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To,

Date: 13-09-2020

Shri Narendra Modi jee

Hon'ble Prime Minister, Govt. of India.

And

ALL MEMBERS OF PARLIAMENT

Dear, Visionary of Strong India!

Subhassisulu and the Blessed Greetings!

PROTECT THE PRIDE OF 17th PARLIAMENT IN PARLIAMENT HISTORY

Under your dynamic Leadership the Indian economy would lead the World economy, through its sustainable development. It is possible in proper application of the "Inclusive Growth strategy" and the "Exclusive Growth strategy" for the Indian economy. The present Exclusive Growth strategy is giving good results in the Industry and Trade, because the producer and the user are different. But the same strategy for the rural economy will not work out, because here the producer and the user are the same.

The proposed amendments to Banking Regulation Act, is an attempt to apply the Exclusive Growth strategy in rural economy. Here we have to consider the social components and the economic disparities in rural communities. To cope of these issues and to pacify them, the Inclusive Growth strategy will give good results. Further these amendments amounts to unconstitutional bill. Hence it needed to be withdrawn.

Here attached the detailed Report.

With the best regards.

Sambharapu Bhoomaiah

SERVANT



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REPORT

"Cooperative Movement is an alternative to Capitalism, Socialism".- Shri Narendra Modi, Prime Minister

"I know of no other instrument so potentially powerful and full of social purpose as the cooperative movement. " - Smt. Indira Gandhi

"My outlook is to convulse India with the Cooperative Movement, or rather with cooperation ; to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere ; and finally, indeed, to make the cooperative approach the common thinking of India." - Pt. Jawaharlal Nehru

"One of the biggest challenges to Cooperatives is lack of awareness of their business potential among governments and the general Public. It also often leads to mischaracterization of their interests." - UNO

"The core Cooperative Principles enunciated in the 1987 report (user-ownership, user-control and user-benefit) are still valid and are likely to remain so in the 21st century. This makes the Cooperative a unique form of organization with distinct characteristics, strengths and difficulties" – USA

Let the Wisdom Prevail

Cooperation is the Hope of the Farmer – Not a political issue

The Small & Marginal Farmers, Rural Artisans, Agriculture Laborers and the Middle Class User members in Urban Area

Should not have their own Protective Measure System (Coop. Bank) in getting their common needs?!

This is what the essence of the amendments to Banking Regulation Act-1949(Ordinance 12 of 2020)

Bureaucracy is misleading the Parliament by taking the advantage of ignorance of Cooperative concept among the People, but by the Grace of God, every Parliament Member had knowledge of Cooperation i.e. Cooperative is different from Private and the Cooperative Shares are not sold in Market. - We pray let the Wisdom prevail and hope the Ordinance is withdrawn.

By the above statement of our Hon'ble Prime Minister; the Cooperative system is an independent economic system, no other instrument so potentially powerful and full of social purpose by Smt Indira Gandhi and to make the cooperative approach the common thinking of India by Pt. Jawaharlal Nehru. These words are from their hearts wishing to implement the cooperative system in India. Further Shri Narendra Modi jee had Cooperative DNA, who hails from Gujrat and experienced how the down trodden people are living proudly in the Cooperatives ; the Amul Dairy. World leader, the USA had reaffirmed on the Cooperative principles and to remain in the 21 st. Century.

But ignoring the Prime Minister's vision, and making true by amending the BR Act; of the **UNO apprehensions** that lack of awareness of Cooperatives business potential among Government and leads to mischaracterization.

Regulatory Authority bill may be for stringent regulations in protecting the Depositor's interests, but how could it attempt to change the established economic system? Is it not misleading the Honorable Parliament? How the Cooperative Bank (**Cow**) convert in to Private Bank (**Buffalo**)? Is not against the nature law?

The Government of India is amended the Banking Regulation Act, 1949, through an Ordinance 12 of 2020. The main essence of this ordinance; Shares / debentures of the Co-operative Banks can be sold. The Non-members residing within the bank area of operation can also buy. The Reserve Bank could restructure the Co-operative Banks or merge them with other Banks.

Why the Amendments needed?

It is stated that to protect the interest of the Depositors, to reconstruct or amalgamate the cooperative bank in other Bank and strengthening the Banking Company.

Main Motto of the Cooperative Banking system.

The Cooperative system is a protective measure of the Small & Marginal farmers, the rural artisans and the agriculture laborers from the exploitation of the Private Sector, it's main motto is to make the User member a self-reliant. Accordingly the working system of the Cooperative organization is framed. i. e . **(a)** the User member has to set aside a portion of his necessities, it is called Share Capital and **(b)** a least percentage of 1 or 2 of his services gets from the Society, be kept as the Thrift Deposit, these, the Share Capital and Thrift Deposit can't be withdrawn any time, they could be kept until he/she retires from Society. Minimum interest of 6% on these has to be paid to Member, irrespective of Profit or loss.

R.B.I. in attention;

As the regulatory authority the Reserve Bank of India (RBI) could have stressed Cooperative Banks for maintaining the stipulated amount of Share Capital and the Thrift Deposits of user Members. If it was ensured to fallow perfectly by this time the Cooperative Banking Sector would have been far ahead of the Commercial Banks.

In Cooperative Banks User Member and the Owner is same. In Private/Commercial Banks the Customer and the Owner is different.

How to overcome the situation;

Cooperative system follows the values and the ethics. The Cooperative Banks need to fallow the economic ethics by maintaining the stipulated Share Capital and Thrift deposit of each Member. A minimum 6% interest on these accounts be paid to member. By adopting these two ethics, the control of the Bank is perfectly maintained, because of, it is ensuring the members active participation and the awareness.

An attempt to change the basic structure and the Preamble concept of our Constitution

It is common to bring amendments to the Banking Act. But this is not it. An attempt is being made to change the basic structure, concept, and principles of the Constitution of India.

The whole thing can be understood by examining the following points.

1. Our Constitution is allowing mixed economic system in India. Accordingly the Five Year Plans incorporated the 1. Private Sector, 2. Public sector and 3. Cooperative Sector in its Plan documents and allotted budgets.
2. The Constitution of India; Preamble; WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a Sovereign Socialist Secular Democratic Republic and to secure to all its citizens : JUSTICE, social, economic...
- 3 Fundamental Right to practice profession..
- 4 The Legal Right to Property.
- 5 Article 39(c): The state shall, in particular, direct its policy towards securing that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.
- 6 Article 43: Directs the Governments to follow the Cooperative policy in the Indian rural economy.
- 7 Cooperation is a State Subject; Article 246(3), Schedule VII, List-2, Sl. No.32
- 8 Private Sector is regulated by the Companies Act of 1956 and the Partner Ship Act. Mode of raising the Share Capital is dealt in these Acts.
- 9 Cooperative Sector is regulated by the Multi State Cooperatives Act-2002 and the every State had its State Cooperative Act. Mode of raising the Share Capital is dealt in these Acts.
- 10 Banking Regulation Act-1949 deals with the Reserve Bank of India's regulating the Banks in India.

11. 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.
4. Joint Stock Company form of business is its main tool.	4. Federation of Primary Cooperatives is the main tool and it is a backbone.

5. Regulated by Company Act and Partnership Act.	5. Regulated by the Cooperatives Acts.
6. Profit distribution is in the ratio of their share capital	6. Surplus distribution; it is patronage dividend.
7. Control vests in accordance with the size of the share holding.	7. Control vests in the members equally and democratically controlled.
8. Centralizes the 'Production', 'Marketing' and the 'Wealth'.	8. Decentralizes the 'Production', 'Marketing' and the 'Wealth'.
9. Exploitation is in its nature.	9. Principle action is to eliminate the exploitation.
10. Economic rights of the people are suppressed.	10. Promotes the economic rights of the people.
11. Curtails the people's economic democracy.	11. Seeks to establish the economic democracy.
11. The fittest only survives	12. Makes all user members economically self-reliant

Cooperatives Concept and its Noble ideals and its Status;

- ❖ **Sheri Narendra Modi**, Prime Minister ; - "Cooperative Movement is an alternative to Capitalism, Socialism."
- ❖ **Smt. Indira Gandhi** ; "I know of no other instrument so potentially powerful and full of social purpose as the cooperative movement. ..."
- ❖ **Pt. Jawaharlal Nehru**; "My outlook is to convulse India with the Cooperative Movement, or rather with cooperation ; to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere ; and finally, indeed, to make the cooperative approach the common thinking of India."

❖ **United Nations Organization UNO;**

"The United Nations support Cooperatives. There is a growing consensus among international agencies about their importance. The World Bank recognizes the role of Cooperatives in revitalizing the agriculture sector and the rural economy. In addition, an IMF survey in 2007 showed that "Cooperative Banks have become important part of many financial systems, with attendant potential financial stability"

"Cooperatives, as economic enterprises and as self-help organization, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities... With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. .. it is increasingly compelling to consider the model of economic enterprise that Cooperatives offer."

Threats and challenges faced by Cooperatives in developed Countries

"One of the biggest challenges to Cooperatives is lack of awareness of their business potential among governments and the general Public. It also often leads to mischaracterization of their interests."

Cooperatives in transitional and developing Countries

“In the developing Countries, the international efforts by ICA, ILO and the UN, have been instrumental in the formation of new cooperatives that are independent of their Governments. The ICA Identity Statement and Cooperative Principles, the United Nations Guidelines of 2001 and the ILO Recommendation No. 193 on the promotion of Cooperatives have served to guide Cooperative formation, as well as limit the role of Governments to one of providing an enabling environment and level-playing field so Cooperatives can operate on a sustainable basis alongside other types of business. These mechanisms recommend that there should be an ‘early and complete disengagement of Governments from the internal affairs of Cooperatives.’”

- ❖ **USA Govt. constituted a Panel Group of six panels, each having prominent members of the Cooperative community across the Country. The Panel Group recommended as;**
- 1. **‘Cooperatives have also played an important role in rural communities, where they are an integral part of the social fabric. They encourage democratic decision making processes, leadership development and education...’**
- 2. **The core Cooperative Principles enunciated in the 1987 report (user-ownership, user-control and user-benefit) are still valid and are likely to remain so in the 21st century. This makes the Cooperative a unique form of organization with distinct characteristics, strengths and difficulties.**

India has to take the experiences of other Countries since we are part of World economy;

Indian economy is liberalised. We are part of World economy. India lives in villages, predominately 2/3 of population and 70% of work force is residing in rural India, which is the strength of our economy. This strength only makes the Indian economy to lead the world economy. The success of the economy of any country depends how best it involved their Subjects (people) in their economic activity. Banking Sector is the base on which development prosperous. Cooperative sector represents the rural economy of India. The active participation of the people is made through the Cooperative Sector only. In the economic terms, the Cooperative sector stands for the “Inclusive growth strategy” and the Private Sector stands for the “Exclusive growth strategy”. Hence we had to take experiences of other Countries in adopting the Cooperative Sector in rural economy and in Cooperative Banking Sector.

How the amendments of the B.R. Act changes the basic structure of the Constitution....

India is following the mixed economic system, apart from the Public sector, the Private Sector and the Cooperative Sector and plying their role in strengthening the Indian economy.

1. **Cooperative system is an Economic system;**
 - Article 43 of our Constitution directs the Governments to follow the Cooperative policy in rural India.
 - Article 39(c) is the embodiment of the Cooperative system’s results.
 - Prime Minister Shri Narendra Modi jee statement “Cooperative Movement is an alternative to Capitalism, Socialism.”
 - “The United Nations support Cooperatives.”
 - The World Bank recognizes the role of Cooperatives in revitalizing the agriculture sector and the rural economy.

- IMF survey in 2007 showed that “Cooperative Banks have become important part of many financial systems, with attendant potential financial stability”
- USA Govt. Panel Group of six panels recommends; The core Cooperative Principles enunciated in the 1987 report (user-ownership, user-control and user-benefit) are still valid and are likely to remain so in the 21st century.

2. Cooperatives Banks are independent business organizations

- Constitution provided the Acts, on which the Private Sector and the Cooperative Sector had to ply. For the Private Sector, the Companies Act of 1956 and the Partnership Act. For the Cooperative Sector, the Multi State Cooperative Act and the concerned State Cooperative Act. So, it is clear that Cooperative Sector vis-à-vis the Cooperatives Banks are independent business organizations as like that of Private Banks(It is more clear in the above Table chart; Differences between the Cooperative Sector and the Private Sector).

3. Cooperatives Shares are not Sold and Transferable

- The Share of a Cooperative Society or Cooperative Bank can't be sold or transferred as per the Multi states cooperative Act and the State Cooperative Acts.

Ignoring the above three ground realities, the amendment to BR Act section 12 (1) provides for selling of Shares/debenture to non-members who resides in the area operation of the Bank.

By these amendments;

- **The Cooperative Banks in practical becomes Private Companies.**
The Amendment is un-Constitutional. The Cooperative Banks are not Public sector Banks to make them private. The owners are farmers, artisans, agriculture laborers and the Urban middle class user members. The Governments assisted share capital, if at all it does not want to follow the Constitutional obligations, it is a different issue. It can with draw the share capital but it can't make them private. Even the members had no power to make them private, they can dissolve it, it is a lengthy procedure, the common good fund and some reserve funds had to be transferred to concerned State Cooperative Unions or National Cooperative union of India.
- The Constitution of India; Preamble; to secure to all its citizens; JUSTICE, social, economic... is defeated.
- Since because, erstwhile the user member Farmer, rural artisan and the agriculture laborers used to get their common needs through Cooperative system had been lost, rather it is snatched away.
- His fundamental right to practice profession is foregone.
- Further his fundamental legal right to have asset or property in Cooperative Bank is lost.

You are public representative, you are aware of social complication in making the cooperatives in to private. We hope, your good office make the Ordinance/Bill amending the Banking Regulation Act-1949 is withdrawn.

With the best regards and the Blessings.

