



सहकार संरक्षण समिथि

సహకార సంరక్షణ సమితి

(A Co-operative Movement Protection Council)

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Dt.01-12-1998

To

Shri ATAL BIHARI VAJPAYEE jee,
Prime Minister,
Government of India,
Parliament House,
NEW DELHI.

Respected Sir,

Sub: Incorporate the Co-operative Sector in 9th Five Year Plan - Strengthen the Co-op. Sector which is supportive to the market economy - Reject the misleading concept of co-operatives - Co-operative Protection Council Appeals - Regarding.

"SAHAKARA SAMRAKSHANA SAMITHI" (Co-operative Movement Protection Council), an association of Co-operators, Co-operative Leaders and the Co-operative academicians formed in Andhra Pradesh for the protection of the interests of the Co-operative Movement and the Co-operative Institutions in 1994. A.P. convening Committee of the "Sahakara Samrakshana Samithi" submits the Memorandum for your wisdom and the authority to consider the issues and save the Indian Rural Economy through implementing the co-operative economic system.

India lives in countryside. 70% of the Indian population is depended on agriculture and its allied industry. Among them are the Small & Marginal farmers and Rural Artisans. They are the potential middle class families, who influence the development of Indian Industry and Trade.

Hence economic policy should be framed to increase the purchasing power of these vast middle class people, thereby "Demand" for the industry goods will be increased. That leads

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to industrial growth and overall development of the Indian economy.

The co-operative system is the best economic system for the self reliant of these Small and Marginal Farmers and the Rural artisans. In the present liberalised economic policies and on going market economic policies, we have to make balance between the Indian Rural Economy and the Industry, Commerce and Trade economy of India.

For Indian Rural economy, co-operative economic system has to be followed in credit, farming, marketing and Banking, which will give fair price for the agricultural produce and decentralise the economic formation among the farmers and the Rural artisans. As a result the Purchasing power of these middle class people will be increased.

If market economic policies are followed in Indian Rural economy, the existence of Small, Marginal Farmers and the Rural Artisans will become difficult, as the credit cost, input costs will be high and the exploitive nature of the market economy will not allow to get fair price for the agricultural produces. A centralised new economic authority will emerge in the Rural economy and contradictions in the Society will follow.

Considering the co-operative Sector as a protective measures to the Small, Marginal farmers and the Rural Artisans and a supportive to the market economy policies the following necessary steps should be taken.

1. Incorporate the co-operative Sector Chapter in 9th Five Year Plan.

In line with our enshrined constitution spirit and Directive Principle directions, the co-operative economic system has been recognised as an economic system, beside private and public. Hence from the 1st Five Year Plan to 7th Five Year Plans co-operative Sector chapter has been incorporated along with the private Sector and the Public Sector in the Plan documents. But the co-operative Sector chapter has been deleted in 8th Five Year Plan without giving any explanation to the Nation. Due to this no financial assistance has been provided to the co-operatives in 8th Five Plan Period period.

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You are well aware of the genesis of co-operatives. These are consists of Small, Marginal farmers, Rural Artisans and landless labourers, who are not individually self reliant. They have to be protected from adverse effects of the market economic policies.

Hence, the Co-operative Sector Chapter must be incorporated in the ensuing 9th Five Year Plan document and planned budgets has to be provided for strengthening the co-operative Sector.

2. Financial assistance to the District Co-operative Central Banks:

In the liberalised new economic policies, Prudential Norms are being implementing in the Commercial Banks and Co-operative Banks as per the Narasimham Committee Recommendations. Nearly Rs.20,000 crores has been assisted since 1991 to 1998 to the Commercial Banks for implementing the Norms. But even a single pai was not assisted to the District Co-operative Central Banks and State Co-operative Banks for implementing the same Norms. The farming and the Rural Artisan community is doubting the sincerity of Central Government in implementing the Liberalised Policies and seeing the grand design in Narasimham Committee Recommendations; aimed to destabilise the District Co-operative Central Banks and Regional Rural Banks and to establish the Private Local Area Banks.

The weakening of the District Co-operative Central Banks amounts to increasing the credit cost, input cost and dismantling the co-operative marketing system. It is not warranted.

In the larger interest of the Small and marginal farmers rural artisans and the landless labourers, the District Co-operative Central Banks must have to be financially assisted, as was done to the Commercial Banks.

3. Infrastructural facilities to the Co-operative Sector:

It is a fact that the Private Sector is developing ^{with} a good pace, because Government of India has provided all infrastructural facilities. In the same way co-operative Sector must also be provided with, in the field of voluntary joint farming, Marketing, Banking and Organising Labour Contract Societies.

CO-OPERATIVE CONCEPT:

Co-operatives are formed with the people, who individually cannot provide themselves, the credit, marketing, Banking and other facilities, in otherwords they are economically weak people. They may be producers or consumers. These co-operatives are democratic institutions. These are answerable to their members. The motto of the Co-operatives is to develop the socio-economic conditions of its members in particular and the public in general. The co-operative movement seeks to establish the economic democracy, without which political democracy will not be meaningful.

GOVERNMENTS AND THE CO-OPERATIVES:

The aims of the co-operatives is one of the objects of the popular and democratic Government. The members of the Co-operatives are the subjects of the Government. Hence the Government is selecting the co-operatives as the carriers of its welfare schemes in socio-economic development of the people. Co-operatives are democratic institutions, the democratic Governments has to honour these democratic principle of the Co-operatives by not interfering in their functioning. But at the same time it is the duty of the Governments to assist and protect the co-operatives in the developing countries particularly in India, where 37% people are below the poverty line and 70% of the people depending on agriculture, with a small holdings.

MIS-LEADING CO-OPERATIVE CONCEPT:

In the recent years, particularly after liberalisation, a mis-leading co-operative concept is being propogated in a big way. The mis-leading concept is advocating that, co-operatives are of the members, they are accountable to members, they are not carriers of Governments in implementing the Welfare Schemes. Government should with draw the share capital, if any, and free the co-operatives from the clutches of Government burocracy. And allow them to function as allowing the private business enterprises.

This is a misleading concept. Private business people are investing their surplus in the business without any social object. In the co-operatives, the members are economically weak and joined to get a common service , it may be credit,

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marketing, farming, consumer goods. In the process their common service is fulfilled and they may get profit.

The mis-leading concept is advocating for having more than one the similar society in the same area of operation and it is against for having federations at district, state and National level by mentioning the "monopoly" mis-deeds.

By this mis-leading concept, in practical it will split the co-operative movement which is now protecting its members from exploitation and trying to give fair price to the producer. By emerging more than one society in the same area of operation will weaken the bargaining power and they cannot with stand with the well established Private enterprise. As per this concept federations are not to be formed. Hence in due course of time, the Co-operatives will not compete with the big and monopolistic enterprises and the co-operative movement will have to be wind up. And the weak farmers, artisans and the Landless Labourers is dragged to the thresould of Money lenders (may be multinational) and the middle man.

Hence be aware of the misleading concept of co-operatives.

The Sahakara Samrakshana Samithi appeal your wisdom to act positively and adopt the co-operative economic system as a protective measure to the small and marginal farmers and the Rural Artisans and a supportive to the market economy. Further we earnestly urges; Any amendment to Co-operative Act and the Bills on the basis of the misleading Co-operative concept will harm the co-operative movement. Hence reject the mis-leading concept and strengthen the co-operative movement.

Thanking you,

In the Service of the
Co-operative Movement

S. Bharanidhar

(SAMBARAPU BHOOMIAH)
Convenor

A.P. State Convening Committee
Sahakara Samrakshana Samithi