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SAHAKARA DHARMA PEETAM

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Lr. No. SDP/63/2001

Date: 9-9-2021

To,

Shri Ram Nath Kovind Jee

Hon'ble President

Govt. of India.

Respected Sir,

**Subject: Intervention is solicited to avert the RBI initiative to establish Adharma
In the Indian Economy- Requested – Reg.**

Ref.: Report of the Expert Committee on Urban Cooperative Banks - July 2021 of RBI, Mumbai.

COOPERATIVE GREETINGS SIR!

Namaskaramulu Sir!!

You are the hope of the down trodden People of India. You are the Rescuer and the Protector of them.

Sir, our dynamic Prime Minister and the great Statesman Shri Narendra Modi jee, is said that "Capitalism and socialism are discussed a lot in the world of economics, but India emphasizes cooperativism. Cooperativism is compatible with our traditions and values. Cooperativism, in which the collective power of the masses becomes the driving force in the economy, is important for the country's grassroots level economy".

But, it is being tried to nullify the above policy statement of our Hon'ble Prime Minister, from the Red Fort on the occasion of 75th Indian Independency Day Celebrations, by the Reserve Bank of India(RBI), by dragging the Country's grassroots level economy to the threshold of the Modern Money Lenders system in place of collective power of the masses, it is trying to kill the Cooperativism.

In the wake of the “Banking Regulation(Amendment) Act-2020”, Reserve Bank of India had constituted an Expert Committee on Urban cooperative Banks and it had submitted its Report.

Sir, there is no sanctity to the Section 12(1) of Banking Regulation(Amendment) Act-2020 after the Hon'ble Supreme Court had been struck down the part of 97th Constitutional Amendments, which dealt with the State Subject encroachment. Share Capital of the Cooperative Banks is incorporated in the State Cooperative Act. Hence there is no sanctity to this Section 12(1) to have in the Central Act, the Banking Regulation(Amendment) Act-2020, even then RBI's appointed Expert Committee gave recommendations on this Section 12(1), which is violates Constitution.

If the Report of the Expert Committee on Urban Cooperative Banks is implemented;

- I. Thousands crores of rupees in reserve funds and lacks of crores worth building of the all the Cooperative Banks in India would be go out of the hands of the Users(Farmers, rural artisans, agriculture labourers and the middle class people) to the private investors.
- II. What the Prime Minister dreams as “Cooperativism is compatible with our traditions and values” would be vanished and it would be handed over to Capitalism peacefully.
- III. In the world, among the democratic countries, only in India, the Citizens would forego the Fundamental Right to do jointly(collective power) the Cooperative Banking business to get their common economic needs.
- IV. Basic nature of the Constitution would be changed. The less privileged people, the mere resources people, the landless labourers(the down trodden people)would not have the right to do jointly or collectively the Cooperative banking business to get their economic needs. Is this we want to have? Only investors could do Banking business?
- V. Does the Preamble of our Constitution changed? Does the Articles 39(c), 43 and 19(1)(g) are removed from the Indian Constitution?

Certainly the Government Headed by our beloved Prime Minister, the Shri Narendra Modi, would not allow to happen the above deeds.

Hence Your Highness intervention is solicited to restore the Fundamental Right; Article 19(1)(g) to the Farmers, rural Artisans, Agriculture laborers and the middle class people, who are the owners of the Cooperative Banks;

1. by removing the Section 12(1) of the Banking Regulation(Amendment) Act-2020
2. by directing the RBI not to accept the recommendations related to the above Section 12(1) of the Banking Regulation(Amendment) Act-2020, in the Expert Committee Report on Urban Coop. Banks.
3. Dis approving the following recommendation in the Report of the Expert Committee on Urban Coop. Banks by RBI.
 - a. Voluntary conversion of Urban Banks to Joint stock companies.

- b. The concept of Umbrella Organization, which makes the Primary Cooperative Banks the outlets for the Private Sector Joint Stock Company.
4. Direct the RBI to permit the Cooperative Bank of India to function its banking services, which is the Umbrella Organization of the Cooperative Sector.

Sahakara Dharma Peetam;

Sahakara Dharma Peetam is a dharmika samsta, propagating the Dharma in general and the Sahakara Dharma in particular for the peaceful coexistence of all the people and their economic centers in Indian economy. Without implementing the Sahakara Dharma, the Dharma is not prevailed.

Reserve Bank of India is on the pressure from the vested interested people;

We have great respect and honor to the legendary services of the RBI. But to the astonishment of the Nation, the RBI is siding only the Private Sector against the Cooperative Sector by ignoring the Constitution's provisions. India consists of Villages. 90% of villages and 92% of households covered under the services of Cooperative sector. Cooperative sector represents the Country's grassroots level economy. 70% of work force resides in the villages. Nearly 70% population had mere economical resources. 21.9% population is Below the Poverty Line.

Legal Status of the Cooperatives;

1. **Users(Farmers,rural artisans, Agriculture Labourers and the Middle class people) are the Owners of Cooperative Banks, not the Governments.** As part of the obligation to provide Welfare to its subjects, the Governments had promoted, nurtured, assisted financial support and developed the Cooperatives for the socio economic development of the people. **If the Governments does not want to assist the Cooperative Banks, they can withdraw the financial support. But the Governments had no right to, taking their(Users) ownership right and handover it to the Private Investors.**
2. **Section 12(1) of Banking Regulation(Amendment) Act-2020, which says that the Cooperative Banks Shares are sold in open market to the people residing in the area of operation of the Cooperative Bank.** But as per the Cooperative Principles the Users only eligible for the membership in Cooperative Society not the investor. More over the subject of Share Capital is out of the context of the regulatory purview of the RBI, because, the Share Capital subject is dealt in the State Cooperative Act, which comes under State subject and the Multi State Cooperative Act.
3. **Cooperatives Shares can't be sold/transferred; Cooperative Principle**
As per the Cooperative Principles and its Philosophy, the Shares in the Cooperatives can't be sold or transferred. It is the basic and core principle of the Cooperative System, universally accepted and as enunciated by the International Cooperative Alliance (ICA), accordingly our State Cooperative Acts and Multi State Cooperative Act are being incorporated the same principle and all the Cooperatives are following.
4. **Supreme Court had strike down a part of the 97th Constitutional Amendments**
On 20th July, 2021, the Supreme Court had strike down a part of the 97th Constitutional Amendment, which dealt with the State subject encroached amendments. It had up hold the Cooperative subject is the State subject and the Government of India can't encroach the State subject and assured that Supreme Court will protect the States rights. **Hence all the amendments in the Banking**

Regulation(amendment) Act-2020, concerning the encroachment of State Cooperative Act are deemed to be invalid.

5. Prime Minister Policy Statement

“Capitalism and socialism are discussed a lot in the world of economics, but India emphasizes cooperativism. Cooperativism is compatible with our traditions and values. Cooperativism, in which the collective power of the masses becomes the driving force in the economy, is important for the country’s grassroots level economy”.

Overriding all the above legal status and Supreme Court strike down of a part of the 97th Constitution Amendments and the Cooperative Principles and its philosophy, the Reserve Bank is going ahead of dragging the grass roots level economy i.e., the rural economy to the threshold of the Private Financial Companies. The Reserve Bank of India is fully aware that India is following the mixed economic policy with the 1. Private Sector, 2. Public sector and 3. The Cooperative Sector and these are playing their due roles in the development of the Indian economy.

It seems the RBI is suffering from the pressures from the vested interested people, otherwise how could it wrongly reporting to the Prime Minister, if it gave the facts and repercussion about the Section 12(1) of Banking Regulation(Amendment) Act-2020, the Hon’ble Prime Minister could not have agreed to continue the Section 12(1) in the Central Act. The nature of the RBI is that, it won’t do, of taking one’s ownership and giving it to other. It is certainly under the pressure Sir.

Therefore, we humbly request your Highness intervention to rescue the **Users**(Farmers, rural artisans, Agriculture Labourers and the Middle class people) and reinstate their right of ownership on the Cooperative Banks by removing the Section 12(1) of Banking Regulation(Amendment) Act-2020 and disapproving the Umbrell Organisation concept of Private Finance Companies.

Sir, the Cooperative Sector in Banking had its own Umbrella Organization called the Cooperative Bank of India(COBI) to assist the all types of Cooperatives in India, but the RBI is not allowing to function. Hence we request to your highness to direct the RBI to permit the Cooperative Bank of India to function its Banking services.

Thanking you Sir.

Yours’ Sincerely


(Sambharapu Bhoomaiah)

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Sahakara Dharma Peetam

Copy submitted to;

1. All the Hon’ble Chief Ministers
2. All the National, State Cooperative Organizations

Attached the Note on Cooperative system;

Note on Cooperative System;

Definition

A Co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Differences between the Cooperative Sector and the Private Sector

Private Sector	Cooperative Sector
1. Association of Capital.	1. Association of Users.
2. Share Capital is an investment from the income of an individual (Investor).	2. Share Capital is the portion set aside from the User (member) necessities, not an investment from the income of the member.
3. Investor's economy.	3. User's economy.
5. It stands for Exclusive growth strategy.	4. It stands for Inclusive growth strategy.
5. Joint Stock Company form of business is its main tool.	5 Federation of Primary Cooperatives is the main tool and it is a backbone.
6. Regulated by the Company Act and Partnership Act.	6. Regulated by the Cooperatives Acts.
7. Profit distribution is in the ratio of their share capital.	7. Surplus distribution; it is patronage dividend.
8.. Control vests in accordance with the size of the Share holding.	8. Control vests in the members equally and democratically controlled.
9. Centralizes the 'Production', 'Marketing' And the 'Wealth'	9. Decentralizes the 'Production', 'Marketing' and the 'Wealth'.
10. Exploitation is in its nature.	10. Principle action is to eliminate the exploitation.
11. Economic rights of the people are suppressed.	11. Promotes the economic rights of the people.
12. Curtails the peoples economic democracy.	12. Seeks to establish the economic democracy.
13. The fittest only survives	13. Makes all user members economically self-reliant