of the Study Group.
3.	Bhopal—	16-11-1962 17-11-1962	Discussions of the Group with officers of the Govt. of Madhya Pradesh and representatives of transport cooperative societies in Madhya Pradesh.
4.	New Delhi	22-11-1962	Discussions of the Group with officers of the Delhi Administration and Rajasthan Govt. and representatives of transport cooperative societies in Delhi and Rajasthan.
5.	Karnal	6-12-1962	Discussions of the Group with representatives of transport cooperatives of Karnal.
6.	New Delhi	7-12-1962	Discussions of the Group with representatives of transport cooperatives of Punjab.
7.	New Delhi	21-12-1962	Third meeting of the Study Group.
8.	New Delhi	21-12-1962	Discussions of the Group with representatives of the Delhi Cycle Rickshaw pullers' Cooperative Society.
9.	New Delhi	24-12-1962	Discussions of the Group with Shri M.R. Bhide, Secretary, Department of Co-operation.
10.	Calcutta	8-1-1963	Discussions of the Group with officers of the West Bengal Government.
11.	New Delhi	16-2-1963	Fourth meeting of the Study Group.
12.	New Delhi	28-3-1963	Discussions with the Minister of Community Development, Panchayati Raj & Co-operation.
13.	New Delhi	30-3-1963	Discussions with the representatives of Chhatisgarh Yatayat Sangh.
14.	New Delhi	9-4-1963	Discussions of the Group with officers of the Govts. of Maharashtra and Madras.
15.	New Delhi	13-3-1964	Fifth meeting of the Study Group for consideration of the draft report.
16.	New Delhi	22-4-1964	Sixth meeting of the Study Group for consideration of the draft report.
17.	New Delhi	4-5-1964	Seventh meeting of the Study Group to consider the draft report.

## ANNEXURE VI

### *Motor Transport Cooperatives in India (1962)*

Name of the State/Union Territory	Number of Societies dealing in goods traffic	Number of Societies dealing in passenger traffic	Number of Societies dealing in goods and passenger traffic	Number of Societies of taxidrivers	Total	Remarks
1	2	3	4	5	6	7
Assam .. .. .	Nil	3	1	Nil	4	
Andhra Pradesh .. .. .	1	2	2	Nil	5	
Bihar .. .. .	4	Nil	Nil	Nil	4	
Jammu & Kashmir*			Nil			*Particulars not received.
Kerala .. .. .	3	14	Nil	Nil	17	
Gujarat .. .. .	1	12	Nil	1	14	
Madhya Pradesh .. .. .	Nil	80	Nil	Nil	80	
Madras .. .. .	Nil	4	3	Nil	7	
Maharashtra**	15	4	6	1	26	**Provisional; Information in respect of 1 Division has not been received.
Mysore .. .. .	3	1	Nil	1	5	
Orissa .. .. .	1	Nil	Nil	Nil	1	
Punjab .. .. .	105	288	1	Nil	394	
Rajasthan .. .. .	1	111	1	Nil	113	
Uttar Pradesh .. .. .	10	3	Nil	Nil	13	
West Bengal .. .. .	11	40	Nil	15	66	
Andaman & Nicobar Islands			Nil			
Delhi .. .. .	12	44	6	Nil	62	
Himachal Pradesh .. .. .			Nil			
Manipur .. .. .	1	5	4	Nil	10	
Pondicherry .. .. .			Nil			
Tripura .. .. .	4	1	Nil	Nil	5	
<b>TOTAL</b> .. .. .	<b>172</b>	<b>612</b>	<b>24</b>	<b>18</b>	<b>826</b>	

## ANNEXURE VII

### Working Capital of Motor Transport Cooperatives (1962)

(Rupees in lakhs)

Name of the State	Number of Societies	Share capital	Reserve Fund	Borrowings	Others	Total	Average working capital per unit
Assam .. .. .	4	0·72	0·14	0·24	0·39	1·49	0·37
Andhra Pradesh .. .. .	5	1·34	1·15	4·22	10·50	17·21	3·44
Bihar .. .. .	4	0·09	—	—	—	0·09	0·02
Gujarat .. .. .	14	3·53	25·20	19·24	—	47·97	3·42
Jammu and Kashmir .. .. .	—	—	—	—	—	—	—
Kerala .. .. .	17	3·30	0·47	11·12	2·35	17·24	1·01
Madhya Pradesh .. .. .	80	12·36	N.A.	N.A.	N.A.	12·36	0·15
Madras .. .. .	7	2·25	3·31	11·12	1·57	18·25	2·60
Maharashtra* .. .. .	26	2·50	2·10	2·42	1·58	8·60	0·33
Mysore .. .. .	5	0·65	0·99	0·52	Nil	2·16	0·43
Orissa .. .. .	1	—	—	—	—	—	—
Punjab .. .. .	394	70·20	11·22	109·71	9·66	200·79	0·51
Rajasthan .. .. .	113	12·89	1·24	16·80	Nil	30·93	0·27
Uttar Pradesh .. .. .	13	1·69	0·43	3·63	0·09	5·84	0·45
West Bengal .. .. .	66	5·63	7·14	4·39	0·55	17·71	0·27
Andaman and Nicobar Islands .. .. .	Nil	Nil	Nil	Nil	Nil	Nil	—
Delhi .. .. .	62	7·80	0·33	6·62	0·28	15·03	0·24
Himachal Pradesh .. .. .	Nil	—	—	—	—	—	—
Manipur .. .. .	10	0·31	0·11	0·76	0·40	1·58	0·16
Pondicherry .. .. .	Nil	—	—	—	—	—	—
Tripura .. .. .	5	1·13	0·42	0·51	—	2·06	0·41
<b>TOTAL ..</b>	<b>826</b>	<b>126·39</b>	<b>54·25</b>	<b>191·30</b>	<b>27·37</b>	<b>399·31</b>	<b>0·48</b>

\*Provisional,

## ANNEXURE VIII

### Gross Earnings in Relation to Working Capital

(Rupees in thousand)

Name of the State/Union Territory	Total Number of Societies	Total No. of vehicles operated by societies	Average Number of vehicles per society	Average working capital per society	Gross Earnings for 1960-61	Average Gross Earnings per society	Column 7 as % to Column 5	Remarks
1	2	3	4	5	6	7	8	9
				Rs.	Rs.	Rs.		
Assam .. .. .	4	12	3.0	37	35	8.8	24	
Andhra Pradesh .. .. .	5	62	12.4	344	1,192	238.4	69	
Bihar .. .. .	4	—	—	2	—	—	—	
Maharashtra .. .. .	26	37	1.4	33	509	19.6	59	
Gujarat .. .. .	14	138	9.9	341	4,307	307.7	90	
Jammu and Kashmir .. .. .	—	—	—	—	—	—	—	
Kerala .. .. .	17	56	3.3	110	231	13.5	12	
Madhya Pradesh .. .. .	80	102	1.3	17	N.A.	N.A.	—	
Madras .. .. .	7	108	15.4	260	3,746	534.3	206	
Mysore .. .. .	5	16	3.2	43	@	—	—	@ Societies organised in July, 1961 only.
Orissa .. .. .	1	Nil	—	—	—	—	—	
Punjab .. .. .	394	456	1.2	51	15,973	40.6	80	
Rajasthan .. .. .	113	115	1.0	27	2,180	19.3	71	
Uttar Pradesh .. .. .	13	N.A.	N.A.	45	336	26.0	58	
West Bengal .. .. .	66	239	3.6	28	1,425	21.6	77	
Andaman and Nicobar Islands .. .. .	Nil	—	—	—	—	—	—	
Delhi .. .. .	62	64	1.0	24	N.A.	N.A.	N.A.	
Himachal Pradesh .. .. .	Nil	—	—	—	—	—	—	
Manipur .. .. .	10	170	17.0	16	182	18.2	113	
Pondicherry .. .. .	Nil	—	—	—	—	—	—	
Tripura .. .. .	5	6	1.2	41	15	3.0	7	
<b>TOTAL</b> .. .. .	<b>826</b>	<b>1,581</b>	<b>1.9</b>	<b>48</b>	<b>30,131</b>	<b>36.0</b>	<b>75</b>	

## ANNEXURE IX

### *Miscellaneous Data on Transport Cooperatives (1962)*

Name of State/ Territory	No. of societies paying dividend on shares	No. of societies paying bonus to the worker members	No. of societies having garages, servicing	Societies having own for- warding agencies	Third Party Insu- rance Paid		No. of vehicles leased out to members	No. of vehicles leased to non- members	Number pooled by owner members	Number taken on lease from non- members	Number of vehicles owned by societies
					1960 Rs.	1961 Rs.					
1	2	3	4	5	6	7	8	9	10	11	12
Assam .. ..	1	1	1	Nil	3,498	N.A.	Nil	Nil	6	Nil	15
Andhra Pradesh ..	1	1	3	Nil	702	1,548	Nil	Nil	Nil	Nil	62
Bihar .. ..	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gujarat .. ..	4	4	9	Nil	N.A.	N.A.	Nil	Nil	Nil	Nil	138
Jammu and Kashmir	—	—	—	—	—	—	—	—	—	—	—
Kerala .. ..	2	1	7	1	1,477	12,367	Nil	Nil	Nil	Nil	56
Madhya Pradesh ..	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	102
Madras .. ..	4	3	7	Nil	30,322	38,958	Nil	Nil	Nil	Nil	108
Maharashtra ..	—	—	—	1	—	—	—	3	27	1	39
Mysore .. ..	1	—	Nil	Nil	Nil	—	10	Nil	—	—	—
Orissa .. ..	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Punjab .. ..	11	10	15	21	79,709	55,871	24	—	11	1	425
Rajasthan .. ..	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	113
Uttar Pradesh ..	Nil	Nil	N.A.	N.A.	N.A.	N.A.	N.A.	—	—	—	—
West Bengal ..	3	2	2	—	9,035	N.A.	—	—	—	—	239
Andaman & Nicobar Islands	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Delhi .. ..	1	2	—	1	N.A.	N.A.	—	8	—	—	75
Himachal Pradesh ..	—	—	—	—	—	—	—	—	—	—	—
Manipur .. ..	Nil	Nil	1	Nil	Nil	Nil	140	—	20	—	7
Pondicherry .. ..	Nil	—	—	—	—	—	—	—	—	—	—
Tripura .. ..	Nil	Nil	Nil	Nil	—	—	—	6	—	—	6
<b>TOTAL ..</b>	<b>28</b>	<b>24</b>	<b>45</b>	<b>24</b>	<b>124,743</b>	<b>108,744</b>	<b>174</b>	<b>17</b>	<b>64</b>	<b>3</b>	<b>1,385</b>

## ANNEXURE X

### SCHEME FOR ORGANISATION OF TAXI DRIVERS' COOPERATIVE SOCIETIES

#### 1. Membership

Membership of the Society may be open to Taxi Drivers having adequate training and valid taxi driving licences and the mechanics and cleaners who will be employed in the Society.

#### 2. Share Capital

It is proposed to organise the Society with 10 taxis. Generally, 2 Taxi Drivers are required for ensuring continuous running of one taxi. For operation of 10 taxis, there will be a requirement of 20 Taxi Drivers who may be admitted to membership at the initial stage of the working of the Society. Besides the Taxi Drivers, the operational staff will consist of 1 mechanic, 1 fitter and 2 cleaners who may also be admitted to membership. Each share may be of the value of Rs. 100. A Taxi Driver, who will be admitted to membership, will be normally required to purchase 10 shares of Rs. 100 each and pay up the shares fully at the time of admission. It is, therefore, expected that the paid-up share capital from 20 Taxi Drivers will be Rs. 20,000. The 4 operational staff, as stated above, will be required to purchase 1 share of Rs. 100 each.

It is proposed that Government will participate in the share capital of the society to the extent of Rs. 20,000. Government share capital will be retired in course of 5 years from the 6th year of the working of the society.

#### 3. Loans

Provision has been made for a loan of Rs. 1,30,000. The loan will be repaid in course of 5 years as shown below:—

1st year	2nd year	3rd year	4th year	5th year
Rs. 45,000	Rs. 30,000	Rs. 8,000	Rs. 25,000	Rs. 22,000

This has been done to adjust revenue income and expenditure of the society. The rate of interest on the loan has been charged at 5 per cent per annum.

#### 4. (a) Area of operation

As this will be a new venture in the cooperative sector, it is suggested that the area of operation of the proposed Society may be open to Calcutta and Greater Calcutta areas only.

#### (b) Payment of shares and liabilities of members

The nominal share capital of the society may be Rs. 50,00,000 divided into 5,000 shares of Rs. 100 each.

Each share will be fully paid up on allotment and the liabilities of the members will be double the value of the subscribed share capital.

*(c) Quorum in General Meeting*

The quorum in a General Meeting shall be the three-fourth of the total number of members present as on the date of such meetings.

*(d) Constitution of the Managing Committee*

The Managing Committee shall consist of 6 elected Directors and such additional number of Directors as may be appointed by Government as a share holder.

*Business programme**(A) Capital Receipts and Capital Expenditure*

As already stated, it is proposed to start the society with 10 taxis which will cost Rs. 1,40,000 approx. (ex-stock for "Hindustan Ambassador" cars). Besides this, there will be the obligatory charges under the items 'provincial taxes' and 'cost of meters' as shown in Table No. A.

In order to ensure routine servicing of the cars, a sum of Rs. 3,200 will be necessary for purchase of tools, etc. For upkeep of the office, furniture and fixtures, etc. will cost Rs. 1,000.

A sum of Rs. 7,000 will be required for running expenses of the society. It is, therefore, necessary to obtain a loan of Rs. 1,30,000.

*(B) Revenue Income and Expenditure*

The income of the society will mainly depend on gradual liquidation of loan and interest payable thereon and retirement of share capital.

So long as the loan is not fully repaid, the operating Taxi Drivers are not likely to be much benefited by way of a substantial increase in their earnings except getting continuous employment; this, however, is considered sufficient inducement in the conditions obtaining at present when they, do not always get full employment from the private tax owners.

After the loan is fully repaid, the annual amount of loan instalment repayable, which has been shown in the revenue income and revenue expenditure statement (Table B), will be added to the profits. The entire amount of profit then may be distributed among the Taxi Drivers by framing suitable rules.

As the society will be the owner of the vehicles, the right of ownership and permits cannot be given to the Taxi Drivers in their individual capacity.

*(C) Income*

At present, the owners of taxis conduct their business in the following two ways:—

- (a) Taxis are rented out to Drivers on a stipulated rent which varies from Rs. 20 to Rs. 30 per day according to the condition of taxis and other factors. In this case, cost of fuel and incidental charges are borne by the Drivers.
- (b) Taxis are also given to Drivers on the condition that the Drivers are entitled to receive 15 to 20 per cent of the total income plus Rs. 2 as food allowances. In this case cost of fuels and other incidental charges are borne by the owners.



It is suggested that till the time the loan is repaid, the society may run its business on the working method as at (a) above, which will be less taxing on the organisational efficiency of the society. After the loan is repaid, the system of distribution of earnings between the society on the one hand and the Driver-members on the other may be decided upon to suit the interests of all concerned. The society will be entitled to receive compulsory contribution from Driver-members for office, establishment, garage, servicing charges, etc. The rest will go to the members.

#### (D) Expenditure Items

Item Nos. 1, 2, 3, 4, 6 and 11 of appended Table B are self-explanatory.

As centralised garaging is considered necessary, rent for a suitable garage has been estimated at Rs. 4,800 per annum (*vide* item No. 5 of Table B) at the rate of Rs. 400 per month. It is considered that this is the minimum amount taking into consideration the space required for garaging and servicing of the taxis.

#### (E) Management Cost (Vide Item No. 7)

The personnel as shown in item No. 7 are considered to be the barest minimum for efficient running of the project. The Society may be given the services of an Executive Officer to be appointed by the Registrar of Cooperative Societies under the rule, free of cost, till the Government loan is fully repaid. The salary and allowances to be paid to the Executive Officer has not been shown in the scheme.

The daily collection of the proceeds from the Driver-members and the contacts which will have to be maintained with the various offices and the complicated procedure of accounting relating to petrol consumption etc. will require the society to maintain the staff as indicated in the Table.

#### (F) Operational Staff

To keep the 10 taxis on the road, 4 operational staff—1 mechanic, 1 fitter and 2 cleaners are the barest minimum and the salary as shown in the table is on the margin.

### 6. Summing up

In the revenue income and expenditure statement, the income has been calculated on the basis of daily receipts from Drivers being fixed at Rs. 30 per day in the first 2 years and Rs. 28 per day in the 3rd and 4th years and Rs. 27 per day in the 5th year, the number of effective working days being taken as 330 in the first year and 300 days in each of the 4 subsequent years.

During the first five years while the loan is being repaid and a depreciation reserve is being built up, the society will not be in a position to declare much dividend. (There is, however, one source of income which has not been taken into account *viz.*, interest from the depreciation fund. In the second year at 4% it will be 400; in the third year it will be 1200; in the 4th year it will be 2000; in the 5th year it will be 2800; part of it may be distributed as dividend). But the drivers will be having an income of Rs. 7 to 10 per working day. There will be also employment for the clerical and the technical staff. In the beginning of the 6th year the picture will be completely changed with a depreciation fund of about Rs. 1 lakh and the re-sale values of the taxis worth about Rs. 40,000. The Society will be in a position to purchase new taxis

outright without any loan. Then it will be possible to ensure an increase in the income of the drivers to the extent of at least 4 to 5 rupees per working day, the Society obtaining from each taxi in the first year Rs. 20 instead of Rs. 30 and so on. This would enable the society at the end of the second or third year to invest in more taxis, to increase the number of driver-members and also to declare an attractive dividend.

The profit in the sixth year of the scheme has been estimated at Rs. 16,725. Under the present law, the Cooperative Society will be required to pay income tax if its profit exceeds Rs. 15,000. The estimated surplus, therefore, includes the small amount which will be payable as income-tax.

## SCHEME NO. II

### TABLE A

*1st Year*

Capital Receipts	Rs.	Capital Expenditure	Rs.
1. Share capital—		1. Cost of 10 Taxis @ Rs. 14,000 each .. ..	1,40,000
(a) From Drivers—20 @ Rs. 1,000 each .. ..	20,000	2. Provincial Taxes @7% on Rs. 1,40,000 .. ..	9,800
(b) From cleaners, Fitter & Mechanic @ Rs. 100 each	400	3. Cost of Meters 900 each ..	9,000
2. State Share Capital .. ..	20,000	4. Sundry Stores (including Tools & Appliances) ..	3,200
3. Loan from Government ..	1,30,000	5. Furniture & Fixtures (Iron Safe, Cash Box etc.) ..	1,000
		Cash in hand .. ..	7,400
	1,70,400		1,70,400

### TABLE B

*1st Year*

Revenue Income	Rs.	Expenditure	Rs.
Income from 10 Taxis @ Rs. 30 each for 330 days....	99,000	1. Road tax including taxi cost @ Rs. 300 per taxi	3,000
		2. Insurance premium @ Rs. 420·50 P per taxi .. ..	4,205
		3. Interest payable on loan @ 5% per annum .. ..	6,500
		4. Repayment of loan .. ..	5,000
		5. Rent, rates etc. for garage @ Rs. 400 per month .. ..	4,800
		6. (a) Servicing cost @ Rs. 15 per month per taxi .. ..	1,800
		(b) Petty repairs .. ..	1,000
		7. <i>Management Cost</i>	
		(a) Accountant Rs. @ 150 p.m. .. ..	1,800
		(b) Cashier-cum-Store- keeper @ Rs. 125 p.m.	1,500
		(c) Darwan @ Rs. 60 p.m.	720
		(d) Peon @ Rs. 50 p.m. ..	600
			4,620
		8. <i>Operarional Staff</i>	
		(a) Mechanic-1 @ Rs. 150 p.m. .. ..	1,800
		(b) Fitter-1 @ Rs. 60 p.m.	720

TABLE B—Contd.  
1st Year—Contd.

Revenue Income		Expenditure	
	Rs.		Rs.
		(c) Cleaners-2 @ Rs. 50 p.m. . . . .	1,200
			3,720
		9. Miscellaneous contingencies	1,200
		10. <i>Fire Insurance</i>	
		Premium for garage Insurance per year . . . .	850
		11. <i>Depreciation Reserve</i>	
		(a) On dead stock . . . .	100
		(b) On Taxi $\frac{1}{2}$ . . . .	20,000
			96,795
		Surplus . . . .	2,205
	99,000		99,000

2nd Year

Revenue Income		Expenditure	
	Rs.		Rs.
1. Income from 10 taxis @ Rs. 30 each for 300 days . . . .	90,000	1. Road Tax . . . . .	3,000
2. First year's surplus available . . . .	1,650	2. Insurance premium . . . .	3,805
		3. Interest on Loan . . . .	4,250
		4. Repayment of Loan . . . .	30,000
		5. Rent, Rates etc. . . . .	4,800
		6. (a) Servicing Cost . . . .	1,800
		(b) Petty repairs . . . .	1,800
		(c) Engine Oil . . . .	4,800
		(d) Replacement of tyres etc. . . . .	6,000
		7. Management cost . . . .	4,260
		8. Operational staff . . . .	3,720
		9. Miscellaneous Contingencies . . . . .	1,200
		10. Garage Insurance Premium . . . .	730
		11. <i>Depreciation Reserves</i>	
		(a) On dead stock . . . .	100
		(b) On Taxi . . . .	20,000
			90,625
		Surplus . . . .	1,025
	91,650		91,650

\*Of the first year's profit of Rs. 2,205, Rs. 550 i.e. 25% of the net profit will be invested in the Reserve Fund of the society under statute. Similarly, Rs. 5 shall go to the Co-operative Development Fund. The net balance available will be utilized in the business of the society.

TABLE B—Contd.  
3rd Year

Revenue Income		Expenditure	
	Rs.		Rs.
Income from 10 taxis for 300 days	Rs. 28 each .. .. . 84,000	1. Road Tax .. .. .	3,000
		2. Insurance premium .. .. .	3,405
		3. Interest on loan .. .. .	2,750
		4. Repayment of loan .. .. .	8,000
		5. Rent, Rates etc. .. .. .	4,800
		6. (a) Servicing cost .. .. .	1,800
		(b) Petty repairs .. .. .	1,800
		(c) Engine Oil .. .. .	4,800
		(d) Replacement of Tyres .. .. .	6,000
		7. Overhauling charge .. .. .	14,000
		8. Management cost .. .. .	4,620
		9. Operational staff .. .. .	3,720
		10. Miscellaneous contingencies .. .. .	1,200
		11. Insurance premium for garage .. .. .	610
		12. Depreciation reserve .. .. .	
		(a) On dead stock .. .. .	100
		(b) On Taxi .. .. .	20,000
		Surplus .. .. .	80,605
			3,395
			<u>84,000</u>
			84,000

## 4th Year

Revenue Income		Expenditure	
	Rs.		Rs.
Income from 10 taxis each for 300 days	Rs. 28 .. .. . 84,000	1. Road Tax .. .. .	3,000
		2. Insurance premium .. .. .	3,205
		3. Interest on loan .. .. .	2,550
		4. Repayment of loan .. .. .	25,000
		5. Rent, Rates etc. .. .. .	4,800
		6. (a) Servicing cost .. .. .	1,800
		(b) Petty repairs .. .. .	1,800
		(c) Engine oil .. .. .	4,800
		(d) Replacement of tyres .. .. .	6,000
		7. Management cost .. .. .	4,620
		8. Operational staff .. .. .	3,720
		9. Miscellaneous contingencies .. .. .	1,200
		10. Insurance premium for garage .. .. .	4,900
		11. Depreciation reserves .. .. .	
		(a) On dead stock .. .. .	100
		(b) On Taxi .. .. .	20,000
		Surplus .. .. .	82,885
			1,115
			<u>84,000</u>
			84,000

TABLE B—*Contd.*  
5th Year

Revenue Income		Expenditure	
	Rs.		Rs.
Income from 10 taxis @ Rs. 27 each		1. Road Tax .. .. .	3,000
for 300 days .. .. .	81,000	2. Insurance premium .. .. .	2,805
		3. Interest payable on loan .. .. .	1,100
		4. Repayment of loan .. .. .	22,000
		5. Rent, Rates etc. .. .. .	4,800
		6. (a) Servicing cost .. .. .	1,800
		(b) Petty repairs .. .. .	1,800
		(c) Engine Oil .. .. .	4,800
		(d) Replacement of Tyres .. .. .	6,000
		7. Management cost .. .. .	4,620
		8. Operational staff .. .. .	3,720
		9. Miscellaneous contingencies .. .. .	1,200
		10. Insurance premium for garage .. .. .	370
		11. <i>Depreciation Reserve</i>	
		(a) On dead stock .. .. .	100
		(b) On taxi .. .. .	20,000
		Surplus .. .. .	78,115
			2,885
	81,000		81,000

## 6th Year

Revenue Income		Expenditure	
	Rs.		Rs.
Income from 10 taxis @ Rs. 20 each		1. Road Tax .. .. .	3,000
for 330 days .. .. .	66,000	2. Insurance .. .. .	4,205
		3. Refund of share capital .. .. .	4,000
		4. Rent, Rates etc. .. .. .	4,800
		5. (a) Servicing cost .. .. .	1,800
		(b) Petty repairs .. .. .	1,000
		6. Management cost .. .. .	4,600
		7. Operational staff .. .. .	3,720
		8. Miscellaneous contingencies .. .. .	1,200
		9. Insurance premium for garage .. .. .	850
		10. <i>Depreciation Reserve</i>	
		(a) On dead stock .. .. .	100
		(b) On taxi .. .. .	20,000
		Surplus .. .. .	49,275
			16,725
	66,000		66,000

## ANNEXURE XI

### BOMBAY CAB-OPERATORS CO-OPERATIVE TRANSPORT SOCIETY LTD,

#### *Preliminary*

1. The name of this Society shall be Bombay Cab-Operators Co-operative Transport Society Ltd, and its registered address shall be \_\_\_\_\_ within the city limits of Greater Bombay. Any change of address shall be notified to the Deputy Registrar C.S. Bombay and to the Assistant Registrar C.S., Bombay. The area of operation of the Society shall be Greater Bombay generally and by a special permit to such of the areas as may be permitted by the Regional Transport Authority, Bombay.
2. The objects of the society are:—
  - (i) to improve the taxi trade in Greater Bombay and to channelise the taxi trade in the hands of actual owner-cum-drivers and drivers of the taxis.
  - (ii) to improve generally the quality of taxi service to taxi users in Greater Bombay.
  - (iii) to improve the financial conditions of the taxi drivers and taxi owner-cum-drivers.
  - (iv) to purchase, sell, transfer cars required for transport and to maintain those kept for taxi service in proper condition, to maintain and run workshops for repairs of motor vehicles, to effect insurance of taxis against 3rd party risks as provided for in the Motor Vehicles Act, 1939, to rent premises and telephones for conducting the business of taxi service.
3. Funds may be raised by:—
  - (i) Entrance fees.
  - (ii) Issue of shares.
  - (iii) Receiving deposits.
  - (iv) Raising loans.
  - (v) Donations and grants.

The amount of capital to be raised by the sale of shares shall not exceed Rs. 1,00,000. The nominal value of each share shall be Rs. 100, and the amount to be paid in lump sum. Funds of the kinds specified in (iii) and (iv) may be raised provided the total of such funds does not exceed eight times the paid-up share capital and reserve funds and building fund minus accumulated losses.
4. Funds of the Society when not employed in the business of the Society shall be invested or deposited as required by Section 37 of the B.C.S. Act, 1925, but no investment shall be made under Section 20(a) of the Indian Trust Act.

*Note* : For the purpose of this Bye-law, the business of the Society shall include the investment in immovable property in the process of the recovery of the Society's normal dues or for the purpose of construction of a building or buildings for its own use, with the prior sanction of the Registrar.

- 4A. The vehicles purchased, and the permits issued in the name of the Society shall be the collective and joint property of the Society and the Society shall be a Company within the meaning of Section 127-A of the Motor Vehicles Act, 139.

### *Membership*

5. No person shall be a member of the Society unless—
- (a) He is a P.S.V. Badge holder for a minimum period of three years and also has a clean record for at least two years before the date of admitting him as a member.
  - (b) His written application for membership has been approved by at least 3/4 th of the members present at the time of the general meeting of the Society.
  - (c) He has paid a share fee of Re. 1.
  - (d) He is over 20 years of age and competent to contract.
6. The membership of the Society shall not exceed 25 and the maximum number of vehicles owned by the Society shall not exceed 10. However, it is provided that with the prior written sanction of the Director of Transport, the Society may increase the membership beyond 25 but in no case the ratio of vehicles to total members shall fall below 1:3 at any stage.
7. The liability of members shall not exceed the amount if any unpaid on share in respect of which he or his estate is liable.
8. A member may be expelled from the Society by a vote of not less than two thirds of members present at a General Meeting at which not less than half the total number of members is present for any of the following reasons:—
- (a) If he is a persistent defaulter.
  - (b) If he wilfully deceives the Society by false statement.
  - (c) If he is bankrupt or legally disabled.
  - (d) If he is criminally convicted of an offence involving moral turpitude, or
  - (e) If he does intentionally any act likely to injure the credit of the Society.
  - (f) If he is a person who has interest as an owner or a share holder in any other Taxi vehicles or transport vehicles not being the property of the Society.

The Committee shall give at least seven days notice of the proposal to expel him.

Expulsion may involve forfeiture of all shares held by him.



- 8A. The Director of Transport, Maharashtra State, shall have power to issue such directives as he may deem fit with regard to the suspension of a member for driving vehicles for a temporary period or removal from membership of the Society in view of bad conduct or any offence committed by such a member under the Motor Vehicles Act or Rules, but the Director of Transport shall not issue such directives to the Society unless an opportunity is given to the member concerned to be heard. The Director of Transport shall also give a notice of such a directive to the Society in writing. On receipt of such notice the Society may offer its remarks on the proposed directives within 15 days from the date of receipt of such notice. The Director of Transport may examine the remarks of the Society and make such modification in the directive as he may deem fit.
- 8B. The Society shall be subject to all such directives as the Director of Transport may give from time to time—but if such a directive involves any financial or constitutional matter of the Society, the Director of Transport shall consult the Deputy Registrar of Co-operative Societies before issuing any such directive.
- 8C. The Society shall, however, have a right to appeal to the Secretary to Government in Home Department against all such directives of Director of Transport within 30 days from the date of receipt of the directive and the Secretary to Government, Home Department will consult the Registrar, Co-operative Societies in respect of all such appeals wherever matters related to finances or constitution of the Society are involved.
9. A person ceases to be a member—
- (a) on death;
  - (b) on expulsion from the Society;
  - (c) on all shares held by him being transferred; and
  - (d) on removal in accordance with bye-law No. 8A.
- 9A. All members of the Society shall be drivers who shall actually ply the vehicles belonging to the Society or work in the installations of the Society. Any member who fails to ply or work in the installations of the Society, as the case may be, for a period less than 20 days a month or fails to ply a vehicle or work for a continuous period of 7 days, shall be liable to suspension from the membership of the Society unless he has obtained permission in writing from the Managing Committee of the Society to remain so absent. However, the Managing Committee shall not give permission to any member to remain absent from plying or working for a period exceeding 60 days without previous concurrence of the Director of Transport.
- 9B. In the event of suspension of a member, during the period of suspension he shall not be eligible to any share in the profit or Bonus earned by the Society and in the event of removal or expulsion from the membership, he shall be eligible for refund of all his share capital and such profits and bonus as he may be eligible upto the date of removal less the amount of penalty which the Managing Committee may prescribe.
- Shares*
10. Applications for shares shall be made in writing and shall be disposed of by the Managing Committee.

11. A share certificate bearing a distinctive number shall be issued for every share subscribed.
12. The membership and/or the shares held by a member of the Society shall not be transferable but if a member desires to transfer his shares held by him, such share shall be transferable back to the Society itself and nobody else. If a member wants to retire from the Society he may do so by transferring his entire shares to the Society itself and resign from the Society, but neither the share capital nor the membership is transferable to any other person, except as provided in bye-law 13 below.
13. Any member of the Society may, by writing under his hand deposited with the Society, nominate any person who has the right of succession to whom the whole or any part of his financial interest in the Society shall be transferred in the event of his death. A fee of fifty paise will be charged for recording such nomination or any subsequent revocation or variation thereof.
14. No member may subscribe to shares of total face value of more than Rs. 3,000 (three thousand) or less than Rupees one thousand.
15. No member shall be permitted to withdraw any of the shares held by him in the Society within one year after the date when such shares were taken by him. But a member may withdraw shares with the consent of the Managing Committee after such period provided first that he has given at least three months notice of withdrawal, secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed 10% of the aggregate paid-up share capital of the Society as was on June 30th preceding.

When a member withdraws his share under this Bye-law he shall be paid back the share capital in accordance with the Rules under B.C.S. Act, VII of 1925.

- (a) In the event of there being no person nominated by the deceased member who is qualified in accordance with the Bye-laws for the membership of the Society, the Society shall transfer the shares or interest to the heir or the legal representative of the deceased member or to any person nominated by such nominee, heir or legal representative within one month of the death of the deceased member, provided such heir or legal representative or nominee shall have been admitted by the Committee as a member of the Society under the Bye-laws.
- (b) Subject as aforesaid the Society may pay all other moneys due to the deceased member from the Society to the person nominated by him or to a person as may appear to the Committee to be the heir or legal representative of the deceased member as the case may be.

#### *GENERAL MEETING*

16. The first meeting of the members after the registration shall have the same powers as are herein given to the Annual General Meeting which shall be held during the quarter ending September. Its duties are:—
  - (a) To elect 5 members of the Managing Committee;
  - (b) To consider the amendments to the Bye-laws;

- (c) To appoint a person or persons to audit the accounts of the Society.
  - (d) To receive from the Committee a report of the preceding year's working of the Society together with the statements showing the receipts and expenditures, assets and liabilities, profit and loss for the year;
  - (e) To consider the audit memo and audit rectification report from the Managing Committee and other communications from the Registrar;
  - (f) To fix the amount of loan and deposits to be received subject to the maximum limits in Bye-law No. 3;
  - (g) To prepare the Annual Budget and to sanction the appropriation and distribution of profits; and
  - (h) To decide what fees, if any, shall be paid to the members of the Managing Committee for attending Committee Meetings.
  - (i) To consider other business duly brought forward.
17. A special General Meeting may be called at any time by a majority of the Managing Committee and shall be called within one month on requisition in writing of 1/5th of the members of the Society or of the Registrar, Deputy Registrar, or Assistant Registrar.
  18. Every member present at the General Meeting has one vote only. At General Meeting the Chairman of the Managing Committee shall preside and will have a casting vote in addition to his ordinary vote.
  19. One half of total number of members or 12 (whichever is less) shall form a quorum at the General Meeting. In the absence of a quorum the Meeting shall be adjourned for at least seven days and if on the day, to which the meeting is adjourned, no quorum is obtained, the business shall be disposed of without a quorum.
  20. The notice of a General Meeting should be given by communication delivered or posted to each member. It should also be posted to the office notice board. Non receipt of any such notice by any member shall not invalidate the proceedings of a General Meeting whether General or Special, unless the rights of large number of members are prejudiced thereby, in which circumstances the Deputy Registrar shall decide about the validity off the General meeting.
  21. No resolution unless so ordered by the Registrar can be brought at a General meeting. (1) disturbing the election of the Office bearers within 6 months from the date of such election, and (2) for cancelling a previous resolution of the general body unless six clear months have expired after passing of the original resolution.
  22. With the permission of the two-thirds members present at a general meeting, any member may bring forward a proposal not mentioned in the notice convening the meeting; provided that such proposal does not relate to the expulsion of a member of the alteration of Bye-laws.

#### *MANAGING COMMITTEE*

23. The Managing Committee shall consist of 7 members of which five will be elected, of the remaining to two, one shall be the nominee of the Deputy Registrar, Co-operative Society, and the other of the Director

of Transport, Maharashtra State, thus the Managing Committee will be of 7 members. Three members shall form quorum. The Managing Committee shall meet not less than once a month. The Managing Committee shall elect its own Chairman from among its members in its first meeting to be held after the elections are held in the Annual General Meeting.

24. The Managing Committee members elected by the General Meeting shall hold office till others are elected. Vacancies in the Committee occurring during his term of office on account of death or any other case shall be filled in by co-option.
25. Subject to the provisions of Bye-laws and directions conveyed in resolutions of General Meeting, the Managing Committee shall have full authority to carry on the business of the Society. The Committee may meet as often as it considers necessary for the transaction of the business but it shall meet at least once every month.
26. No member shall be eligible for election to the Committee or to continue to be a member of the Committee if he has unauthorised arrears to the Society or is convicted of a criminal offence.
27. Should an elected member of the Committee absent himself from three consecutive meetings of the Committee without showing adequate cause he shall cease to be a member of the Committee.
28. No member shall be present or vote on any matter in which he has a personal interest.
29. All acts done by the Committee or any person acting as a member of the Committee notwithstanding that it is afterwards discovered that there was some defect in the appointment of such Committee or any such person shall be valid, as if the Committee or any such person had been duly appointed.
30. The business of the Committee shall be:—
  - (i) To refer the applications for membership to the General Meeting.
  - (ii) To raise loans and deposits.
  - (iii) To collect amount payable on shares and payment of loans.
  - (iv) To buy taxis and materials required for the workshop:—
    - (a) It shall be the duty of the Managing Committee to purchase and stock the raw materials required for the use of workshop and to arrange for their issue to the workshop as and when required. It shall also be the duty of the Committee to arrange for the marketing of the finished products and the by-products of the workshop on such terms as may be reasonable through recognised trade channels, other Co-operative institutes and depots maintained by the Society itself or by any other arrangement which the Society may consider from time to time desirable to adopt. All transactions by way of sales will generally be on the ready money system. The Managing Committee, however, may dispose of the finished goods either on credit basis or on consignment basis according to subsidiary rules framed by them and approved by the Deputy Registrars.

- (b) The Managing Committee shall employ only members for all the items of work to be turned out in the workshop and in the Transport Department. In exceptional cases, for want of technically qualified member, it may appoint one or more non-members to work in a department or departments until such time a member is trained to the required standard of efficiency,
- (c) It shall be competent for the Managing Committee to prescribe the scale of wages to members employed in each department of the workshop. The General body will have the power to interfere, modify or cancel or otherwise call into question any decision arrived at by the Committee in pursuance of this Bye-law. Members shall be required to work within the premises of the Society between the hours fixed from time to time by the Managing Committee,
- (d) It shall be the duty of the Managing Committee to arrange for the stock-taking of all raw materials and of all finished goods in the possession of Society and its workshop, at the end of each quarter and to obtain a certificate as to their existence and value from the Secretary or Secretaries appointed for this purpose,
- (e) To arrange for Insurance against loss of goods and buildings by fire,
- (f) To arrange for repairs and maintenance of conveyance,
- (g) To appoint, suspend, punish, and dismiss a Secretary and other employees and to fix their remuneration in accordance with the provisions of Bye-law No. 32 and 33,
- (h) To appoint one or more sub-committees for facilitating the work of the Managing Committee,
- (i) To prepare Annual Report and Balance Sheet and programme of work to be placed before the General Meeting,
- (j) To see that the accounts of the Society are written up-to-date,
- (k) To take security from the employees handling cash goods and securities on a scale not lower than one prescribed by the Registrar,
- (l) The Managing Committee shall have power to prescribe from time to time the schedule of office establishment and incur such expenditure as may be necessary for the management of the Society with reference to the scale and within the budget allotment sanctioned by the General Body for each year. It shall be competent for the Secretary to incur petty contingent expenditure subject to a maximum limit of Rs. 25 for any item,
- (m) Subject to the direction if any given by the General Meeting to take suitable action in regard to the matter referred to in Bye-law No. 2,
- (n) To decide what vehicle should be purchased or taken on hire-purchase system by the Society, for plying in Greater Bombay and the terms of such purchase or hire-purchase by the Society and to effect insurance of motor vehicles against third party risk provided for under Chapter VIII of the Motor Vehicles Act,
- (o) To determine the works to be undertaken by the Society or its members and the amount of capital to be invested in the same,

- (p) To sanction investments in fixed assets such as land, buildings, machinery etc. required for the business of the Society,
  - (q) To alienate or sell lands or movable property belonging to the Society,
  - (r) To endorse, sell, transfer or otherwise deal with shares and Government or other Securities on behalf of the Society and to delegate powers in respect thereof to two or more members of the Committee, and
  - (s) Generally to conduct the business of the Society.
31. It shall be competent to the Managing Committee to frame subsidiary rules, consistent with the provisions of the Act, Rules and Bye-laws for the proper conduct of the business of the Society. Such rules shall be entered in the Minute Book of the Committee and shall come into force after they are approved by the General Meeting and the Deputy Registrar.
32. Notwithstanding anything contained in the Bye-laws of the Society, the Society may not engage any casual driver on either daily wages or for seasonal employment for plying the vehicles owned by the Society in a number exceeding 20% of the total membership of the Society at that time.
33. Without prior written sanction of the Director of Transport, the Managing Committee shall not appoint any person as a stipendiary or Honorary Manager and/or Secretary. The decision of the Director of Transport in respect of appointment of all such employees shall be final.
34. The Managing Committee will control the Secretary and his duties:—
- (a) To summon and to attend General Meetings of the Society and of the Managing Committee, and to record the proceedings of such Meetings in the Minute Book;
  - (b) To keep all accounts, record and registers as prescribed in the rules as directed by the Registrar, with such addition as the Managing Committee thinks necessary and to prepare receipts, vouchers, balance sheet and other documents required for the transactions to the business of the society;
  - (c) To conduct correspondence of the Society;
  - (d) To make disbursement and to receive payments, under the power of the Managing Committee;
  - (e) To supervise and control the work of the salaried staff of the Society; and
  - (f) To do all other work which may be entrusted to him by the Managing Committee. In the absence of the Secretary, the Committee may authorise any other person to perform his duties. Receipts passed on behalf of the Society shall be signed by the Secretary, share certificates and other documents shall be signed by the Secretary and one member of the Managing Committee jointly.

#### *DEPOSITS*

35. The Managing Committee shall frame rules for the receipts of deposits subjects to the directions of the General Meeting, regarding conditions,

rates of interest, provided that the rates will be fixed in accordance with the conditions ruling in the market from time to time not exceeding 4 per cent.

- (a) A fixed deposit is the deposit of fixed amount of money for a fixed period of time. No fixed deposit shall be received for a sum less than Rs. 50 or exact multiple thereof and for a period less than a year.
- (b) Interest shall ordinarily be calculated on fixed deposits at a rate not exceeding 4 per cent. Interest on fixed deposits shall be paid yearly.
- (d) The interest on the fixed deposit shall cease on the expiry of the period for which the deposit was made, unless notice in writing of the intention to renew the deposit for a further period of not less than three months has been received in the office of the Society before the expiry of the original period. The Society is not, however, bound to renew the fixed deposit after the expiry of the period for which it was made, but in case of such refusal, interest shall be payable at the former rate until the date of such refusal.

#### *DISTRIBUTION OF PROFITS*

36. At the Annual General Meeting, the gross profits earned in the previous year shall be announced and the following deductions shall be made:—

- (i) Interests shall be payable on loans and deposits.
- (ii) Working expenses.
- (iii) Losses.
- (iv) Depreciation on buildings, vehicles and other wasting assets.
- (v) Land assessment, cesses and rent.
- (vi) Sum not less than 25% of the net profit shall be carried to the Reserve Fund every year.

(a) The balance of profits will be available for the distribution of dividend on paid-up share capital to the credit of members at the rate not exceeding 6½ per annum.

(b) The balance of net profits then remaining shall be divided as follows:—

- (i) 40% shall be paid to the members in proportion of the wages or salaries earned by them during the year from the Society.
- (ii) 20% shall be paid as bonus to the salaried or wage-earning staff of the Society, provided that the bonus does not exceed one month's pay in case of each employee.
- (iii) 10% shall be devoted to the cause of education and research at the discretion of the Committee as mentioned in Bye-laws.

(c) The balance of net profits, if any, remaining after distribution as per (b) shall be carried to the general reserve fund which may be utilised, for any purpose with the previous sanction of the Deputy Registrar.

#### *RESERVE FUND*

37. In addition to the sum prescribed in Bye-law No. 36(a) (vi) all entrance fees, penal interest and forfeited shares shall be carried to the Reserve Fund.

38. The whole amount of Reserve fund or a proportion thereof representing an amount equal to deposits and loans shall be invested as directed in section 20 of the Indian Trust Act except that no investments shall be made in immovable property without the sanction of the Deputy Registrar.

#### *Balance and Securities*

39. The Managing Committee shall decide in whose custody the cash balance and the extent of balance and the securities and accounts books of the Society will be kept.

#### *Balance Sheet*

40. Before 15th July every year, the Managing Committee shall draw up statements showing the receipts and disbursements, assets and liabilities and profit and loss for the previous year. A copy of these statements shall be supplied to the Auditor appointed under Section 22 of the Act, before 20th July in the prescribed form.
41. The Society shall be the member of the Bombay Provincial Co-operative Bank Limited, Bombay.

#### *Amendments*

42. None of the Bye-laws herein contained shall be altered or rescinded and no Bye-law shall be added except by the vote of majority consisting of at least 2/3rds of the members present at a General Meeting convened for the purpose. The notice convening the meetings shall specify the proposal regarding alteration, addition or rescission and shall be not less than ten days prior to the meeting. The amendment shall not take effect until it has been approved and registered by the Registrar.

#### *Service of Notice*

43. Where by these Bye-laws it is provided that a written notice shall be given to any member, the delivery of such notice at the house at which such member ordinarily resides, shall be sufficient service of such notice.



## ANNEXURE XII

### A DRAFT SCHEME FOR ORGANISATION OF RICKSHAW PULLERS' COOPERATIVE SOCIETIES

As the condition of rickshaw pullers as a class is unsatisfactory and they are exploited very considerably, it is proposed that they should be organised into a cooperative society which should make available to them the rickshaws at fair rent, undertake repairs and provide other facilities for their welfare. A brief outline of the scheme is set out below:

#### (i) *Membership and Capital*

The Society may comprise of the following classes of members:—

- (a) A Class shares of the face value of Rs. 25 each to be allotted to cycle rickshaw drivers;
- (b) B Class shares of the face value of Rs. 100 each to be allotted to scooter drivers (if there is scope for this);
- (c) C Class shares of the face value of Rs. 10 each to be allotted to hand-driven rickshaw drivers; and
- (d) D Class shares of Rs. 10 each to sympathiser-members.

In the initial stages, the society will consist of more of A and C H Class members. There may be a few D Class members also. Their number should not exceed 5 per cent. The object of the society should also be to reduce the number of A, C and D Class members, beginning from D Class, in gradual stages, so that ultimately there are only B Class members. While enrolling members in Class A to C care should be taken to see that actual pullers of rickshaws or drivers of scooters are admitted as members. Admission should be refused to owners who are not pullers.

The rickshaws or the scooters, as the case may be, will be owned by the society and given to the members on rent. Each driver will have to subscribe to not less than 5 shares to which he is entitled under the above paragraph. D Class members will not hold more than 5 shares at any time. One share will have to be paid in full at the time of admission. The recovery of the remaining share amount will be made in suitable monthly or weekly instalments extending over a period of one year from the date of enrolment as member. Daily recoveries of small sums towards share capital will be more suitable.

#### (ii) *Rent on vehicles*

The rent for the vehicle may be fixed by the general body. The attempt should be to realise the cost of the vehicle in one to one and a half years in the case of rickshaws and 2½ to 3 years in the case of scooters. The following rates are for consideration :

- |                          |                    |
|--------------------------|--------------------|
| (a) Scooter              | Rs. 5 to 6 per day |
| (b) Cycle rickshaw       | 75 nP. per day     |
| (c) Hand-driven rickshaw | 50 nP. per day     |

**(iii) Promotion of savings**

(a) *Savings Account*.—It is essential that the society should encourage its members to save something everyday. The following subscriptions from drivers per day may be considered for adoption. These may, however, vary according to local conditions:

- (i) Scooter driver . . . . Re. 1 per day
- (ii) Cycle rickshaw driver . . . . 25 nP. per day
- (iii) Hand-driven rickshaw driver . . . . 12 nP. per day

Such collection should be taken over to a personal savings account of the member. He should be allowed to withdraw a sum not exceeding 50% and in exceptional cases up to 75—of the amount of his savings. If possible, the purposes for which the fund may be withdrawn may also be specified. The purposes may include:

- (i) medical treatment of himself or his family;
- (ii) payment of school fees or purchase of books for the children;
- (iii) the marriage of children;
- (iv) the construction of a house;
- (v) purchase of spare parts for the vehicle entrusted to him.

(b) *Chit Fund*.—The members may also be encouraged to contribute to a chit fund to be run by the society. The member may pay 25 nP. or still lower per day towards a chit fund. The contribution thus collected, less 3 to 4% commission, retained by the society for working expenses, will be allotted to one of the participating members, who bids for the lowest amount. It will alternatively be given to the most needy person or by casting lots. The lump-sum available in this manner will enable the members to meet the ceremonial expenses of marriage, death etc. and save them from the clutches of the money-lenders, who charge exorbitant rate of interest. The amount can also be utilised for payment of school fees for children of the members; for purchase of furniture, clothes, etc.

**(iv) Workshop**

Every member should pay for repairs and upkeep of the vehicles. The following charges may be adopted.

- (i) Scooter driver . . . . . Re. 1 per day
- (ii) Cycle rickshaw driver . . . . . 20 nP. per day
- (iii) Hand-driven rickshaw driver . . . . . 10 nP. per day

From this contribution, the society will maintain mechanics and a workshop. The vehicles will be repaired and serviced free of cost but small repairs will be carried out by the puller himself. The spare parts required will however, have to be paid for by the driver. Such a system is advantageous to the society, to avoid malpractices by the drivers.

**(v) Operational efficiency**

For promoting a sense of responsibility and operational efficiency among the scooter drivers, the society may offer a prize or prizes every year to member-drivers, whose vehicle needed the lowest repair and who is considered as the most careful and well-behaved.

**(vi) Welfare activities**

When the society has built up, it would try to provide the members quarters under hygienic conditions, provision of a store for the supply of domestic requirements, medical facilities etc. The Society should also arrange for occasional meetings of the members, encourage discussions on the value of cooperation, mutual aid etc. so as to disseminate the knowledge of cooperation among members. Arranging annual day celebrations, with sports, etc. may also be worth the trial. For these purposes, the society must set apart a portion of the profits every year to a common good fund.

**(vii) Management**

There should be a Managing Committee in each society consisting of representatives of drivers of each type of vehicles. Not more than one representative of the sympathiser members should be on the Board of Directors. The drivers of all types of vehicles should be given full representation and voice on the management of the society. The Municipal Corporation should also actively assist the society in management of its affairs.

**(viii) Programme of work**

There are 75 cities with over one lakh population and 111 cities with a population of over 50,000 but less than one lakh. This is based on the census 1951 figures. Thus 186 cities were there in 1951, with a population of over 50,000. Because of urbanisation and industrialisation, it is likely that by now the number might have gone up to 200. To organise 200 societies in all these cities may be difficult. In the first year and as a first step, organisation of 100 such societies may be taken up. The organisation should first be taken up in cities, where the population exceeds one lakh, and then gradually extended to other urban areas. To start with, each society should have 50 to 75 rickshaws. The number and type of vehicles may be increased according to the demands of each area.

**(ix) Assistance from Centre**

For promoting this effort, Central Government may provide interest bearing loans on the basis of schemes received. This will mean a commitment, at the most, of Rs. 10 lakhs for the Central Government. The State Governments should, at the same time, persuade the Central Cooperative Banks to advance loans to the Societies. To the extent that this is possible additional schemes may be undertaken. The object should be for the Central Bank to finance at least one such society at its Headquarters and give it proper encouragement.

**(x) Supervision, Inspection and Audit**

The Registrar of Cooperative Societies should arrange for the necessary supervision, inspection and audit of the societies.

**(xi) Education before Registration and Peoples' initiative**

Before starting a society a great deal of educational work should be carried out. The office-bearers should be elected from among the rickshaw pullers themselves and Registrar of State Governments should not try to nominate them or other members of the Executive Committee.

## ANNEXURE XIII

### MODEL BYE-LAWS OF A CO-OPERATIVE TRANSPORT SOCIETY LIMITED—RICKSHAW PULLERS' CO-OPERATIVE, NEW DELHI

#### *I. Preliminary*

1. The name of the society is the Rickshaw Pullers' Co-operative Transport Society Limited, and its registered address is 134, Kamla Market, New Delhi. Any change in the address shall be notified to the Registrar, within 14 days.

1.(A) In these bye-laws, unless there is anything repugnant to the Co-operative Societies Act, 1925, as extended to the State of Delhi, and (ii) words and expression defined in the Act and used in these Bye-laws shall have the meaning assigned to them in the Act.

#### *II. Objects*

2. The objects of the society are to promote the economic interest of its members and more particularly:—

- (i) to obtain licences from the Govt. or local bodies for plying Cycle Rickshaws, Scooters, Taxis for the benefit of its members.
- (ii) to purchase, to produce and to maintain in an efficient condition Cycle Rickshaws for the purpose (i) above;
- (iii) to purchase, hire or sell and to maintain in an efficient condition Buses, contract carriers and Motor Cycle Rickshaws for the purpose of (i) above;
- (iv) to change over, by and by, Cycle Rickshaw Pullers into Scooter, Taxi, Motor Cycle Rickshaw Drivers;
- (v) to establish service stations, repair shops and stock of spare parts particularly concerning Cycle Rickshaws and also for Motor Cycle Rickshaws, Scooters and Taxis;
- (vi) to run petrol pumps for its members' benefit;
- (vii) to operate any stands or stops which may be entrusted to the society;
- (viii) to organise transport facilities along those routes or in those areas, on which, the society may be permitted to operate;
- (ix) to own, to purchase, erect, repair, or take on rent buildings, workshops stands, godowns, office premises etc., as may be necessary to carry out the objects of the society, and to acquire land for the purpose;
- (x) to undertake welfare activities particularly for the members and employees and their children for the promotion of their moral educational and physical improvement; and
- (xi) to undertake other measures designed to encourage in the members of spirit and practice of thrift, selfhelp and mutual help, and to do all such things as are incidental or conducive to the attainment of any or all of the above objects.

### III. Membership

3. The members shall consist of:—

(1) Members of the erstwhile Rickshaw Pullers' Cooperative Industrial Society Ltd.

(2) Persons admitted in accordance with these bye-laws.

4. (i) No person shall be a member unless:—

(a) he is a resident or has his place of business in Delhi State;

(b) he is a Rickshaw puller or is a person who sympathises with the objects of the society. The number of sympathiser members should not exceed 5 or 1/10 of the total membership of the society, whichever is less :

(c) membership of sympathiser member will terminate after a lapse of 5 years from the date of registration of the society, unless otherwise determined by the general meeting of the society;

(d) notwithstanding the provision of the preceding classes, persons who are associated with any services of the society or patronise its workshop, petrol pump and service station etc., can be admitted as beneficiary members by purchasing minimum share of Rs. 10 without right of vote and shall not incur any liability;

(e) his written application for membership has been approved by a majority of the Managing Committee;

(f) his age is more than 18 years

(g) he has carried out the provisions of bye-law 11.

(ii) Every member on admission shall pay Rs. 5 as admission fee, which shall not be refunded in any case.

(iii) When a person's APPLICATION HAS BEEN ACCEPTED by the Committee and he has paid his admission fee and the first instalment of his shares, he shall be deemed to have acquired all the rights and incurred all the obligations and liabilities of a member of the society, as laid down in the Co-operative Societies Act, the rules made thereunder and these bye-laws.

5. Existing members are exempted from the provisions of bye-laws Nos. 4(i) (e) and 4(ii) and (iii).

6. If the society employs any worker who is not a member of the society, such employee shall be entitled to apply for membership after serving the society for 6 months.

7. A member of the society may be expelled by a vote of the general meeting:—

(1) if he makes default in the payment of instalments of his shares;

(2) if he applies for bankruptcy;

(3) if he is convicted of a criminal offence involving dishonesty;

(4) if he intentionally does any act which is likely to injure the credit of the society or does his work below the standard required by the

- Managing Committee or fails to observe proper discipline in regard to the work of the society;
- (5) for any action which may be held by the Managing Committee or a general meeting to be dishonest or contrary to the stated objects of the society or to the interest of co-operation.
8. A person ceases to be a member:—
- (i) on death;
  - (ii) for lack of confirmation of membership as per bye-law 4(iii);
  - (iii) when his resignation has been accepted by the Managing Committee;
  - (iv) on expulsion under bye-law 7;
  - (v) ceasing to hold the minimum number of shares prescribed in these bye-laws;
  - (vi) on withdrawal after 3 months' notice in writing to the General Secretary, provided that the member withdrawing does not owe anything to the society and is not surety for an unpaid debt. Withdrawal will take effect from the date of disposal of his shares, as provided in these bye-laws.
9. (1) A member or the nominee or successor of an ex-member may transfer his shares to another member or applicant qualified under bye-law (4) and approved by the Committee or to a share transfer fund created by the society out of its profits and shall then be paid the value of his shares, less any other sum due from him to the society. No transfer of shares or interest shall, however, be made unless a member has held such shares or interest for not less than one year.
- (2) The value of shares shall in no case be more than the sum received by the society in payment thereof.
- (3) A member on withdrawal, whether voluntarily or through the action of the society, shall subject however to the rules of the society, has no claim on the funds or property of the society of any kind.

#### *IV. Capital*

10. The Capital shall be composed of:—

- (a) an undetermined number of shares of the value of Rs. 100 each;
- (b) deposits from members;
- (c) loans and deposits from non-members;
- (d) donations and grants;
- (e) realised profits.

Provided that the acceptance of deposits and loan from non-members shall be subject to any restrictions which the Registrar may impose. The funds of the society when not employed in its business shall be invested or deposited as required by Section 37 of the Act.

#### *V. Shares*

11. Every member shall purchase at least one share and no member shall hold shares of which the nominal value exceeds Rs. 10,000 or exceeds

1/5th of the total share capital actually subscribed. If any member by inheritance or otherwise becomes possessee of more than maximum holding permitted by these rules, or buys them on behalf of the society and to hold the proceeds at his disposal. A member will not be entitled to payment towards his second and subsequent share until the first or previous one has been paid in full.

12. Shares may be paid up in a single payment or in monthly instalments of not less than Rs. 15 in case of cycle rickshaw pullers and Rs. 30 in case of Scooter driver. The first instalment shall be paid within 7 days from the admission of a member by the committee, and the subsequent instalment on or before 10th of each calendar month.

13. If the payment due on account of shares remain unpaid for more than 3 months, the committee may declare such shares forfeited together with all payments made thereon, and the rights of membership attaching to these shares shall thereupon be extinguished. The Committee may allow such shares to be restored provided:—

- (a) that all arrears, together with such penal interest as the Committee may demand, are paid up; and
- (b) that ordinarily such payments be made within three months of the date of forfeiture.

14. Shares shall not be withdrawn, repaid or transferred otherwise than as provided in bye-law (9).

15. Every member may nominate a person or persons to whom on his death his shares shall be transferred but no member may nominate more than one person, unless he holds more than one share, and in any case unless the amount to be paid to such nominee whether by way of whole shares or by fixed proportion of the amount available for transfer, as the case may be, is duly specified when the nominees are appointed, and he shall attest the nomination by putting up his signature or thumb impression in the register of member. If not admitted to membership, the nominee or nominees, shall be paid the value of the share of interest subject to the provisions of bye-law 8. If any deduction has to be made from the shares of the deceased and there is more than one nominee, the amount to be deducted shall be set off against the amount due to each nominee in proportion to his interest.

16. The society shall have the right to set off any money due on any account from the society to a member or past member or person claiming through him in payment of any sum which he owes to the society or for which he stands surety.

## *VI. Liabilities*

17. The liability of the Members for any deficit in the assets of the society on liquidation shall be limited to eight times the value of their subscribed shares.

## *VII. General Meetings*

18. The first general meeting of the members shall have the same powers as are herein given to the annual meeting.

19. (a) The annual general meeting shall be called within a period of three months after the date fixed for making accounts for the year

under the rules for the time being in force. A special general meeting may be called at any time by the Managing Committee, and shall be called by the Secretary on receipt of a requisition from 1/5th of the total number of members or from the Registrar of Cooperative Societies or any person authorised by him.

- (b) In case of the annual general meeting, the date, time and place of the meeting shall be announced at least 14 days clearly in advance and in that of special general meeting at least 7 days in advance by a written notice published on the notice board of the society and circulated to the members.
- (c) The presence of at least 1/3rd of the members shall be necessary for the disposal of any business at a general meeting, provided that when the total number of members exceeds ninety, 30 members shall form a quorum. Each member shall have one vote irrespective of the number of shares held by him. The Chairman shall have a casting vote in addition. No proxies shall be allowed. No member shall be allowed to vote, who is in arrears with his share instalments.

20. The duties and powers of the general meeting are:—

- (1) to elect, suspend or remove members of the Managing Committee including a President and one or more Vice-Presidents and a General Secretary;
- (2) to receive from the Committee a report on the preceding year's working of the society together with a statement showing the receipts and expenditure, assets and liabilities and profit and loss for the year;
- (3) to consider the audit note, inspection note of the Registrar or Inspector and any other communication from the Registrar;
- (4) to dispose of profits in accordance with the Act, notified Rules and these bye-laws;
- (5) to lay down for the guidance of the Managing Committee general policy for the conduct of the various activities to be undertaken by the society;
- (6) to fix, subject to the approval of the Registrar the maximum liability to be incurred during the following year, in loans or deposits from non-members;
- (7) to amend the bye-laws, subject to the sanction of the Registrar;
- (8) to expel members;
- (9) to consider any other business brought forward;

21. All business discussed or decided at general meeting shall be recorded in a proceedings book which shall be signed by the Chairman of the society.

22. Amendments of bye-laws shall only be carried out by a majority of a meeting at which not less than 2/3rd of the members are present provided that, the amendments previously approved by the Registrar may be adopted by a majority of 2/3rd of the members present in a general meeting in which due notice of the intention to discuss such amendments has been previously given.



All other questions before the general meeting shall be decided by a majority of votes.

### *VIII. Managing Committee*

23. The Managing Committee shall consist of not less than 7 (seven) and not more than 11 members of the society over the age of 21, including a president and one or more vice-presidents. Three members shall form a quorum. The president or vice-president or in their absence one of the other members, elected for the purpose, shall preside. Each member of the committee shall have one vote, but the Chairman shall have a casting vote in addition. Committee members shall be elected and hold office for one year and shall be eligible for re-election. Provided that, if for any unavoidable reason a general meeting could not be held at a suitable time within the year, the existing Committee shall continue to hold office, till the election of the new Committee, but such election shall in no case be held later than 18 months after the election of the previous committee. Meetings of the Committee shall be held when necessary, and may be called at any time by the President, or the General Secretary and shall be called by the General Secretary on receipt of a requisition from two members of the Managing Committee, or from the Registrar, Cooperative Societies or any person authorised by him.

24. A member of the Committee shall cease to hold office if he:

- (1) ceases to be member of the society;
- (2) applies for insolvency or is declared insolvent;
- (3) becomes of unsound mind;
- (4) is convicted of any offence involving dishonesty or moral turpitude;
- (5) carries on business on his own account similar to that specified in bye-law 2;
- (6) resigns and his resignation is accepted by the committee.

25. The committee shall exercise all the powers of the society except those reserved for the general meeting, subject to any regulations or restrictions laid down by the society in a general meeting or in these bye-laws and in particular shall have the following powers and duties:—

- (1) to observe in all their transactions, the Act, the Notified Rules and these bye-laws;
- (2) to maintain true and accurate accounts of all money received, expended and all property bought or sold;
- (3) to keep a register of members correct and up-to-date;
- (4) to keep true account of assets and liabilities of the society;
- (5) to prepare and lay before the general meeting the annual profit and loss account and audited balance sheet;
- (6) to examine the accounts, sanctions, contingent expenditure and supervise the maintenance of the prescribed registers;
- (7) to consider the inspection notes of the Registrar and Inspector and take necessary action;
- (8) to elect new members and issue new and transfer old shares.

- (9) to arrange for the recovery of share instalments and of interest on over due instalments;
- (10) to summon general meeting in accordance with bye-law (19);
- (11) to contract loans subject to any restrictions imposed by the Registrar or general meeting;
- (12) to decide the terms on, the periods for and the rate of interest at which deposits are to be received, and to arrange for the payment of such deposits.
- (13) to assist in the inspection of the book by any person authorised to see them.
- (14) to appoint, suspend, punish and dismiss employees;
- (15) through any member or officer or employee of the society or any other person specially authorised, to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the society or committee or the officers or employees concerning the affairs of the society;
- (16) to acquire on behalf of the society shares in other registered co-operative societies;
- (17) to arrange for the custody of book and to appoint one of its members or one of the officers of the society resident in the area of operation to take charge of all the registers and papers prescribed in these bye-laws;
- (18) to invest the surplus funds of the society in accordance with section 37 of the Cooperative Societies Act;
- (19) to acquire and hold property and to enter into contracts on behalf of the society;
- (20) to purchase, sell, hire, or otherwise acquire or dispose of on behalf of the society, vehicles, parts, accessories or other movable property used in the business of the society within the limits laid down by the general meeting;
- (21) to fix, revise, or modify the fare or freight rates, or time table subject to any provisions of the Motor Vehicles Act and Motor Vehicles Rules framed thereunder;
- (22) to make on behalf of the society application for permits;
- (23) to arrange for the insurance of vehicles and other property of the society in accordance with any policy, framed at the general meeting;
- (24) to arrange for efficient working of the service and any stand or bus stops entrusted to society;
- (25) to ensure that the vehicles and other property of the society are maintained in a good state of repair, and to arrange to keep the same in safe custody;
- (26) to enter into any agreement with any Government or other Authorities (municipal, local or otherwise) and obtain from them all rights, concessions and privileges that may seem useful for the society's objects;

- (27) to fix the scale of advance and wages to be paid to the members and employees;
- (28) to decide the manner of execution of work and its allotment to members and employees;
- (29) to appoint a treasurer to keep the money of the society and to require him to give such security as it may deem sufficient;
- (30) to appoint a Secretary Manager and to fix his remuneration, if necessary;
- (31) to distribute the duties between the Secretary and the Manager, if necessary.
- (32) to arrange for the safe custody of the securities owned or pledged with the society; and
- (33) to arrange for the safe custody of the property of the society, to maintain it in a good state of repair and when necessary to arrange for its insurance.

26. No member of the Committee shall receive any remuneration for his work as a member of the Committee.

27. All business discussed or decided at a meeting of the Committee shall be recorded in a proceedings book which shall be signed by the Chairman of the meeting and all the members of the Committee present.

28. The Committee may appoint from amongst its own members sub-committee and may delegate to it or to any officer of the society such of its own powers as it may consider desirable for the better conduct of the society's affairs. The sub-committee of officers shall in the discharge of the functions entrusted to them conform in all respects to these bye-laws and to the instructions given by the Managing Committee.

29. (1) Notwithstanding anything contained in these bye-laws:

- (a) No person shall be appointed as a paid officer or servant in any category of service in the society unless he possesses the basic technical and educational qualifications as laid down by the Registrar, and furnishes such security in the form and standard as may be prescribed by him.
  - (b) No paid officer or servant shall be retained in any category of service in the society if he does not possess the basic technical and educational qualification laid down by the Registrar, and does not furnish within such time as the Registrar may secure it in the form and standard prescribed by him. No payment on account of salary, commission, honorarium or otherwise shall be made to any paid officer or servant unless he has furnished the required security.
- (2) Except with the previous sanction of the Registrar, no relative (as defined in the Rule 59 of the Cooperative Societies Rules, 1950) of any member of the committee or Honorary Secretary of the Society shall be appointed to such office.

#### *IX. Secretary and/or Manager*

30. The Committee shall appoint a Secretary and/or Manager and require him/them to give such security as it may deem sufficient.

*Duties of the General Secretary*

31. The powers and duties of the General Secretary shall be as below:—

- (1) to maintain correctly and up-to-date the prescribed papers and registers;
- (2) to get prepared all receipts, vouchers, statements and documents required by the notified rules;
- (3) to sign and execute all other important documents and conduct correspondence on behalf of the society;
- (4) to summon and attend the general meetings and meetings of the committee;
- (5) to control staff;
- (6) to certify copies of entries in the books under section 31 of the Act;
- (7) to record the proceedings of such meetings and get them duly signed; and
- (8) to conduct current business of the society and perform all such duties entrusted to him by the committee. The Managing Committee shall appoint necessary staff as and when required for efficient working of the society.

32. The treasurer shall take charge of all money received by the society and shall make disbursement in accordance with the directions of the Committee. He shall sign the cash book in token of its correctness and shall produce the cash balance whenever called upon to do so by the Committee, the Inspector or the Auditor.

33. The treasurer shall ordinarily hold a cash balance not exceeding a limit to be fixed by the Committee. This limit shall not exceed Rs. 100. All cash in excess of the limit so fixed shall be deposited in a bank to be selected by the Committee and approved by the Registrar or in the Central Cooperative Bank or the Post Office Savings Bank. Withdrawals passed by the Committee shall be signed by the Secretary and the treasurer or other office-bearers appointed for the purpose.

*X. Registers*

34. The following registers and papers shall be maintained, and shall be open to the inspection of any one interested in the fund, except that no one shall be allowed to see the deposit account of any person, without that person's CONSENT IN WRITING:—

- (1) a register of members, showing the name, address and occupation of every member, the number of shares held by him, the date of his admission to membership, date of termination of membership and the nominee appointed under bye-law 15;
- (2) a cash book showing the income, expenditure and balance on each day on which business is done;
- (3) a ledger account for each member, depositor and creditor and for miscellaneous and contingent income and expenditure;
- (4) an account showing monthly instalments of shares and deposits;

- (5) a minute book;
- (6) a book of bonds;
- (7) a stock and security register;
- (8) a register of purchase and sale;
- (9) a pass book for each member and depositor;
- (10) a register of attendance and wages;
- (11) any other registers prescribed by the Registrar; and
- (12) any record required under the Motor Vehicles Act and the Rules framed thereunder.

35. Copies of the bye-laws and the Balance Sheet shall be supplied free on demand to any member. The last balance sheet shall be open to public inspection during all office hours.

36. The committee shall appoint one of its members or one of the officers of the society to take hold and keep in safe custody all the registers prescribed in bye-law 34, and other papers in the use of the society.

#### *XI. Compulsory Deposits*

37. (1) Every member shall subscribe to one or more of the following kinds of saving deposits:—
- (i) Deposits for specific objects.
  - (ii) Deposits for specific periods.
  - (iii) Provident fund deposits.
  - (iv) Home savings safe deposits.
- (2) Such deposits shall be governed by the rules to be framed by the society subject to the approval of the Registrar.
- (3) With the sanction of the committee a member may be exempted from the obligation to deposit for any period during which his circumstances do not permit of such payments.

38. All documents creating a charge or obligation on the society shall be signed by the President, General Secretary and Treasurer, provided that in the case of receipts and cheques up to Rs. 200 and receipts for deposits and repayment of advances, the President or General Secretary and Treasurer may sign. All important documents of the society shall be sealed with the society's seal. The seal shall be kept in the custody of the General Secretary.

#### *XII. Auditors*

39. The accounts of the society shall be audited at least once a quarter by an auditor appointed by the Registrar. The society shall pay such contribution to the Delhi Audit Fund as may from time to time be fixed by the Assistant Registrar, Co-operative Societies, Delhi.

#### *XIII. Distribution of Profits*

40. The following shall be the first charges on profits:—

- (i) Contributions to the Delhi Audit Fund as may be fixed from time to time by the Assistant Registrar.

- (ii) Any losses undergone by the society.
- (iii) Necessary deduction for depreciation of machine, buildings, vehicles etc., subject to a minimum to be fixed by the Registrar by special or general order.
- (iv) All insurance charges.
- (v) All payments of salaries, provident fund and working expenses.
- (vi) Interest on debentures, loans deposits etc.

The balance shall be the net profits of the society,

41. (1) Not less than 25 per cent of the net profits shall be carried to Reserve Fund which shall be indivisible and no member shall be entitled to any share in it.
- (2) Dividend on shares may be paid not exceeding 6½ per cent per annum.
- (3) Bonus to all employees, whether members of the society or not may be paid at the scale to be approved by the general meeting.
- (4) The remaining amount, if any, may be allotted to any or all of the purposes detailed below or may be carried over:
- (a) Bad Debt Fund.
  - (b) Common good fund in terms of Section 42 of the Act.
  - (c) Dividend equalisation fund.
  - (d) Share transfer fund.
  - (e) Building Fund.
  - (f) Any other fund required for the business of the society.

42. If no dividend be claimed for by a member for a period of three years from the date of declaration, a notice shall be issued by the society at the registered address of the member at his cost, calling upon him to take the amount within one month of the receipt of the notice. If the dividend is not claimed during this period, it shall be credited to the Reserve Fund.

43. The rebates and bonuses shall be paid according to the rules approved by the general meeting and subject to any restrictions imposed by the Registrar.

44. No bonus, in addition to the dividend shall be distributed to members on shares.

45. No dividend shall be paid while any claim due from the society to a depositor or creditor remains unsatisfied.

46. Allocation and distribution of profits shall be made only after the annual audit.

#### *XIV. Reserve Fund*

47. The Reserve Fund is indivisible and no member is entitled to claim a specified share in it. It shall be invested in Government securities or otherwise as directed by the Registrar under Section 37 of the Act.

#### *XV. Disputes*

48. If any dispute touching the constitution or business of the society arises between members or past members of the society or persons claiming:

through a member or past members or between members or past members or persons so claiming and any officer, agent or servant of the society (past or present) or between the society or its Committee and any officer, agent member or servant of the society (past or present) it shall be referred to the Registrar as provided in the Co-operative Societies Act and the Rules framed thereunder.

#### *XVI. General*

49. All matters not specially provided for, are to be decided in accordance with the Co-operative Societies Act and the rules notified thereunder.

(a) The Managing Committee with the approval of the general meeting may frame rules of business not inconsistent with the Co-operative Societies Act, the rules and these bye-laws, for carrying on the work of the society and may make addition or alteration in them from time to time.

(b) In case of any dispute about the meaning or interpretation of any provision of the Cooperative Societies Act, Rules and these bye-laws, the decision of Registrar shall be final.

#### *XVII. Liquidation*

50. The society shall be wound up and dissolved only by order of the Registrar under Sections 47, 48 or 49 of the Cooperative Societies Act.

After all the liabilities including the paid-up share capital have been met, the surplus assets shall not be divided among the members, but shall be devoted to any object of public utility determined by the general meeting of the society within three months of the date of final liquidation, and approved by the Registrar, or they may in consultation with them either be assigned by the Registrar in whole or in part to any or all of the following:—

- (a) an object of public utility of local interest;
- (b) a charitable purpose as defined in section (2) of the Charitable Endowments Act; and
- (c) or may be placed on deposit with the Central Cooperative Bank until such time as a new society with similar conditions is registered, when with the consent of the Registrar such surplus may be credited to the Reserve Fund of such new society.

51. The Managing Committee with the approval of the general meeting may frame rules of business, not inconsistent with the Co-operative Societies Act, the Rules and these bye-laws for carrying on the work of the society and may make additions or alterations in them from time to time.

52. In case of any dispute about the meaning or interpretation of any provisions of the Co-operative Societies Act, Rules and these bye-laws the decision of the Registrar, shall be final.

