

Bil/7

Social Insurance Through Co-operatives

(A Study of Social Insurance Schemes in Co-operatives in Indore City)

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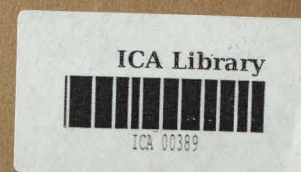
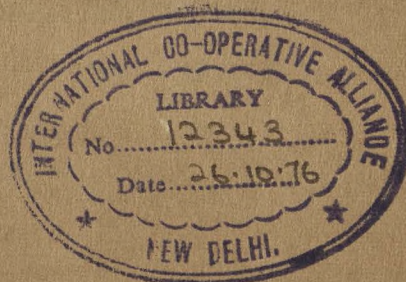
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P R E F A C E

Of late, it was decided at the level of the Committee for Cooperative Training (NCUI) that the Cooperative Training Colleges should actively contribute to the Research in the field of cooperation in the country. Hence, it was further decided that each Cooperative Training College in the country shall take up atleast, one Project and publish Report on it during each year. Consequent upon this decision the Cooperative Training College, Indore assigned to me the responsibility of taking up the Project for 1973-74. The Committee for Cooperative Training was kind enough to send me for an intensive course in Research Methodology at the Vaikunth Mehta National Institute of Cooperative Management, Poona, to equip me adequately for managing the study Project. The Project was taken on 'Social Insurance Through Cooperatives'.

Insecurity breeds social disorganization. Therefore, causes of insecurity must be removed, whenever possible, and the individual must be assured of that protection against the common risks of life which his own efforts do not avail to provide. These risks are essentially the contingencies against which the individual of small means can not effectively provide by his own ability or foresight alone or even in private combinations with his fellows. It is believed that cooperatives can form as one of the most effective agencies for providing social security. This is felt so not only because the other relevant agencies have their limitations but also because there are some inherent advantages of the system of providing Social Insurance through Cooperatives.

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Since, quite a few Cooperatives in Indore have already initiated some schemes of Social Insurance and have been operating them for a considerable period of time, it was considered worth while to make an attempt at the study of such schemes with a view to find the extent of their success and explore the possibilities to improve upon them. This study was undertaken for the benefit of all the Cooperatives in Indore as also cooperatives else where intending to launch such schemes for the benefit of their members.

It is hoped that the study would be viewed more from the utility point of view. The subject of the study is quite novel and hitherto has not been taken care of by the Researchers. Therefore, it is hoped that this humble and modest efforts would stimulate others to do further research in this important area of cooperative activity.

The author wishes to record a deep sense-of gratitude to the officers of all the Cooperative institutions through whose good offices the desired literature, data were made available. Their valuable discussion have also helped in shaping the present study. The author also feels highly obliged to the Principal and the faculty members of the College for their valuable suggestions from time to time. The author also feels sincerely grateful to the Project Officer, ICA-NCUI Cooperative Education Field Project, Indore for bringing out the publications for limited circulation.



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* P A R T - I *
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Importance of the Study:

The necessity of Social Insurance in India is urgent and it can scarcely be afforded to be callous on this account. The deteriorating conditions of the lower classes of the population, the growth of the Socialistic outlook, increasing break-up of the 'Joint Family System', declining caste - assistance and communal charity all highly warrant that something must be done to cover the curable risks of social life. Further, it may be noted that measures of Social Security have become imperative also due to the existing mal-distribution of income that has been seriously aggravated during the war periods. Social Security is a demand as much of social harmony and social justice as of economic efficiency and necessity.

Broadly speaking, there may be four agencies for providing Social Security viz; (1) The Family, (2) The State, (3) The Philanthropic Organizations; and (4) The Cooperatives. The first three have limitations of their own and, thus, it is believed that the Cooperatives can form as one of the most cherished agencies for providing social security, atleast, to their respective members. This is believed so not only because the other concernable agencies in this behalf have their limitations but also because there are some inherent advantages of the system of providing Social Insurance through cooperatives which are elaborately discussed under the Part-II 'The conceptual Frame - Work' of the study.

Quite a few cooperatives in Indore have already initiated some schemes of social insurance and have been operating them for a considerable period of time. Therefore, it may be worthwhile to make an attempt at the study of the schemes of Social insurance provided by cooperatives to their members with a view to find the extent of their success. Such a study can benefit all the Cooperatives intending to launch upon similar schemes of Social insurance of their members as also the Cooperatives in Indore to improve upon their existing Schemes and initiate the new ones. Such a study is important also for the reason

that this is now high time for Cooperatives to treat this aspect of the requirements of their members as a regular strategy of their growth.

Objectives of the Study:

The objectives of the study are as follows:-

1. To study, in detail, the Schemes of Social Insurance offered by Cooperatives in Indore (city) to their members,
2. On the basis of the study of the above Schemes, to throw light on their operational limitations,
3. To suggest measures for improving upon the existing schemes of Social insurance presently provided by Cooperatives in Indore, and
4. To suggest new areas of Social insurance of members which the Cooperatives in Indore and elsewhere can and should aspire to adopt this scheme for the welfare of their members.

Scope of the Society:

The Scope of the study is confined to the Cooperatives in Indore city alone. For the purpose of the study the following Societies were selected:-

1. The Indore Paraspas Sahakari Bank, Indore
2. The Hindu Nagrik Sahakari Bank, Indore.
3. The Hukamchand Mill Employees Mutual Cooperative Society, Indore and
4. The Swadeshi Mills Employees Cooperative Family Aid Fund Society, Indore.

The above mentioned cooperatives represent almost all the Cooperative Societies offering the Schemes of Social Insurance to their members in Indore city.

Methodology of the Study:

The study is based on the examination of the literature on the Schemes of Social Insurance published by Cooperatives in Indore and personal interviews with the officers of the Cooperatives. The records of the Societies were also examined in certain cases. The entire study has

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been divided into four parts viz: (1) The Introductory Frame-Work, describing the importance, the objectives, the scope and the methodology of the study; (2) The Conceptual Frame-Work, discussing the concept of Social Security, agencies of Social Security and their limitations and appropriateness of Cooperatives as agencies of Social insurance; (3) The operational Frame-Work, lime-lighting the existing schemes of social insurance of various types in Cooperatives in Indore - their genesis and operational limitations; and (4) The concluding and the suggestive Frame-Work, offering conclusions of the study and suggestions for the improvement of the existing schemes and also initiation of the new schemes of social insurance.

Limitations of the Study:

The entire study has been completed in the back ground of an important limitation. The Schemes of Social Insurance in Cooperatives in Indore City are of quite recent origin, with the exception of a few Cooperatives of Mill Workers, all the rest are quite infant in the field of providing schemes of social insurance of their members. Therefore, in the absence of real experience of Cooperatives in this field, the study is based more on conceptual considerations. Thus, the suggestions offered in the Report are conceived in that background only. Consequently, the study may preferably be regarded as a trend indicator only.

P A R T-II

THE CONCEPTUAL FRAME-WORK

Meaning of Social Security:

The concept of social security has arisen out of the deep and eternal need of man for some measures of security for his immediate future. Every man has to face a number of contingencies or risks right from birth. These contingencies may include employment injury, illhealth, old age, orphan-hood, maternity and other similar forms of disability. During such contingencies, it becomes difficult for the person either to work or to obtain work. The International Labour Office points out "The idea of Social Security springs from the deep desire of man to free himself from the fear of want. To realize this idea, the causes of insecurity must be removed, whenever possible, and the individual must be assured of that protection against the common risks of life which his own efforts do not avail to provide". As defined by the International Labour Office 'Social Security is the security that Society furnishes through appropriate organizations against risks to which its members are exposed! These risks are essentially contingencies against which the individual of small means can not effectively provide by his own ability or foresight alone or even in private combinations with his fellows. There are two main currents in the concept of Social Security viz; (1) Social Assistance, representing the unilateral obligation of the community towards its dependent groups and (2) Social Insurance, based on Compulsory or Voluntary Mutual Aid. Both are essential in a complete programme of social security. The following three requirements have been held as necessary for a scheme to be designated as Social Security:-

- (i) the aim of the scheme must be either to give curative or preventive medical care, or to guarantee income in the case of involuntary loss of all or a large part of income from work or to grant additional income to persons to meet contingencies.
- (ii) the system must be instituted by legislation which attributes certain individual rights to or impose definite obligations upon a public, partly public autonomous Organization or

- (iii) the system must be administered by a public, partly public or autonomous Organization.

Need For Social Security :

It is convenient to regard as social security services only such schemes as tend to provide the citizens with benefits designed to support them and their families during situations of handicap, Security is a state of mind as well as an objective fact. To enjoy social security, one must have enough confidence that the benefits will flow when required and they will be adequate in quality and quantity. Neither of these conditions is realized through 'Poor Relief' measures. For poor relief, though in principle, may be an obligation on the local community, is not a right for the individual in need of such relief. The 'Poor Relief Authority' is the sole judge of the necessity for relief and of its nature and extent in each case; and the claimant cannot appeal to any higher authority in case of refusal. Further poor relief is often inadequate in quality and quantity because of the limited resources of the local community. In order to remedy the deficiency of 'the Poor Relief', atleast, in some fields, the social security measures are highly desired.

The necessity of Social Security in India is highly called for and we can hardly afford to toy with the problem any more. The deteriorating conditions of the poor sections of the population, the declining importance of the 'Joint Family System', evaporating caste assistance and communal charity all warrant that something must be done to cover the curable risks in life. Further it must be noted that in India, social security has become imperative due to the present mal-distribution of income that has been seriously aggravated during the war periods. Social Security is a demand as much of social harmony and justice as of economic efficiency and necessity. Social Security of one sort or the other tends to provide us with adequate remedy for many of our social ills. Moreover, if adequate social security is

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not provided to citizens, it may give rise to a sense of insecurity among them. The sense of insecurity breeds social disorganisation leading to multi-dimensional social dis-equilibriums. This finally may tell adversely upon the operational efficiency, social actions and inter-actions of all the persons deprived of the privilege of social security.

The Agencies of Social Security:

Broadly speaking, there may be four agencies of Social Security viz; (1) The Family; (2) The State, (3) The Philanthropic Organizations; and (4) The Cooperatives. The first three have limitations of their own and the Cooperatives have some inherent advantages as the instruments of Social Security. These are discussed below:-

The Family As An Agency Of Social Security:

In India, the case of the needy and the helpless has always been regarded as a pious duty. In the past, the institutions like the Joint Family, the caste system, the Village Panchayata and individual charity and philanthropy were instruments in affording protection to persons without means and without capacity to work. But, with the impact of western civilization and industrialization of the country, these institutions have fallen into decay and are no longer able to meet the situation adequately. However, the family unit of social organization continues to be the original cell of security. The reciprocal obligations of the parents to support the child in infancy and of the child to support the parents in old age are represented in social insurance by the solidarity of generations. Paternal responsibility is illustrated across history in the relationship of the patron to his clients, and the master to his servants. It survives today in a variety of legal obligations of the employer to protect his workers against risks to which they may be exposed.

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The family is the first line of defence, which can cope only with limited misfortune. In case of calamity of high magnitude, appeal is made to the larger group of the tribe, neighbour or the community. The sense of responsibility of the larger group needs to be evoked and sustained by religious sanctions.

Limitations Of Family As Agency Of Social Security:

In order to provide social security, the family may, indeed, be regarded as an ideal agency. But, nonetheless, its limitations on this account can scarcely be ignored. These limitations are explained below:-

1. On account of the impact of industrialization and westernisation, the ties of the Joint Family are fast loosening and the family cohesion is becoming conspicuously rare as a result of breaking up of family ties.
2. In view of the steep rise in prices, and the limited means, it is becoming increasingly difficult to spare any surplus for others as the entire income is consumed to meet both the ends.
3. There has been a sharp change in the social outlook of the people. In earlier days, whenever people extended their hand of help, it was unilateral and, thus, was without price. For example, in the marriage of a girl, the entire community would contribute by way of gifts and would not accept even water from the side of bride's family on that occasion. But, now with the change in social standards, people have started not only accepting but expecting also to share feasts equally with the bridegroom and company. Thus, whatever is given as gifts gets neutralized by the extra expenditure the person is required to incur for their feasts along with the Bridegroom's side.
4. One can expect social security from only those with whom

one has closer relations. And in the modern times, when one's most of the time is consumed in bread earning, one can hardly afford to develop and sustain relations with a large number of persons who may be backed upon in the event of social insecurities.

II. The State As An Agency Of Social Security :

The constitution of India declares the country to be a welfare State. Being a Welfare State, it is the foremost duty of the State to provide adequate social security to its citizens. The State has taken few steps in this direction: by way of providing legislation like Workmens' Compensation Act, Employee's State Insurance Act, Maternity Benefit Act, Provident Fund Act, Payment of Wages Act, Payment of Bonus Act etc. The State has also provided some measures of social security like hospitals, free Schools and Colleges; But, inspite of all this having been done by the State, the availability of social security in India is extremely meager. The State, like family, also has certain limitations as an agency of social security. These limitations are mentioned below:-

Limitations Of the State As An Agency Of Social Security:

1. The resources of the State are extremely limited. These limited resources of the State are required to be used for larger interests of the country. These may include modernisation and development of agriculture, industry and trade, maintaining law and order within the country, guarding the Frontiers, correcting economic and social imbalances and so on. And if the resources of the State are diverted towards the measures of social security, it may tell directly upon its propensity to take up the development and other basic measurers without which no country can aspire to survive and progress.

2. The State, at best, can provide social security through the instrument of legislation. But looking to the prices of legislation so far made in this behalf, it may be found that they have meant only for those who are employed somewhere. But, social security is not needed by service class alone, it is also needed equally by all those who do not belong to the service class. At the same time, it may be needed that the number of these not belonging to service class is far greater than the number of persons representing service class section of the community.

III. Philanthropic Institutions As Agency of Social Security :

One of the striking essential features of any good system of social security is that the social security should almost be a guarantee to the person to whom it is assured. But, in case of the Philanthropic organizations, the social security being unitateral only, it may be difficult to tag it with a guarantee on it. Thus, unilateral type of social assistance does not provide any real psycho - social security to the man which is the soul of any good and effective measures of social security.

IV. Cooperatives As An Agency Of Social Security :

In view of the limitations of the Family, the State, and the Philanthropic Organizations as agencies of social security, it may not be wrong to look to Cooperatives for granting measures of social security. Cooperative may be regarded as the appropriate agency of social security for the following reasons -

(i) Institutional Arrangement :

In order to provide social insurance, the measures of social security must be provided by institutions rather than individuals. This is necessary because of the fact that in cases of individuals, personal bias of different

in mind is that the cost of the benefit of social insurance should not be so high as to be prohibitive. The cost of Social insurance must be low because the high cost tends to make it prohibitive and, thus, only the well to do sections of the community are able to benefit from such schemes. For example, the Life Insurance Corporation of India and a few other Organisations offer a few schemes of social insurance but the cost of such schemes is extremely high. Thus, majority of the population remain deprived of the benefits offered under such schemes of social insurance. At the same time, it may not be possible to expect any considerable cut in the price of the benefits of such schemes offered by business organizations as their main aim is to earn profit through the operation of such schemes. Unless, they earn handsome profit, it is not possible for them to maintain and develop themselves. As against this, Cooperatives do not stand to earn high profit because the owners and the customers are the same in their case. The aim of Cooperatives is not as much to earn profit as is to offer services to members. Therefore, it may safely and sincerely be hoped that Cooperatives would provide social insurance to their members on a modest cost only.

Thus, in view of the merits in favour of Cooperatives to provide social insurance as explained above, it may be assested that cooperatives can be the most appropriate agency of Social Security atleast for those who are their members.

varieties is likely to influence the formation and implementation of the scheme of social security. The institutional arrangement for providing social security is more likely to provide freedom from personal bias.

(ii) Stability Based On Mutual Considerations:

Any kind of social security measure must be based on mutual considerations and should be stable in character. It is always better if the social security is provided without any kind of obligation. And this is possible only when it is based on mutual aid. The beneficiaries must belong to a single unit so that they can develop a sense of belongingness. With the family, community and caste cohesions fast dilluting, the Cooperative provide a ready answer. The members of Cooperatives definitely develop the sense of oneness in the sense that they all feel that they belong to the same organization as members.

(iii) Adequacy Of Social Security:

In order to be effective, the social security should be provided not only in time but also should be adequate in quality and quantity both. If only a few persons combine to provide mutual social insurance, the quantum of social insurance to likely to be inadequate and, thus, ineffective. This is so, because during these days of scaring dearness, it may not be possible to spare much for such measurers. The Cooperatives can have quite a large membership and, thus can associate a large number of persons in the schemes of social insurance. The combination of a large number of persons enable the Cooperatives to offer social insurance to members which will be reasonably adequate.

(iv) Cost of Social Security - An Important Factor.

Social insurance, of course, is much needed and, thus must be provided. But, one important factor to be borne

P A R T - III

THE OPERATIONAL FRAME - WORK

A: The Family Mutual Aids Schemes : The Call System

THE OPERATIONAL FRAME - WORK

PART - III

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A: The Family Mutual Aid Scheme - The Call System.

The concept of social insurance is not altogether new to cooperatives in Indore. Quite a few credit cooperatives of workers in Mills in Indore have had initiated the Family Mutual Aid Scheme ^{and} are running ^{them} with success for quite some time. At the movement, there are six urban cooperative banks in Indore all of which have already taken certain measures of social insurance for their members. The mutual cooperative societies in Mills are also quite experienced in the operation of the scheme of social insurance of members. Through observation and discussions with the officers of the various cooperative institutions in Indore, it has been found that the following schemes of social insurance through Cooperatives are under operation in Indore city.

THE SCHEMES

I- Family Mutual Aid Scheme:

The Family Mutual Aid Scheme or popularly known as 'Kutumb Sahayak Yojna' is the oldest and the most popular with Cooperatives in Indore. This scheme is being run by two urban cooperative banks viz; (1) The Indore Paraspar Sahakari Bank, Indore and (2) The Hindu Nagrik Sahakari Bank, Indore and a few employees mutual Cooperatives in the city. The objective of the scheme is to provide financial assistance to the dependents of the deceased members of Cooperatives at the time of their death. In other words, the scheme envisages to provide for the life insurance of each member for a sum either already fixed or to be fixed on the basis of a fixed formula. The scheme is being implemented in two different ways by the cooperative banks. These systems are : (1) The Call System and (2) The Discharge System. Both these systems are discussed below one by one.

(1) The Call System :

The Call System of the Family Mutual Aid is being followed by all the institutions with the exception of the Indore Paraspar Sahakari Bank, Indore. Besides others, the Hindu Nagrik Sahakari Bank, Indore also has recently initiated this System in the current year only. The genesis of the system is given below -

The objective :

(a) The Call System' in the Hindu Nagrik Sahakari Bank, Indore which in spirit and approach is similar to the Call System prevailing in other societies, was introduced on 1st November 1974. The objective of the system is to provide a measure of life insurance to each member of the Bank. In other words, it may be stated that the Scheme envisages to provide some sort of financial assistance to the dependents of each member at the time of his death. Since death spares none, family of each member is sure to benefit from the System.

(b) The Eligibility Criteria :

All the members of the Bank are compulsorily obliged to become members of the Scheme. In fact, Rules of the Scheme provide that it will automatically be applicable to each member of the Bank. However, a condition has been laid down that the members above the age of forty will not be enrolled as members of the Scheme. This restriction however, is not applicable to members as on 1st November, 1974. It means that the Scheme covers, irrespective of age, all the members enrolled upto 1st November, 1974 and provides for the future coverage of only those members whose age does not exceed forty years. Obviously, this has been done in view of the fact that mortality rate is extremely high after forty years of age and the Bank does not wish to incur additional risk on this account. Nevertheless, it does not also wish to deprive the old members, merely on consideration of age, of the benefits of the Scheme because they have since sacrificed and worked for the growth and stability of the Bank, it should also do something for them.

(c) The Operation :

(i) The Compulsory Deposit.

The Scheme requires every member of the Bank to deposit Rs.50/- towards compulsory deposit and Rs.5/- on account of 'preliminary expenses'; Thus, initially, each member of the bank is obliged to pay Rs. 55/- under the Scheme. Further, it is provided that each member is required to pay Rs. 5/- every month till the credit balance in his 'Compulsory Deposit Account' reaches the mark of Rs.200/-. Hence because in the beginning every member is required to deposit Rs. 50/- only in this account, he will be obliged to pay Rs. 150/- only more towards the same which may either be deposited in lump sum or in monthly instalments of Rs. 5/- each. It is further provided that in cases of defaults, the personal accounts of defaulter members will be debited to the extent of defaults in payment of Rs. 200/- as an Compulsory Deposit.

(ii) The Huge Collections:

At present, the total membership of the Bank stands at 3354. Thus, it may be stated that the total credit balance in the compulsory deposit account will be : $3354 \times 200 = \text{Rs.}6,70,800=00$. If this sum is invested only in fixed deposit, it will earn @ 10% per annum. Thus, the total return on this capital will be Rs.67,000/- in the first year. This income will go on increasing because each year the interest earned in the preceding years will form a part of Principle in the next year. Thus, only in a couple of years, the Scheme will have huge fund to its credit.

(iii) The Calls:

The Scheme does not envisage to make use of the huge funds mentioned above for the payment of the financial assistance to the family of the deceased. This provides that at the time of the death of each member, the Bank will issue calls which will require each member to pay Rs. 2/- on each call. Thus, the amount of total assistance in each case will be equal to the number of members x 2. At present, since the membership is 3354, the amount of compensation

in each case will be Rs.6708/- only. The scheme provides for the payment of Rs. 500/- immediately after the death of each member, and the balance to be handover after the call money is received by the bank.

(d) Limitations Of The Scheme:

Although the System is very pious and aims at meeting the demands of the time, it is not free from certain limitations which can possibly be not ignored. These limitations are as follows :-

(i) The Fluctuating Compensation :

The System provides that on the death of each member, every member will be required to pay a call of Rs. 2/-. The money thus collected will be passed on to the nominee of the deceased member. Thus, the amount of financial assistance will fluctuate with the variations in the total membership. Let us suppose, the membership of the Bank, which at present is 3374, increases to 5000 in the next two years. The families of the members dying now will get Rs.6748/- as compensation, whereas the families of members dying after two years will get Rs. 10,000/-. The question would arise; whether the families who had received compensation earlier will be provided as additional sum so as to bridge the difference between the sum now being paid and the sum already having been paid to them ? If so, what shall be the method of making such payment, because with each increase in membership, the difference to be paid would emerge and, as such, it might be impractical to do the exercise time and again to pay the sum representing the difference explained above. And if it is not done, would it not amount to the fact that under the scheme, different sums would be paid as compensation to the different families of the deceased members for no fault on their part.

(ii) The Inconvenience Of Payment Of Calls:

The system envisages that on death of each member, the Bank will issue calls for the payment of Rs.2/- per call. As per the

of workers Mutual Cooperatives in Mills operating similar scheme, the death rates comes to about 1% per annum. Taking this estimate as a guiding factor, we can say that about 35 to 40 deaths are likely to occur every year. Thus, each year, every member will be obliged to pay 35 to 40 calls Rs. 70/- to Rs.80/-. In order to do so, each member will undergo the inconvenience of coming to the bank equal to the number of calls to deposit the call money. On account of the reason of inconvenience the defaults in payment are likely to be committed. Although the System authorizes the Bank to debit the personal account of such defaulting members, it may be of no use if the amount is not actually realized in time. This is felt so because of the belief that the compensation to the nominees of the deceased members should be disbursed without delay, and this will not be possible for the Bank to do if the amount of calls is not realized in time. And in case the Bank decides to pay from its own funds without waiting for the calls to realize, its funds are likely to be blocked which may tell upon the business of the Bank.

(iii) The Danger of Declining Membership:

The M.P. Cooperative Societies Act 1960 nowhere provides that the nominee of a member will necessarily have to become the member of the society. Thus, if after receiving the sum of financial assistance, what shall be the legal position if the nominee wishes to withdraw from membership of the Bank? After all, no one can be forced to become member of the society? If every nominee prefers to withdraw after receiving the sum, the Scheme may meet a big collapse.

(iv) The Smell of Charity:

The Social insurance of any kind must create a legal obligation and the assistance under it must be provided without obligation. The call system gives the Scheme a smell of charity. On each call, it may appear that for the benefit of the deceased member the charity at the rate of Rs. 2/- per member is being collected. The sense of availing charity may not meet at all the tenets of social insurance.

(v) The High Cost :

Any good measure of social insurance must avoid heavy cost of management. Under the call system, since the Bank is required to issue and collect as many calls as the number of deaths, the operational expenses of the Scheme may be quite high.

(vi) The period of Obligation :

The Scheme does not provide as to far what period the obligation of the beneficiary would continue to pay the calls especially when he chooses to discontinue his membership or does not want to become member if he is nominee of the deceased.

(vii) Expulsion From Membership :

Under the M.P.Cooperative Societies Act 1960, the Registrar, Cooperative Societies is also authorized to expel a person from membership of the society in certain cases. In such cases where the Deposit Money' and a few calls have already been paid, what position will emerge ? Would be entitled to receive his his amount back ? If Yes', Who will pay it ? Or, would he continue as member of the Scheme ?

(viii) The Promptness In Payment :

Unless the Compensation sum is released promptly, its utility to the family of the deceased is reduced with the delay in payment. The Scheme does not provide any where as to within how much time the compensation sum will be released to the beneficiary.

(ix) Utilization of the Compulsory Deposit :

Under the Scheme, each member is obliged to pay Rs. 200/- as Compulsory Deposit which is non-refundable, There is no provision providing the manner in which the huge fund collected by way of compulsory deposit will be utilized. To say that the operational expenses of the Scheme will be met out of it may not be adequate explanation on this account. The expenses of the Scheme will not be as high as the return on investment of this fund which may be Rs. 70000/- or so every year.

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(x) The Benefits to New Members :

The Scheme also is silent over the benefit to the new members. Let us suppose that there is a member who has already paid one thousand calls of Rs. 2/- each, while the other being only new has not paid any. Both of them die together. The benefit under the Scheme to the claimants would be the same in both the cases. Thus, the new members would stand to gain more, whereas the position should be the other way round.

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B. The Family Mutual Aids Scheme

The Discharge System

THE OPERATIONAL FRAME - WORK

* PART - III

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B: The Family Mutual Aid Scheme - The Discharge System :

The Discharge System of the 'Kutumb Sahayak Yojna' or the Family Mutual Aid Scheme is different in operation through is similar to the 'Call System' in terms of objectives. Under this system also, the objective is to offer a social insurance on the life of members of the society. As indicated earlier, this system is being followed by only one Cooperative Society in Indore i.e. The Indore Paraspar Cooperative Bank, Indore. The genesis of the System is discussed below:

The Objective :

The objective of the Scheme is absolutely identical to the objective of the Call System under the Family Mutual Aid Scheme of the Hindu Nagrik Bank discussed earlier. In nut shell, the objective of the Scheme is to provide for the life insurance of each member for a sum already fixed under the rules of the Scheme.

The Eligibility Condition :

The Scheme has been introduced in the month of July 1974 on its first day. The scheme provides that it will cover all the members of the bank and every member will have compulsorily to be the member of the scheme. In other words, membership of the Bank and that of the scheme would be synonymous.

The Mechaniom :

The Scheme requires every member of the Bank to pay Rs.25/- per year till Rs. 375/- are accumulated to his credit on this account. Or, alteratively, a member may prefer to deposit Rs. 200/- with the bank, and in return, the Bank would pay interest on it @ 10% per annum.

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Table : Showing the Projected Collection of Fixed Deposit by the
Bank Under the Discharge System

Year	Receipts			Total	Compensation payable	Balance B/D
	Balance Brought Forward	Interest Received on Balance	Amount Received on A/c of years Instalments.			
1974	Nil	Nil	1,00,000/-	1,00,000/-	40,000/-	60,000/-
1975	60,000/-	6,000/-	1,00,000/-	1,66,000/-	40,000/-	1,26,000/-
1976	1,66,000/-	16,600/-	1,00,000/-	2,82,600/-	40,000/-	2,42,600/-
1977	2,42,600/-	24,260/-	1,00,000/-	3,66,860/-	40,000/-	3,26,860/-
1978	3,26,860/-	32,686/-	1,00,000/-	4,59,546/-	40,000/-	4,19,546/-
1979	4,19,546/-	41,954/-	1,00,000/-	5,61,500/-	60,000/-	5,01,500/-
1980	5,01,500/-	50,150/-	1,00,000/-	6,51,650/-	60,000/-	5,91,650/-
1981	5,91,650/-	59,165/-	1,00,000/-	7,50,815/-	60,000/-	6,90,815/-
1982	6,90,815/-	69,081/-	1,00,000/-	8,60,896/-	60,000/-	8,00,896/-
1983	8,00,896/-	80,089/-	1,00,000/-	9,80,985/-	60,000/-	9,20,985/-

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The amount of interest on the deposit amount will be adjusted towards the payment of instalments in balance. Thus, in both the cases, each member would be depositing Rs.375/- with the Bank at the most within a period of fifteen years from the date of operation of the Scheme or from the date of membership of the Bank as the case may be. The Scheme does not provide for any other kind of restrictions for the membership of the Scheme. It is further provided that in cases of default the accounts of each defaulter member would be debited to the extent of default. Thus, the Scheme rules out any chance of defaults in realization of instalments.

Benefits Under The Scheme:

The Scheme provides that on the death of each member of the Bank, a sum of Rs.1000/- will be given if the death occurs within the first five years of the membership Rs.1,500/- will be paid if the death occurs after five years and within ten years of the date of membership, and Rs.2000/- will be paid if the death occurs after 10 years or more from and date of membership. The compensation sum will be paid out of the return on investment of the sum collected from members on account of yearly instalments of Rs.25/- each. The entire scheme is based on the assumption that about 01% deaths would occur during each year. As presently, the total membership of the Bank stand at 4000, the cases of death every year are estimated at 40 only. The details of the scheme have been worked out as under:-

The Table 1 shows that if all goes as per the estimates of the Bank, it will accumulate a balance of about Rs.9,20,900/- at the end of ten years from now. Of course, the instalments are to be paid for fifteen years. But, since each year, during the period of remaining five years, Rupees one lakh will be collected on account of instalments against Rupees one lakh to be paid by way of compensation, no credit balance will be left with the Bank. Therefore, this period has been treated as ineffective for the purpose. Hence after fifteen years, when the instalments are fully paid up, a balance of about Rs.9,20,900/- will be available in the account. Hence, the Scheme envisages to meet its obligations only out the interest earned on the balance, thus, accumulated.

The Limitations:

The following are the limitations of the Scheme:-

1. The Wrong Assumption:

The Scheme is based upon the assumption that only 01% of the members would be reported to have died every year. Since there are about 4000 members at present, about forty deaths are anticipated every year. But, this calculation seems arbitrary. The Scheme does not put any age restriction for being covered under this acheme. It has been observed that the average age of the membership would be between 30 and 40. Let us take it at 35 years. In India, average longivity is 52 years. If the average longivity is taken into account, we may assert that since average age is 35 years in the bank all its existing members should in all probability report to have died during the next seventeen years or so. If this is true, then the cases of deaths likely to be reported every year would be $4000 \div 17 = 235$ or 6% approximately. However, the projection of the Bank may prove as correct also if one factor is taken care of. The Bank must see that its total membership does not fall below 4000. The replacement of the dead members must be found without delay. Then, perhaps it will introduce a mechanism of 'come and go' in the membership of the Bank, and the estimate that only 1% of the members will die, may prove quite correct.

2. The Grater Risk:

No age restriction has been imposed for the membership of the scheme. Infact membership of the Bank and that of the scheme have been made as synonymous. This gives rise to a grater amount of risk on the Bank. A man at the age of fifty years may like to become member of the Bank. He cannot be refused membership of the Bank merely on grounds of age. Such a person, if admitted as member, will render the Bank to pay Rs.1000/- to Rs.2500/- to his family at the time of his death against only Rs.125/- to 375/- paid by him and utilized by the Bank for a small period of time. The Bank would earn too less on his deposits as the chances of his survival for a longer period of time would be too meager.

C: The Mutual Aid Scheme : The Mill System.

The Mill System of the Family Mutual Benefit Scheme is one which is being followed by Cooperative Societies of workers in Mills in Indore. Infact, it is from such societies that the Scheme of the Family Mutual Aid has come to the Banks. Two such societies were studied in this respect the details of which are given below:-

A: The Hukum Chand Mills Mutual Cooperative Society:

The Scheme of Family Mutual Aid was initiated in the year 1958 although the society was registered in the year 1933. The Scheme provides that every permanent employee of the Mill will be eligible for the membership of the Society which will automatically make him as member of the Scheme. The Scheme provides that on the event of the death of each member, all the rest of members will contribute @ half a rupee. And the amount, thus, collected would be gifted away to the nominee of the deceased member. The amount of call money is deducted at source by the Mill on the society.

If the member leaves his job in the Mill on account of any reasons, he is allowed to continue his membership in the Scheme provided he leaves a balance of atleast Rs.150/- to his credit out of which the calls on him under the Scheme would be satisfied in future. The money in balance in his account would antil interest @ $5\frac{1}{2}\%$ per year. The following Table 2 would show that about 1% of the total members of the Scheme die every year

Table: 2 : Showing the rate of Mortality

Year	Total No. of Members	No. of cases of Reported Deaths.	Mortality Rate
1968-69	4895	38	.7
1969-70	4973	35	.7
1970-71	4918	74	1.5
1971-72	4891	51	1.04
1972-73	4893	35	.7
Total	24570	233	.9

In other words, it may be stated that each member is required, on average, to pay about 46 calls or Rs.23/- every year.

Advantages of the System:

This System has added advantages over its counterpart ie. the Call System': These advantages are mentioned below:-

(1) Realization of Calls is Convenient:

The first advantage of the System is that because every member of the Society is the employee of the Mill, the realization of the call money on the event of the deaths of members is almost certain as the amount on this account is deducted at source from the Salary payable to the worker members;

(2) Stability of Membership:

The second and more important advantage of the system is that because the Mill is likely to replace the dead worker with another, the question of declining amount of compensation on account of decline in membership can safely be ruled out under this system.

However, the scheme can further be improved upon if the suggestions offered in the 'Suggestive Frame Work' are accepted and put to implementation.

B: The Swadeshi Mills : Employees Cooperative Family Mutual Aid Fund Society:

The typical characteristic of this society is that whereas in case of other Mills each society is having the scheme of Family Mutual Aid along with its other business, this Society is exclusively registered to take care of this Scheme and such like other schemes. This society was registered on 13-11-1967 and since then the scheme of Family Mutual Aid has been under operation. Though the objective of the Scheme is exactly the same as is in case of other Cooperatives offering such schemes of social insurance, it has characteristics of its own which are as follows:-

(i) The Voluntary Membership:

In case of other Mills if a worker wants to avail of loan facilities offered by a mutual cooperatives Society of the workers of the Mill, it

is necessary for him to become its member. And the moment he becomes its member, it is again compulsory for him to be the member of the Family Mutual Aid Scheme. But in case of this Mill, since the mutual Cooperative Society and this Society are the independent entities, a worker may prefer to keep away from this Scheme without losing the benefits of the other Society. Thus, membership of this Society/Scheme is absolutely voluntary against an element of compulsion involved in case of other societies.

(ii) The Life Membership:

The Scheme provided for Life long Membership of the Scheme by way of depositing Rs.300/- in lump sum. If this sum is paid by a worker-member, the Mill also pays Rs.50/- to the society as a subsidy, thus, for each member depositing Rs.300/- in lump sum, the society gets Rs.50/- extra from the Mill. In such cases, the member is not called upon to pay the call money. However, if a member wishes to pay sum of Rs.300/- in instalments, he is allowed to do so, provided that he will be treated to be life long Member of the Scheme only when he has accumulated a balance of Rs.300/- on this account.

(iii) The Benefit on Retirement:

The Scheme provides that either on the death of a member or on his attaining the age of sixty (the usual age of retirement in the Mill) the member or his nominee as the case may be, will be entitled to get the amount of call money.

(iv) Deduction Towards Operational Expenses:

The Scheme also provides for a deduction from the call money payable to each member or his nominee @ 10% to meet the operational expenses of the scheme.

(v) The Deduction of Call Money At Source:

The Scheme also provides for a deduction of call money at source from the salary payable to the worker-member by the Mill. The Mill, after deducting the amount, credits it to the account of this society.

(vi) Reported Average Mortality is 1%:

Since the registration of the Society, the average rate of reported mortality has been about 1% which will be evident from the Table given below:-

Table 3 : Showing the Rate of Mortality of Members

Year	Total number of Members	No. of cases Reported Deaths	% Mortality
1966-67	1370	24	1.7
1967-68	1392	9	.7
1968-69	1379	21	1.5
1969-70	1448	15	1.0
1970-71	1596	17	1.0
1971-72	1680	20	1.1
1972-73	1762	19	1.0
1973-74	1782	21	1.1
Total	12409	146	1.00

D: The Other Schemes of Social Insurance in Cooperatives in Indore city.

Besides the Family Mutual Aid Scheme, there are certain other Schemes of Social insurance being offered by cooperatives in Indore. These are detailed out as below:-

L- Educational Assistance Scheme:

Educational assistance is another type of social insurance provided by some Cooperatives in Indore. The Cooperatives providing this assistance are: (1) The Indore Paraspar Sahakari Bank, (2) The Hindu Nagrik Sahakari Bank, and (3) Shri Swadeshi Mills Employees' Cooperative Family Aid Fund Society. This assistance is already being offered by both the banks since a long time and the Mill Societies are quite new in this field. Educational assistance to members is being offered by the Banks in the following manner:

Both the Banks are maintaining libraries of their own. The Libraries stock books worth about Rs.15000/- in the Hindu Nagrik Bank and Rs.70,000/- in the Indore Paraspar Sahakari Bank. The Indore Paraspar Sahakari Bank has a Book-Fund which has a credit balance of Rs.70,000/-. The interest earned on this sum is used for the purchase of books for the Library. In case of the Swadeshi Mill, the Society has received Rs.5000/- from the Mill as donation for building up the library. This society is quite infant in this field and hence the Schemes of the Hindu Nagrik Bank and the Indore Nagrik Sahakari Bank are explained below:-

The Hindu Nagrik Bank:

With the growing significance of education, it has been observed that especially in urban areas, all the parents like to send their children to Schools and Colleges for education. But, owing to financial limitations, some parents find it difficult to meet the rising cost of education of their wards on account of the purchase of books. Thus, the Scheme is conceived with a view to provide a relief on this account to the members of the bank so as to allow them an escape from financial difficulties, atleast, to some extent.

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As pointed out earlier, the Bank has a Library of its own which has books worth about Rs.15,000/-. The library includes books on the subjects of arts, commerce, engineering, medicine at all levels. These books are loaned to members for the entire session. However, a limit has been imposed that one member at a single time can get books worth Rs.40/- only. The imposition of this restriction is necessitated by the limited number of books the library stocks.

The Indore Paraspar Sahakari Bank:

The System of the Scheme of Educational Assistance is a little different in the Indore Paraspar Sahakari Bank. This Bank has a 'Book Fund' to the credit of which stands a balance of Rs.70,000/-. Out of the interest earned on this Fund, the books are purchased for the library. At present, the library has books worth about Rs.70,000/-. Incidentally, it may be mentioned that, at present, the Bank is charging a Premium on Shares @ Rs.5/- per Share. Thus, the premium received is credited to the 'Book Fund' of the Bank. The Scheme provides that every member of the Bank can get books as per the following conditions:-

Sr. No.	Class	Ceiling of the value of Books
1.	Up to Higher Secondary	Rs.25/-
2.	Higher Secondary to B.A.	Rs.35/-
3.	B.A. to M.A.	Rs.50/-
4.	Technical Education	Rs.80/-
Total		Rs.190/-

Thus, we find that each member may get books worth Rs.190/- on loan basis from the library. This, indeed, is a considerable amount of relief especially to those members who are not able to spend so much on books, which of course, are essential for the education of their children.

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Incidentally it may be mentioned that the Maharashtra Brahmin Sahakari Bank also runs the Scheme of Educational assistance on the lines of the Hindu Nagrik Bank, Indore.

II- Medical Assistance:

This is yet another form of social insurance being provided by the Indore Paraspar Sahakari Bank and the Swadeshi Mills Employees Cooperative Family Aid Fund Society, Indore. Under the Scheme, both the institutions are keeping 'Medical kits' including Hot-water Bottles, Bed Pans, Thermometers etc. On need, these are issued to members without price in case of Bank and at a nominal cost of paise 10% per week per appliance. Thus, it stands to offer a considerable relief to members by way of allowing them escape from high expenses on such appliances and providing them at no or a very nominal cost.

B: The Medical Service:

The Swadeshi Mills Cooperative Family Aid Fund Society has a Scheme of Medical Service. Under this Scheme, the society has contracted with a Dentist and a spectacle Dealer. The Dentist and the Dealer provide artificial sets of teeth and the spectacles to members of the Society on easy instalments on the guarantee of the Society. The Society deducts the amount of instalments along with its other deductions and pays off to the Dentist or the Dealer as the case may be. Thus, the Society is enabling its members to procure the sets of artificial teeth and the spectacles at the time of need and pay the price of these on easy instalment which other-wise would have been possible hardly in few cases only.

C: Medical Loan:

The Indore Paraspar Sahakari Bank also provides a Scheme under which medical loans in case of sickness of members or their dependents are provided to members. Under the Scheme, a member can be given a medical loan to the extent of Rs.500/- @ 10% for two years on the production of medical certificate of any Doctor. The object of the scheme is to see that no member of the Society should be deprived of medical treatment for want of funds. More than half of the members have availed of this service offered by the Bank.

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III- Other Services:

The Swadeshi Mills Cooperative Family Aid Fund Society has initiated a Scheme which provides for utensils for the use on social functions. The objective of the Scheme is that since every member has to organize functions of social significance for which utensils are needed, these should be provided as to save the high cost of hiring the same. Thus, the members should be provided a relief on this account also. The Society gives the utensils to its member on loan at a very normal hire for social functions.

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PART - IV
THE CONCLUDING AND SUGGESTIVE FRAME-WORK

I- THE CONCLUSIONS:

On the bases of the study of the Scheme of Social insurance in Cooperatives in Indore, the following conclusions can be drawn-

- (i) It is convenient to regard as Social Security services only such schemes as would tend to provide the citizens with benefits designed to support them and their families during situations of handicap of various types.
- (ii) The idea of Social Security springs from the deep desire of man to free himself from the fear of want. To realize the idea of social security, the causes of insecurity must be removed and the individual must be assured of the protection against common risks of life which his own efforts do not avail to provide.
- (iii) In view of the limitations of the State, the Family, the Philonthropic Organizations, Cooperatives can form as one of the best agencies for providing social insurance at least to their members.
- (iv) 'The Family Mutual Aid Scheme' as conceived and practised by some cooperatives in Indore is solid schemes of social insurance and, as such, needs to be followed by other Cooperatives in Indore and outside.
- (v) The 'Call System' of the Family Mutual Aid Scheme is better in cases of Societies of workers where membership of the Society is not likely to come down on account of the death of its members as the substitute membership is almost assured in such cases for the reason that replacement of a deceased worker will be done by the employer.
- (vi) The 'Call System' leaves a high balance of about 7 to 8 lakh of Rupees with the Hindu Nagrik Bank. The return in the form of interest alone will be about Rs.70,000/- every year. There is no projected Scheme to utilize this huge sum by the Bank at the movement.

- (vii) In cases of mixed type of membership in Cooperatives, the Discharge System of the Family Mutual Aid Scheme is better for the reason that (i) it reduces the cost of management and also minimizes the Netheration to members to deposit money many times a year. It also brings down the price of the benefit to members as the amount of compensation is designed to be paid out of the interest earned on the credit balance in the Fund on that account.
- (viii) 'The Call System' is based on the assumption that the membership of the Bank will not decline with the deaths of its members. Obviously the Bank appears to believe that new members also would be joining the Bank with the rate comparable to the death rate reported every year.
- (ix) Some banks do not provide for any restrictions on age for the purpose of membership to the Scheme. This increases the risk of such banks as the mortality rate in cases of high age are quite high.
- (x) In a few Societies of employers of Mills, some Mills collaborated with the Societies to provide Social insurance for members. This is a good practice that has emerged.
- (xi) Average mortality rate in cases of societies practising the 'Family Mutual Aids Scheme' has been observed as 1% approximately.
- (xii) Educational assistance scheme under which books for the use of the children of members are loaned out to members are operating with high success.
- (xiii) Medical assistance by way of providing medical loan, medical kits, and medical services have gained ground with the members of the Cooperatives in Indore.
- (xiv) Other Services like providing utensils for use in Social functions also have benefitted members of Cooperatives rendering this service

II- Suggestions:

On the basis of the Study, the following suggestions can be made on 'Social Insurance through Cooperatives in Indore city. These suggestions are conceived and delivered with a view to improve upon the existing schemes and also initiating new Scheme of Social insurance in Cooperatives. These are explained below one by one.

(i) Reducing the Cost:

The Cost of the benefit of the Scheme of the Family Mutual Aids Scheme should be reduced to the minimum. If the call System is followed, it amounts to mean that if 1% members die every year, each member would be required to pay 20 to 40 calls every year (if the membership is between 2 and 4 thousand). Thus every member may be required to pay calls to the extent of Rs.20/- to Rs.40/- every year. This, in my opinion, is a high cost of the benefit of the Scheme to members. As against this, the Discharge System tends to reduce this cost because it is the interest on money collected by way of fixed sum, which satisfies the compensation money payable to the nominees of the deceased members. Thus, the cost in this case is much less as against what it comes to be in case of the Call System.

(ii) Prompt Payment of Compensation:

In order to make the Scheme of Life insurance, it is very important the amount of compensation is paid to the nominees of the deceased members promptly. As soon as the death of a member is verified and nominee is identified, the entire sum of compensation should be paid off. Under the 'Call System' since the call money is intended to be given in each case, delay in the collection of call money may cause delay in the payment of compensation. Hence, there should be a provision that the Bank may pay from its own resources without waiting for the actual collection of money. However, this difficulty is not likely to be faced in case of the 'Discharge System' as the amount will already be at the disposal of the Bank and it would not be difficult at all to realize the sum without delay. Whatever, the System provides, the important consideration is that the compensation money should be disbursed to the nominee of the deceased members without delay.

(iii) Restriction On Age:

It has been observed that some of the Cooperatives do not impose any kind of restrictions on age for the membership of the Scheme. There may be a logic for not doing it in cases of old members because they had since contributed the stability, and development of the society, the society in turn should look after their interest as well. But for future members, this does not hold good. Let us suppose, persons above the age of fifty apply for membership of the Society. The law does not provide any provision which, if invoked, may restrict the membership on the grounds of age of the applicants. If they are admitted as members, the benefit of the Family Mutual Aid Scheme is automatically applicable to them. This gives rise to a serious risk on the part of the society because each one of them will not have high chances of survival beyond seven to eight years. The burden may fall either on the Fund in case of the Discharge System and on the members in case of the 'Call System'. It is, therefore, earnestly believed that the societies would do well to impose age restrictions for membership of the Scheme as has been done in certain cases.

(iv) The Scheme Must Be Self Reliant:

The Family Mutual Aid Scheme providing for the mutual life insurance of members of Cooperative Societies should be self-reliant. In other words, it should not be required to depend on outside resources. Under the Call System, the dependence on 'Calls' is highly placed although the sum collected in respect of fixed deposits can be used for providing measures of social insurance for members. In case of the 'Discharge System' although for the payment of the compensation sum, the Bank is not to look to any one, there appears a little scope for the initiation of additional measures of social insurance of members.

Therefore, it is felt that such Cooperatives should make it obligatory on each member to buy additional Shares on account of 'Social Insurance Schemes' so that the total share subscription of each member on this account is Rs.1000/-. This may, however, be paid in easy instalments or the bonus shares may be given to the members in lieu of the dividend

payable to them. Thus, in a couple of years, every member of the society will have shares of the value of Rs.1000/- over which income @ 10% per annum would be Rs.100/- per year. This income should be used to finance the existing scheme of Social Insurance and launch upon the new ones in this behalf. If this system is followed, it is believed, the societies will become highly self-reliant in respect of providing Social insurance of various types to their members.

(v) The Health Insurance:

It has been observed during the course of the Study that most of the Cooperatives in Indore do provide for the scheme of Life insurance of their members. But, only a few provide Health Insurance which still is more important aspect of Social insurance. This is regarded as more important because in the case of 'Life Insurance' the benefit goes to the nominee of the deceased member, where as it goes direct to member himself incase of health insurance. Thus, in order to benefit from the scheme, the member has not to die first in case of Health insurance as is the case in Life Insurance. In fact the Health Insurance and the Life Insurance are the twin concepts. The obligation on account of Health Insurance is likely to reduce the obligation on account of Life Insurance simultaneously. It has, however, been observed that the Indore Paraspar Sahakari Bank and the Swadeshi Mill Sahakari Employees Family Aid society are offering some modest schemes on this account. Such Schemes include provision for Medical Loan, supply of Medical Kits, Medical Services etc. But, none of the Cooperatives have been found to provide a real health insurance i.e. providing Medical consultancy or Running Dispensary for members.

To make a provision for the Health Insurance of members should not be difficult for Cooperatives. For example, the Hindu Nagrik Bank receive Rs. 200/- from each member as fixed deposit. There being about 4000 members of the bank it will be collecting about Rs.8 lakhs, the yearly interest on which would be about Rupees eighty thousand or Rs.6500/- P.M. Assuming that the operational expenses of the Family Mutual Aid Society would be Rs.1,000/- P.M. an income of Rs.5,500/- still be left over at the disposal of the Bank. Thus, it is felt that the Bank can safely employ three Doctors

on permanent basis on a salary payable to Government doctors. These doctors should provide medical consultancy service to members of the Bank. If possible, some medicines may also be provided by the Bank Dispensary free of cost to members and their dependents. This will save the members from the hazards of hospitals and the high costs of private doctors. Above all, it will increase the longevity of its members and, thus, would reduce the obligation of members to pay calls.

However, in cases of other societies where any fixed sum on the lines of the Hindu Nagrik Bank is not available, it can evolve out a system wherein each member should pay Rs.2/- only P.M. towards Health Insurance of himself and his dependents also. Thus, if the members of the society are 4000/-, the monthly collection will be Rs.8000/-. Out of it, Rs.5000/- may be spent on employment of Doctors and the maintenance and running a Dispensary, and the balance of Rs.3000/- every month should be accumulated till a balance of about ten lakhs is built up on this account. Thus, each member will get medical consultancy and Dispensary Services merely on payment of Rs.2/- p.m. And after a couple of years, the Bank, out of the interest on the balance in the Fund on this account, will be in a position to establish a nice hospital of its own and the members will not be required to pay even Rs.2/- p.m. on this account.

Hence, it is strongly suggested that all the Cooperatives providing for the life insurance for members should also come out with the schemes of Health Insurance. This will save them from avoidable obligation on account of Life Insurance of members. Moreover, by way of doing this, the Cooperatives also would relieve the Government, to some extent, of its obligation to provide medical services to the people.

(iv) Collaboration With Employers:

It has been found that there are many Cooperative Mutual Societies of Mill workers in Indore. Almost, each of them is offering one scheme of social insurance or the other. Incidentally, it may not be wrong to say that to provide Social Insurance of workers, is to a great extent, the responsibility of employers. Since, in such cases, the Cooperatives constitute of members alone, it is the moral responsibility of the employers to patronize these Societies atleast for the purpose of the

Scheme of Social insurance of their workers. Presently, the 'Call System' of the Family Mutual Aid Scheme is in vogue. The employers are not doing any thing in aid of such schemes except that they are regularly deducting the amount as per the requisition of the Cooperatives and handing over to them. On an average, it has been found that every worker - member has to pay around Rs.25/- per year on calls. During the course of study, it was reported that each deduction from salary on this account causes a great deal of irritation and grumbling among many worker- members.

Therefore, it is suggested that the practice of issuing calls - on the death of each member should be stopped as early as possible. This can be done by way^{of} obtaining interest free loan from the Mill (Employer) at the rate of Rs.300/- per worker member. This amount of loan may be invested by the Cooperative Society on a return of 10% per annum. Thus, the investment will fetch the Society Rs.30/- per year per member. Meanwhile, the 'Calls should continue to be issued and the money received as interest i.e. Rs.30/- per year per worker-member should be returned to the Employer every year till the entire sum is paid back. Thus, the entire amount of loan will be paid back to the employer merely out of the interest and the balance at the rate of Rs.300/- will still be left with the Cooperative for use. Hence, the Society will not be required to issue calls on members and would still be in a position to pay off the sum of compensation to the nominees of the deceased member. This, of courses, would help to prevent vibrations caused by irritation among worker - members at the time of deductions from their salaries and make the Scheme more stable.

VII- Social Expenses Insurance:

This is yet another area in which the Cooperatives can venture to enter into. Some of the Cooperatives are already doing it on a modest scale. But, for the present, no Cooperative has been found to offer any such elaborate scheme in the city of Indore. However, a newly registered Cooperative Bank viz the citizen urban Cooperative Bank has announced 'Kanya Vayavahar Yojna'. This scheme envisages to provide a sum to be collected @ Rs.2/- per member to be handed over to the father member of the birde. This scheme stands, of courses, to offer a financial relief on the marriage of the daughter of every member. But, while initiating

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such a scheme, a caution has to be born in a mind.

The Cooperatives as such do stand against all the Social evils prevailing in the society. And the Dowry System' is one of great Social evil in the country. This must be fought against with full might of the Cooperatives also. All the same, by way of providing 'Kanya Vayavahar Yojna', this may tend to encourage the 'Dowry System' among members of the Bank. However, this also is a significant factor that although every body is against the practice of Dowry, a very few are able to fight it tooth and nail at the time of marriages of their daughters or sisters. They have often been found succumbing before such social evil practices. Thus, the other side of the picture may be that when member is likely to feel helpless and is forced to pay off the Dowry, he should be provided with insurance on this account by the Cooperative of which he is a member.

Therefore, it is believed, that there are certain social expenses which every individual may be obliged to make on certain occasions. But, owing to his limitations, he may find it hard to do the same. Thus, either he is forced under heavy debt or incurs social displeasure and sometimes social sanctions also. Hence, the Cooperatives should also aspire to provide some sort of social Expenses Insurance for its members and at the same time continue to build up public opinion against social evil practices prevailing in the Society.

VIII- Social Insurance Cooperatives:

It may not be wrong to say that 'Social Insurance' is a genuine field for the Cooperatives to enter into and it is at the same time, as complex as any other full fledged business of the highest significance. Thus, to conceive, work out and operate the Scheme of Social insurance with the lowest cost and the highest benefit may call for the highest skill. This may perhaps also need more time, experience, knowledge and energy in the field. Thus, it may not be possible for the Cooperatives to provide Social insurance of their members as their side activity only. It may be asserted that 'Social Insurance Through Cooperatives is a full fledged field for the cooperatives to work in. Hence, it is believed that independent Cooperative Societies with the prime objective of providing Social insurance to their members may be considered for registration.