



# సహకార సంరక్షణ సమితి

SAHAKARA SAMRAKSHANA SAMITHI  
(CO-OPERATIVE MOVEMENT PROTECTION COUNCIL)

Off:1-10-134/11(3), Mayurmarg, Begumpet,  
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Date:14-11-2000.

To

Shri G.M.C. Galayogi Garu,  
Hon'ble Speaker Loksabha,

Shri Atal Bhinari Vajpayee Jee,  
Hon'ble Prime Minister.

Floor Leader of all Political Parties representing the Parliament.

Sir,

Sub: Companies (Ammendment) Bill,2000 - Converting Cooperatives into comapnies - Modify the Sections in line with the Coop. concept or withdraw the Bill at the larger interest of the samll and marginal farmers, producers - demands - Sahakara Samrakshana Samithi - Regarding.

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Co-operative Best Wishes:

The "Sahakara Samrakshana Samithi" (Co-operative Movement Protection Council) is an association of co-operative ideologists and the co operative leaders for protecting the interest of the Co-operative Movement and Co-operative Institutions.

It is understood that the Govt. of India, the Ministry of Law, Justice and company affairs ( Dept. of Company affairs) is bringing out an ammendments to the companies act. on the basis of the recommendation of High Power Comiittee under the Chairmanship of Dr. Y.K.Alagh an economisr.

The Sahakara Samrakshana Samithi would like to place a few conceptual facts of the cooperative Economic system, which have to be incorporated in the ensuing "Companies (Amlemdment) Bill,2000".

The Cooperative system is an economic system as a capitalistic system. It is being evolved and presented at the time, when Capitalistic system is on rise, after Industrialrevolution, to protect the small producers, users and socially economically weak people from the exploitive nature of the capitalistic system.

1. The Cooperative System also allows to have individual properties as do the capitalistic system.
2. It will also against the Govt. intervention. Since, it is committed for the welfare of the people, strives for the economic independance of members involved, a democratic institution and belongs to majority people, the popular govts. are aiding the cooperatives. And in the name of protection and direction of the cooperative system Govts. are interfering.

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3. Cooperative system decentralise the formation of Production, Capital and Marketing, where as the Capitalistic system centralise the formation of Production, Capital and Marketing. The present market economy is the high form of capitalistic system.
4. The Cooperative System recognise the concept of "Surplus value" produce by the Labour force, where as the capitalistic system does not recognises. That is why, in cooperatives share holders get only limited interest or dividend on their shares. And surplus will be disbursed as patronage Dividend in proportion to their participation in the business.
5. In cooperatives, share capital is not a surplus investment of the Individual, it is a form of a portion set aside from his necessities to get the services. In capitalistic form of business the share capital is a surplus investment of the share holder to get the profits. Cooperatives come into existence by the association of individulas at primary level and forming Federations with primary societies at District, State and National level.

In light of the above cooperative concept, we propose the following modifications to the ensuing companies (Amemdment) Bill, 2000.

SEC-581C :- Promoters should be the cooperative institutions, not the individuals.

SEC-581D(1)(c):- "Producer company, is composed of individual as well as producer institutions". It is not in line with the cooperative concept. The producer company should be formed with the cooperative Institutions registered under Indian Cooperative Acts. only. Any other institutions registered other than cooperative act, are not allowed for membership. It should be, No individual is eligible for membership in producer company.

581AA Subsection-4:- It deals with the issue of Bonus Shares by by capitalisation from out of its General Reserves and accumulated profits on the basis of number of shares held by members as on the date.

The share holder gets only limited interest or dividend. If General Reserves and accumulated profits are to be capitalised, it should on the basis of patronage of Member, in proportion to their participation in the business of the company. As was done in the disbursment of Patronage Bonus.

581 L:- It deals with Annual General Meeting and Adoption of Audited Accounts. It say the audited accounts are adopted at General Meeting. It is not proper.

The Audited accounts should be adopted only in Annual General Meeting, not in General Meeting.

581 P :- It deals with the whole-time secretary. It says, five crores turnover exceed, A should have whole-time secretary. Since, many primary Societies exceeding 2,3 crores turnover, the national institution should have exceeds 50 crores minimum turnover, for appointing whole-time secretary.

Further, we submit that:

- a) Producer company should be named as ---- producer cooperative company, limited.
- b) Sec-581 AC:- Provides for Registering a Nonbanking/Finance Company ( NBFC ). This should not come in the way of business of the state and District Cooperative Central Banks in the Country.
- c) Loans and Advances granted to members are treated as deemed dividend U/s. 2(22) (e) of the Income Tax Act. 1961. And Dividend rules applies. Hence accordingly Income Tax Act has to be amended. And Dividend Tax be exempted for producer cooperative companies.

We strongly feel the above suggested cooperative conceptual modification are must be incorporated in the ensuing companies (Amendment) Bill, 2000, to call a cooperative company.

If the above suggestions are not possible for modification for various reasons, the Sahakara Samrakshana Samithi ( Co-operative Movement Protection Council), humbly request the learned Parliament to withdraw the proposed companies (Amendment) Bill, 2000 at the larger interest of the small, marginal farmers, producers and users.

Thanking you,

In the Service of the  
Cooperative Movement;

*S. Bhoomiah*

(SAMBARAPU BHOOMIAH)  
Convenor

A.P. State Convening Committee,  
SAHAKARA SAMRAKSHANA SAMITHI.

Copy to :

All the Cooperators, requesting to impress upon the Members of Parliament and enlight, Members at your level.