



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

Cell : 9391176348

H.No. 1-10-134/11 (3), Mayur Marg, Begumpet, Hyderabad - 500 016, A.P., Ph. : 27768911,

Date : 21-01-2006

To

Smt. Sonia Gandhi jee  
Hon'ble President .  
All India Congress Committee

Respected Madam,

**Sub:** Uphold The legacy of the Congress Party – Reject the moves of the Govt. of India, to push the small & Marginal farmers and the rural artisans and landless labourers to the clutches of the Money Lender Raj – Cooperative Movement Protection Council – Urges – Reg.

Namaskars!

We heartily welcome you and the Delegates of AICC Plenary Session and wish the Plenary Session would be a land mark in evolving pro-people Policies for the restructuring the Indian economy for a sustainable development intune with the legacy of the Congress Party.

Sahakara Samrakshana Samithi [ Cooperative Movement Protection Council ] is a FORUM for the Cooperatives and Cooperators, having the objectives of Protecting the Cooperative Concept and lobbying for the development of Cooperatives and the Cooperative Movement in India.

#### Vision and the Legacy of the Congress Party

Cooperative Movement was the part of our Indian Independence Struggle Movement led by the Congress Party. Mahatma Gandhi, Pandit Jawarlal Nehru, Sardar Vallabai Patel, Pattabhi Seetharamaiah and Smt. Indira Gandhi were used to project and explain the Concept of the economic democratization of the Rural economy through the Cooperative system in the Congress Plenary Sessions.

–"Cooperative is the Shield of the Weak, but not the Sword of the Mighty."

- Mahatma Gandhi

- "Cooperatives represents the humanistic Communitarianism"

–"My out look 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.

-Pandit Jawaharla Nehru

#### 1<sup>st</sup>. National Development Council (NDC) Resolution .

The Cooperative Movement acquired a new significance after the historic resolution adopted by the 1<sup>st</sup>. National Development Council which said the responsibility and initiative for social and economic development at the village level should be placed on the village Cooperatives and Panchayat.

#### Economic Liberalisation – Cooperative Sector

As soon as the economic liberalization started, the Cooperative Sector had been removed from the Five Year Plan documents. It resulted the down trend in the socio-economic development of the rural India. As part of the reforms in Banking Sector, the Prudential Norms have been implemented to reduce the Non-Performing Assets(NPA) in the Banks. It necessitated the Govt. of India, to assist the Commercial Banks, the Financial Institutes and Rural Banks to the tune of Rupees 45,000 Crores without any conditions

#### Vaidyanathan Committee ( Task Force ) Recommendations

The same necessity made the Govt. of India to constitute the Capoor Committee(1999), Joint Committee(2001) and last Vaidyanathan Committee(2004, August) to recommend the amount to be assisted to the Rural Agrl. Cooperative Institutes (Short Term).

The Vaidyanathan Task Force had recommended to assist the Rural Cooperatives (ST) to the tune of Rupees 13,000 Crores , with the conditions. The Sahakara Samrakshana Samithi congratulates the Govt. of India for its willingness to assist the rural Cooperatives immediately.

But the Cooperative Movement Protection Council would like to bring the negative impacts of some of the following recommendations, which are against our enshrined Constitution and Cooperative Concept and Principles which are proclaimed by the International Cooperative Alliance ICA.

#### Conditions ;

1. State Govt. to be issued the Excutive Orders to effect the Coop. Act. Ammended.

"Cooperatives" is a State subject under the Article 246, Seventh Schedule list-II, entry 32 of our Constitution. The Central Government can not direct the State to make law on this subject. It is the prerogative of the State, to amend the Cooperative Act, taking into considerations; the socio-economic and cultural needs of its people, the backwardness, level of awareness on the cooperative concept and the development in cooperatives in that State.



Every State had its own identity in socio-economic and cultural exposures and their needs. The Agriculture and allied industry, rural cottage industry and rural artisans industry was not uniform in every State.

Cooperatives have the history of the 100 years. It has imbibed all the social-economic and cultural weaknesses of the rural India. It can not be possible to change by a pen stroke. Consistence function of Cooperatives as autonomous and democratic institutions will make people change their attitudes.

Hence the condition to amending the Coop. Act must be made option and suggestion to the State.

## 2. Ensuring full voting membership rights in all users of financial services including depositors.

International cooperative Alliance ICA had defined the Cooperative as an association of persons having economic, social and cultural needs....., in other words it is "Users" Association. But not the investors Association. Depositor is an Investor. Hence the investor (Depositor) can not become a member of the Cooperative. But the user member who deposits the Thrift regularly is in accordance with the cooperative basic concept.

It is the basic philosophical concept, which differentiates the cooperative system from that of private sector. Giving membership to depositor is against the Co-operative concept, it dilutes the Cooperative concept and makes the private sector to capture the cooperative business. As a result, the depositors (Private sector) exploitation becomes the rule of law. Then they will be no longer Co-operatives as such. Further, the aims and objectives enshrined in the Preamble of our Constitution and Directive Principles Articles 39 and 43 are defeated.

The Indian Cooperative Movement will not accept the recommendation that the Depositor will be given membership and vote rights, it leads to reemergence of money lender and feudalistic Raj in the rural India.

### Deposit Guarantee Scheme in Primary Societies

Hence giving vote right to the Depositor must be rejected. To give protection to the Depositor the Deposit Guarantee Scheme in the Primary Cooperatives had to implemented.

## 3. Permitting cooperatives in all the three tiers freedom to take loans from any regulated financial Institution and not necessarily from only the upper tier and similarly, placing their deposits with Any regulated financial institution of their choice

The needs of user member are not satisfied simply associating themselves in to a Primary Cooperative Society. The Primary cooperative denotes that one kind of users were associated. The next stage is the Primary Cooperatives associates themselves in to a Federation. The Federation gives more than the benefits which a Company gives in the Private sector. Stronger the Federation, the higher is the competitiveness. It is the duty of the Primary Cooperative to strengthen its Federation. The federation structure is the back bone for the Cooperative movement.

At the Primary societies level the importance is given to provide qualitative services, but at Federation Level "the business principles" come in to force, where in the surplus (profit) is arrived and the user is Protected from the exploitation of the Market forces and get benefited with the surplus distribution.

Through the Member-Primary-Federation structure, the user members become economic self reliant. And also becomes the owner and user of the Cooperative. This is the Cooperative concept and the System. Giving option to the primary Co-operative is unethical and against the Co-operative concept. It will only make the Private sector to grab the Co-operative sector.

### Impact;

The Primary Coop. Societies will become the out-lets for the Multinationals and the Corporate agencies. The federations like Dist. Coop. Central Banks and the Dist. Marketing Societies will be forced to close down or the agency may take over them. As a result the member farmer continued to be exploited. Hence this recommendation must be rejected at the larger interests of the farmers and rural artisans.

### Drawback and limitations of Task Force Recommendations;

1. The only member in the Task Force from the Cooperative Sector, and the Cooperatevist Sri Rama Reddy ,Trustee , Cooperative Development Foundation had not signed the Report.
2. The above mentioned recommendations were not in tune with Constitution and defeating the spirit of the following Articles;
  - a) Preamble aims
  - b) Articles 39[c],43,and 246
3. They are against the Cooperative Concept and the Cooperative Principles

Thanking you

In the Service of the  
Cooperative Movement

S. BHARATHI

(SAMBARAPU BHOOMIAIAH)  
Convener