



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

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Sambarapu Bhoomaiah
Convener

Date: 4-08-2016

To,
SHRINARENDRA MODIJEE
Hon'ble Prime Minister
Govt. of India, New Delhi.

Respected Sir,

Subject: Infuse of Rs. 50,000 crores Capital to the Co.op. Banks to weed out the NPA's and Accumulated losses - on par with Commercial Banks - to avert the WALMART styled incident in Indian Economy - request - Regarding.

Co-operative Movement's Greetings Sir.

The Sahakara Samrakshana Samithi (Co-operative Movement Protection Council) is a Forum for the Co-operatives and the Co-operators, is striving for the protection of the Co-operative Movement, the Co-operative Concept and it's Identity.

Modijee is from Amul's DNA: Hence Co-operatives are assured.

Sir, your goodselves is from AMUL's state, where the weakest citizen (the downtrodden) is made to live with pride and social respect, because of the AMUL's concept, vis-a-vis the Co-operative concept.

Sir, you are aware that the Co-operative Economic system is not an internal part of the Market Economy (investor's economy). It is the protective economic measure from the exploitive nature of the market economy. It makes all the members (user's) economically self-relient but where as in Market Economy the fittest only survives.

Here, we remind you Sir, you have witnessed how the Amul's Milk Co-operative had nurished and protected the small Hut dweller from social and economic exploitation and made them to rise with pride and social respect to the present International status. It is the live example of the Co-operative concept.

We the Co-operatives are fully confidence and assured that we are equally respected along with Commercial Banks and economically assisted to cope up with them.

Governments obligations:

The Ideals and the Aims & objectives in our Pre-amble of our Indian Constitution are forwarding in good manner is because of Co-operatives (user's) large network from Village to Nation, i.e. Co-operatives are playing a major role in uplifting the people economically and socially, mainly in the rural economy.

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Co-operative system in India, is the embodiment of the Directive Principles, article 39(c) and 43 of our Indian Constitution. The Pre-amble and these two articles make the Governments to pro-active to protect, assist and develop the Co-operative sector in the larger interest of the people. Assisting the Co-operatives is the constitutional obligator duty of the Governments. Co-operatives have the statutory right to demand and to get the economical assistance.

Co-operatives envisages:

Co-operation means "the system of people voluntarily associated, working together on terms of equality to eliminate their economic exploitation by middlemen in respect of any economic need common to them, simultaneously themselves, eschewing the economic exploitation of others".

International Co-operative Alliance (I.C.A.) stated that Co-operative system is "organized in the interest of the whole community and is based upon mutual self-help" and the Co-operative Movement seeks to substitute this system for the profit making regime.

Differences between Private Sector and Co-operative Sector

Private Sector	Co-operative Sector
1. Capitalistic Economy - It's too is Joint Stock Company form, Market Economy is the highest form of Capitalistic Economy.	Co-operatives are the economic centres of the people. Co-operative movement is called people's movement. Primary Co-operative societies of members (users) federates at District, State and National level. These federations are the answer to the Joint Stock Company form.
2. Investor's Economy	User's Economy
3. Share Capital is an investment from the income of an individual	Share capital is a portion set aside from his necessities, not an investment from the income of the member.
4. Association of Capital	Association of Users
5. Works in accordance with the Companies Act and Partnership Act.	Works in accordance with the Co-operative Acts and Rules.
6. Profit distribution according to their Share capital ratio.	Profit distribution : it is a patronage dividend, irrespective of Share holding.
7. Control vests in accordance with the size of share holding.	Control vests in the members equally and democratically controlled.
8. Centralizes the Production, Marketing and Wealth.	Decentralizes the Production, Marketing and the Wealth.
9. Exploitation is it's nature.	Principle action is to eliminate the exploitation.
10. Economic rights of the People are suppressed.	Promotes the economic rights of the People.
11. Curtails people's economic democracy.	Seeks to establish economic democracy.
12. The fittest only survives.	Makes all the members economically self-reliant.

New Economic Policy: Prudential Norms and the Co-operative Banks:

Since 1990 intentionally the Govt. of India is treating step mother attitude towards Co-operative Sector. Co-operative sector had been removed from the FIVE year plan document. Planned finance assistance had been stopped.

After signing the GATT Treaty, Govt. of India launched liberalisation in economic policies. As part of these Policies, Prudential Norms have been introduced in Banking Sector. The main objective of these prudential norms accounting system is to make merger or takeover the banks to the stage, where two or three banks only to function in India, i.e. to monopolise the Banking Sector.

This Forum **Sahakara Samrakshana Samithi** opposed the system where in prudential norms are introduced in Co-operative Banks in 1996, on two grounds. First, Co-operative Banks are users institutions, Users are only members. Second, the loans in Co-operative banks are mortgaged and guaranteed ones.

Due to these NPA norms, Commercial banks had cropped upto nearly 2 lakhs crores of NPAs in their Balance Sheets. Against this Govt. of India had infused capital above 1 lakh crores rupees to the Commercial Banks since 1993 - 94.

On the other hand, Govt. of India took every step to weaken the Co-operative banks and the Co-operative sector. Earlier the share of Co-operative sector in Agricultural credit in India was 62% in 1992-93. But due to the step mother treatment of the Govts., now it has been reduced to 21.46% in 2012-13.

In the name of Vidyanathan Committee recommendations, NABARD assistance to Co-operative banks Govt. of India exhibited "Master-Slave" concept, by this concept, if Co-operative banks needs assistance they have to suicide themselves, by amending Co-operative Acts and by-laws, to facilitate the Private Sector to capture the service area of Co-operative banks. Already they have been made to exhibit NPA and losses heavily, were bound to accept the "Master-slave" concept of the Govt., by amending the Co-operative Acts and by-laws. By this "Master-slave" concept of the Govt. put the "Co-operative Identity" in a dangerous position.

Infusion of Capital in Co-operative Banks - a must:

Since Independence Govt. of India, treated the Indian economy in 3 sectors. i.e. Public Sector, Private Sector and the Co-operative sector and accordingly sector wise assistance was provided in FIVE year plan documents upto 8th FIVE year plan. When GATT treaty, WTO were came up into picture, first attack was done on Co-operative sector.

Since 1990 the policy of the Govts. step mother attitude towards the Co-operative sector brought the situation to this grim position of Co-operative credit in Agriculture. Hence Govts. has to rectify itself and assist the Co-operative banks.

WHY?

- Co-operative banks are a major level player in the development of rural economy along the with the Govts.
- Apart from Govt. statutory obligations the aims and objectives of Govts. and the Co-operatives are identical, hence Co-operatives are a natural ally of the Govt.

- Since Co-operative banks are natural ally of the Govts., the same grounds for giving capital infusion to commercial banks, will apply Co-operative banks also.
- There are 1275 lakhs members are on roll in Agricultural Co-operative societies. Only 495 lakhs members are advanced, i.e. 38.82% members are served, remaining 61.18% are forced to get finance from the money lenders. Hence this wide gap could be filled by the Co-operative banks.
- There is a need of total Rs.50,000 crores for capital infusion is required for weed out the NPA and Accumulated losses of St. Co-operative Banks, SCARDBs, DCCBs, PACRDBs in India.

WALMART Lessons:

The more the Govt. succeeds in monopolizing the Banking Sector, the more is the danger of WALMART styled incident to occur in Indian Economy. This leads to chaos in political arena, nobody knows where it leads. The Co-operative Protection Council, humbly warns the Govt. in this regard. Take the lessons from WALMART incident.

Sir, Since your goodselves are from Amul's DNA, understood the concept of Co-operatives, the Co-operative movement is fully assured that the Co-operative banks will be assisted. And also hopes that the earlier "Master-slave" concept will not be taken up again. Outright sanction of the Capital infusion to Co-operative banks is done on par with the commercial banks.

Thanking you Sir,

In the service of the
Co-operative Movement

S. Bhoomiah

(SAMBARAPU BHOOMIAH)

CONVENER

CO-OPERATIVE MOVEMENT PROTECTION COUNCIL
HYDERABAD, TELANGANA STATE

Copy to:

1. Union Finance Minister
2. Union Agricultural Minister
3. Opposition Leader in Parliament
4. All the Floor Leaders of Political Parties in Parliament
5. All the Chief Ministers in India
6. All the Co-operatives Ministers in India
7. President and the Chief Executive of NCUI, New Delhi
8. All the Presidents of APEX National Federations of Co-operatives
9. All the Presidents / Chairman State Co-operative Unions in India
10. All Presidents of State Co-operative Banks
11. All Presidents of SCADBs