



सहकार संरक्षण समिति  
సహకార సంరక్షణ సమితి  
Co-operative Movement Protection Council  
STATE CONVENING COMMITTEE, ANDHRA PRADESH

1-10 134/11(3), Mayur Marg, Begumpet, Hyderabad - 500 016, A.P.

To

Date: 13-03-2001

Shri. G. M. C. Balayogi Garu  
Speaker  
Lok Sabha  
New Delhi

Respected Sir,

Sub: 'Sahakara Samrakshana Samithi' - Prays the Hon'ble Parliament for the rectification of injustice meted to Agriculture sector vis-à-vis co-operative sector - request - regarding.

'Sahakara Samrakshana Samithi' (Co-operative Movement Protection Council), Andhra Pradesh State convening committee humbly prays the Honourable Parliament through your good selves, for rectification of injustice meted to the Agriculture sector vis-à-vis Co-operative Sector, ever since the promulgation of economic liberalisation which is aimed to establish the market economy in India.

'Sahakara Samrakshana Samithi' is an association of Co-operative ideologists and the co-operators, is striving for the protection of the co-operative Bonafide and the interests of the co-operative institutions and the co-operative movement.

Removal of the Co-operative chapter from the VIIIth five year plan Document :

Injustice started to Agriculture Sector vis-à-vis co-operative Sector as soon as the Govt. of India signed the GATT Agreement. Since the co-operative system has been evolved as an Answer to Joint stock companies the proponents of market economy theory felt that only the co-operative Federations have the capacity to compete and even stall the further advancement of Big financials and multinational in the rural Indian economy. Co-operative Federation such as co-op central Banks, Coop-marketing Fedns, IFFCO, KRIBHCO, ANANAD etc are identified with the agriculturist and owned by them. 99.9% of the total villages and 67% of rural households in India are covered under the co-operative services. Rather the co-operative societies became economic centres of the rural India for their self-reliance. Hence the lobby of market economy forced the Govt of India to

delete the co-operative chapter from the VIIIth five-year plan document, which was implemented in the wake of the economic reforms. By this act the Govt of India closed its strategies for the development of the agriculture sector vis-a-vis co-operative sector and left them to their fate. Due to this act;

1. Investment in Agriculture, which was 2.2% of the total GDP in 1990-91 has been reduced to 1.5% of the total GDP in 1999-2000.
2. The Rural Infrastructure Development Fund (RIDF) of NABAD, assisted by the Central budget became a subject for propaganda. All RIDF I to V schemes totally allotted-Rs. 13, 500 crores in which only Rs.4,834.74 crores (up to 31-12-1999), i.e, 30% of the total amount available has been utilised. And even in 2001-2002 budgeted 50% of the RIDF allotment to that of 2000-2001 budgeted has been reduced. 2000-2001 budgeted allotment for RIDF-VI was increased by Rs.1,000 crores, but it is only Rs.500 crores increased for RIDF-VII in 2001-02.
3. 1992 onwards Govt. of India became industrialists and Traders friendly Govts.
  - a) Economic reforms has been implemented on the recommendations of Narasimham committee. One of the Committee recommendations is to constitute a '**Asset Reconstruction Fund**' to recover the mounted bad debts of Rs.40, 000 Crores then now it is raised to Rs.53,600 from the Industrialists to the Commercial Banks. But the Govt of India rejected this recommendation, instead, to overcome from these bad debts effects, it assisted to recapitalisation to the Commercial Banks to the tune of Rs.25,000 crores from the public money. There is a criticism that if '**Asset Reconstruction Fund**' could be constituted, the mismanagements of the Commercial Banks and the links between the politicians and the bankers could have come to light.

The Co-operative Banks also facing the Bad debts and imbalances crisis as the Commercial Banks, due to the implementation of the government's welfare schemes and natural calamities. But Govt of India did not cared to assist a single pie to the Co-operative Banks. Even the Task Force headed by Sri.Jagadish Capoor, Dy.Governor of RBI supported the view that these Co-operative Banks may be recapitalised to the tune of Rs.7,200 crores. Even this is not accepted and not allotted any amounts in this 2001-2002 budget.

- b) The Govt of India is trying to dilute the co-operative concept of 'user member driven institution' to a 'investor driven institution (company)' by bringing amendments in companies Act, which will give scope for formation and conversion of co-operatives into companies.
- c) Indirectly owned by the agriculturists "the Co-operative Bank of India" is not permitted to function since 1995, but 'The Dick and Dim' of private sector are permitted to flout a Non-Banking finance companies and collect deposits from the public.

- d) Co-operative movement demanding a comprehensive Multi State Co-operative Bill on lines with Brahma Prakash report, is pending since a long period. But industrialist friendly relaxations in a number of Acts have been passed.

#### Grand Strategy Of The Market Economy Lobby:

The market economy lobby had a grand strategy of bringing the Indian Agriculturist to the threshold of Multinationals and Big finance institutions. It is being implemented in the following stages.

Stage I: Removing the co-operative chapter from the five-year plan documents.

Stage II: Weakening the co-operative federations mainly in Banking and Marketing. Due to partial attitudes of Government of India, already 151 dist. co-operative central banks out of 367 may not be comply with the Banking Regulation Act, hence they may not advance to the Agriculturist. In other 2 to 3 years most of the DCCBs. May follow the same.

Stage III: At this stage wherein Dist co-operative central Banks forced to closed down, the multinationals and big financial institutions enter the field of credit and marketing in rural Indian economy through the so-called 'producers companies' of diluted co-operative concepts and their non-banking finance institutions.

#### The Issues for immediate consideration of the Parliament

Sahakara Samrakshana Samithi places the following issues for your consideration and necessary actions at the larger interests of the Indian economy in general, and agricultural sector vis-à-vis co-operative sector in particular.

1. Co-operative economic system must be recognised as an economic system and be incorporated in the five year plan document, which is in accordance with the enshrined ideals of Directive Principles 39 ( C ) and 43 of our Holy Constitution.
2. Withdraw the proposal for formation and conversion of co-operative business into companies and its drafted 'companies (Amendment) bill-2000'. The representations by our selves and the National co-operative union of India, the Govt of India have referred the bill to a four member Group of Ministers for review. Private sector is opposite to co-operative sector .If the bill is passed it means allowing private sector to swallow the co-operative sector (Memorandum has already submitted to the four group of ministers on 27-01-2001).
3. Introduce the Multi states co-operative bill on line with Brahma Prakash committee report, which is long pending with Govt of India.

4. As one time assistance to all co-operative central Banks and State co-operative Banks Rs.7,200 crores as recapitalisation for implementing Prudential Norms, be given, as was done to the commercial Banks, irrespective of State Governments participations in the 2001-2002 Budget.
5. Agriculture producers marketing structures has to be strengthened. Rs.1,000 crores has to be provided to to Co-operative Marketing societies.
6. Reduce the increased refinance interest rate of the NABARD to the original rates or 5% to be refinanced to the co-operative Banks .
7. Direct the NABARD to refinance the Dist. co-operative central Banks for issuing the crop loans to all the small and marginal farmers. Relax the minimum involvements norms for availing the crop loans in DCCBs.
8. Infrastructure facilities for the promotion & development of co-operative Joint Farming societies for product wise, be provided. These societies will functions on large scale productions and marketing.
9. Increase the assistance to the National and State co-operative unions and NGO's in propogation, education and training of the co-operative philosophy.
10. Impose the Tariffs to 300% on the Agriculture imports in the light of the removal of Quantitative restrictions.
11. Increase the subsidies to fertilisers, pesticides and electricity to the threefold from the present quantum.
12. Increase the infrastructure investment in Agriculture sector vis-à-vis co-operaive sector.
13. Rural Infrastructure development fund (RIDF) of the NABARD may be routed through the co-operative marketing and banking federations for the best utilisation and accordingly necessary amendments may be taken up.

We hope your goodselves will impress upon the parliament and the government of India to consider the above issues.

Thanking you,

14. Ben the purchase of lands by  
~~Co-operative~~ of small, marginal  
 farmers. by the Companies.

In the services of the  
 Co-operative movement

S. Bhoomiah

(SAMBARAPU BHOOMIAH)

Convenor

A.P. State Convening Committee  
 Sahakara Samrakshana Samithi