

Om Sri mathrenamah!



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SAHAKARA DHARMA PEETAM

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To

Date: 22-03-2023

Shri Om Birla Ji

Hon'ble Speaker
17th Loksabha/Parliament
New Delhi.

Respected Sir,

Subject: Report of JPC on Multi State Cooperative Societies (Amendment) Bill-2022 – The Sections 26 and 63 in the MSCS(Amnd) Bill-2022, which are against the Constitution and the Cooperative system are needed to be rejected – Save the Dharma vis-à-vis the Indian Cooperative movement – Request – Reg.

Reference: 1. Report of JPC on Multi State Cooperative Societies (Amendment) Bill-2022.

2. Sahakara Dharma Peetam Appeal on MSCS(Amnd.) Bill-2022, dated 12-2-2023 Sent through email on 13-2-2023 to Shri Chandra Prakash Joshi, Chairman and All the Members of the Parliament Standing Committee JPC.

COOPERATIVE GREETINGS SIR!

Sahakara Dharma Peetam is a Dharmik samstha, propagating the Sahakara dharma among the public and striving to protect the Cooperative movement of India, which is the aspiration of the Constitution and the People of India. Here it is to be mention that without implementing the Cooperative system, the Dharma will not be prevailed in the Society. The Cooperative system is emerged to protect the user member from the exploitation of the Private system and it wouldn't exploit others. The system itself is imbued with the ethics and the values. And makes the man, a human being and establishes the harmony in the Society.

Sahakara Dharma Peetam had submitted its' Appeal dated 12-2-2023 to Shri Chandra Prakash Joshi ji, the Hon'ble Chairman of the Parliament Standing Committee on the Multi State Cooperative Societies (Amendment)

Bill-2022 and the Committee Members through the e-mail available in Loksabha web on 13-2-2023. But by going through the Report of the JPC, the content of our Appeal is not exhibited in the Report. Our submission might be delayed. For your kind reference again we are attaching the same and a copy of the same is sending through the Postal services.

The Joint Parliamentary Standing Committee(JPC) headed by Shri Chandra Prakash Joshi, M.P. on the Multi State Cooperative Societies(Amendment) Bill-2022 had submitted its' report to the Hon'ble Parliament on 16, March 2023. The controversial Sections 26 and 63 of the proposed Bill, which were the main issues made to constitute the JPC, but the JPC had been agreed to continue them in the Bill without consulting with the Economists and the legal experts of the Constitution. Which enables to snatch the joint properties of Farmers in Cooperatives by the Private investors and violates the Constitutional provisions & the Supreme Courte Orders and the Cooperative Principles. And would change the basic nature of the Constitution.

Sahakara Dharma Peetam Humble presentation

- Cow is Cow, Buffalo is Buffalo. It is a nature.
- Cooperative system is Cooperative system. Private system is Private system. They are working as per their economic principles.
- The two Sections 26 & 63 tries to make the Cow into a Buffalo. But in the process the Cow will be killed and the Buffalo would remain.
- In the same way the Cooperative system would be dismantled and they were captured by the Private system.
- Since 75 years we had been building up the Cooperative economy to this stage, it would be collapsed. To rebuilt the Cooperative economy again, it will take at least two to three generations time.
- In the name of Cooperative Emblem, the Modern Money lender raj will rule the rural India.
- Let the Wisdom prevail on us.

The issue could be solved in the following Cooperative way without dismantling the whole Cooperative system.

The Following are the Paras from the Sahakara Dharma Peetam's Appeal submitted to JPC;

“URBAN COOP. BANKS; Govt. concern to raise the funds could be achieved by sticking to the Core Cooperative Principle of collecting 10% of credit as Share Capital from the Members;

To impress once again, Cooperative is a Users' Association, not a Non-Banking Company or a Partnership organization. Core principle of the Cooperative system is; the User member only could contribute the Share

Capital from his necessities. It is being in practice in the Rural Cooperative Credit Structure, that the User members like the Small & Marginal farmers, rural artisans and landless Labourers and the weaker sections of the Society, even then they are contributing 10% of their credit towards Share Capital. Why can't be the middle class people of Urban Cooperatives?

Here, most of the Urban Cooperative Banks (UCBs) are paying the Dividend ranging from 10-15% or minimum bank interest on the Share amount of the Members. But some of the UCBs are collecting the Share Capital ranging from 2 to 5% only on their credit from the User member, it is very nominal. The UCBs need to convince the User Members to contribute 10% of their credit, explaining the % of Dividend or Minimum Bank interest they are paying. it is expected that there will be no hurdle in collecting 10% Share Capital in UCBs.

Taking into consideration the features of the Cooperative system, the RBI needs to evolve the regulatory norms taking in to account; the total Members, the advances and Share Capital. The Urban Cooperative Bank should maintain 10% Share Capital of their total advances all the time. There is no option, the UCBs needs to raise their Share Capital by adopting this Cooperative Principle but not suiciding our-self."

The issue of raising funds and Capital base could be solved if the RBI stresses as a regulatory norm for the Cooperative Banks to maintain the 10% Share Capital of each loanee Members. It is already in practice in the Rural Cooperative Credit Structure. The farmers, rural artisans and landless labourers are contributing 10% on their loans as Share Capital in their Primary Cooperatives. This amount is becoming the Share Capital of the DCCBs/SCBs. The Urban Cooperative Banks could easily convince their Members to contribute 10% on their Loan as Shares, since they the UCBs are giving good dividend on Shares.

The issue could be solved as mentioned above in the Cooperative way. Hence the insertion of 26 in the MSCS(Amnd,) Bill-2022 is not at all necessary. Then the existence of the Cooperative movement of India is assured. And the rural Indian Society and the rural economy would be in peace & harmony

Hoped the Hon'ble Parliament will protect the Cooperative movement.

The issue of raising of Capital in Cooperatives, could be solved in the Cooperative way. This is the issue of User members, who are the owners, they have to solve it. Against this, if the Government want to solve it by inserting a Section 26 in the MSCS(Amnd) Bill-2022; it amounts to dismantle of the Cooperative system because the user members' and the Investors' aspirations are different and gradually the Investor takes over the institution, it can not be called a Cooperative.

For example; A Private Company Share Value was Rs.10/- in 1956, now its' Share Value is Rs.1000/-. The Cooperative Organization Share value was Rs.10/- in 1956, now is the same value Rs.10/-.

As per this proposed amendment Section 26; the Cooperative Organization Share could be allotted to non-member at the value of Rs.10/-. And he will be treated as Preference Share holder. Is it not un justifiable? At least if the lossed organization is sold, the market price is received. But here, non-member is snatching the Asset worth Rs.1000/- for Rs.10/- only.

The Private Company Share Value was Rs.10/- in 1956, could it sell the Share for Rs. 10/- today? No.

Hence the concept of issuing of non-voting Share to non-member is a farce and a conspiracy to grab the business of the Cooperatives by the Investors. Even the dictatorial governments did not dare to bring this type of Acts. But the People of India hope that the Hon'ble Parliament would not allow the conspiracy to take place by rejecting the Sections 26 and 63 from the Multi State Cooperative Society(Amendment) Bill-2022.

We have to consider the following points;

1. Existence of the Cooperative Sector is the basic nature of our Constitution;

To achieve the ideals enshrined in the Preamble of the Constitution, the Article 43 directs the governments to implement the Cooperative policy in rural India. The Cooperative policy is the embodiment and in tune with the Article 39(c). Accordingly, the Cooperative sector took place in the Five Year Plan Program along with the Public sector and the Private sector. Hence it became the basic nature of the Constitution to have mixed economy in India. After the 75 years of independence the Cooperative economy had become a major stake holder in the Indian economy.

2. Cooperatives are autonomous and a unique economic Sector;

Cooperatives are the association of the needy human beings to achieve the needs by democratically controlling by themselves. Hon'ble Supreme Courte held in a case no. (SC) 849/SLP(Civil) No. 506 Of 2020/13 that the basic principle of Cooperation is that the member joins as human being and not as Capitalist(Investor). The Cooperatives are unique business organizations to address the micro and the macro economic issues of its members. Article 43B defines that the Cooperatives are autonomous organizations.

3. Multi State Cooperative Society Act-2002;

The Multi State Cooperative Society Act-2002 had put a bar on issuing of Shares to Nominal or Associate Members. It is in tune with the Cooperative Philosophy and the Cooperative Principles. Because India is being abide by the Cooperative Principles enunciated by the International Cooperative Alliance-ICA.

4. Civilized modus operandi; “Non issuing of Shares to Non-Members”.

The Companies of Private sector issues shares to Public. If a Fertilizer Private Company established in 1956, the Share value was Rs. 10/- and its shares were traded in the “Share Market”. As on today the Fertilizer Private Company Share value is Rs. 1000/-. In the Private sector the Owner and the User are different. Hence exploitation took place.

The Cooperative Fertilizer Organization established in 1956 with a Share Value of Rs. 10/-. As per the Cooperative principles its Share are not traded. The Cooperative Fertilizer Organization's today share value remained the same as Rs.10/- only. In this Cooperative organization the Owner and the User are the same, not different. Hence the exploitation is not taken place.

It is the modus operandi of the Cooperative system not to sell the Shares to non-members to develop the Civilized Society. It is a Cooperative Philosophy.

If go by against the Cooperative Principles in this case;

If non-voting Share is issued to non-member(Investor) means; allowing to snatching the property worth of Rs.1000/- by paying Rs. 10/- as the Share Value, by the non-member(Investor) of the Farmers owned Cooperative Fertilizer Organization.

Sections 26 and 63 of the Multi State Cooperative Society(Amendment) Bill-2022 envisages to sell the Share to Nominal or Associate member and the Education Fund to be credited to Central Government instead of National Cooperative Union of India-NCUI (An Apex National Institution & the Leader of the Cooperative movement of India.); The JPC accepted the proposals.

It means:

- The JPC did not recognized the Cooperative is a unique business organization and is an autonomous institution.
- The JPC did not consider how would it affects the basic nature of the Constitution
- The JPC did not consider the basic features of the Cooperative system

The JPC did not considered the following;

1. The JPC did not interacted with the Economists. But it is an economic issue. Hence the JPC must ought to be interacted with the economists.
2. The JPC did not consulted with the legal experts of the Constitution. But it is affecting the basic nature of the Constitution. Hence the JPC must ought to be consulted with the legal experts of the Constitution.
3. The JPC did not consulted with the Cooperative Academicians country wide. But they are the right persons to explain the features of the Cooperative system.

But;

The Cooperatives have the different basic features, an autonomous and unique business organization compared to that of Private sector;

Hence, it is accepted by the Constitution and our Cooperative Acts as follows;

- ❖ Articles 43, 43B were incorporated in the Constitution.
- ❖ “In the existing MSCS Act, 2002 under Section 26 there is a bar on issuing shares to the Nominal or Associate members. ... ” Quoted from the JPC Repot as reported by the Ministry of Cooperation.

- ❖ Cooperatives have Cooperative Acts and Private organizations have Company Act and Partnership Act.
- ❖ India is the signatory to the International Agreement for the establishment of “International Cooperative Alliance-ICA”. Where in India agreed to follow the Cooperative system in its original spirit and accordingly incorporated the same Cooperative Principles in its State Cooperative Acts & Multi State Cooperative Act.
- ❖ UNO is advised all the Countries to reach the Sustainable Development, the Cooperative policy is to be implemented. UNO adopted the 2nd, July of every year as the International Cooperative Day.
- ❖ Cooperative Sector is denoted as “Inclusive Growth strategy” and the Private sector is denoted as “Exclusive Growth Strategy” in the economic terminology.
- ❖ Article 43B of our Constitution and the Cooperative Principles enunciated by the ICA; the Cooperatives are autonomous organizations. The International Labour Organization–ILO through its resolution No. 119 urged the Countries to liberate the Cooperatives from the governments administration, since they are the autonomous organizations as per Cooperative Principles(ICA).
- ❖ NCUI is like a Chamber of Commerce of the Private Sector. Govt. is not interfering in running the Chamber of Commerce, then how could it interfere in NCUI activities. Promoting and supporting the cooperatives is the Constitutional obligation of the governments. Hence the Section 63 is against the Article 43B.

The grounds narrated in the above pages that the acceptance of the sections 26 and 63 by the JPC are not in tune with Constitution & the Supreme Courte Orders and the Cooperative Principles. These Sections are violating the provisions of the Constitution and the Cooperative Principles. Hence the Hon’ble Parliament may kindly reject the Section 26 and 63 in the proposed Multi State Cooperative Society(Amendment) Bill-2022 in the larger interests of rural economy and the Cooperative movement of India.

Your’s faithfully



(Sambharapu Bhoomaiah)

Dharmakartha;

Sahakara Dharma Peetam.

Copy submitted to:

All the Members of the Parliament

Requested to take necessary action to delete the Sections.