

will they establish them? Every new petrol company would like to concentrate only in cities and highways. So, the far-flung areas like Jammu and Kashmir, Assam and even remote areas will not be taken care of. So, we will put a condition that if they want to establish 5,000 petrol pumps, 5 per cent or 10 per cent of them would have to be necessarily set up in the far-flung areas where normally setting up a petrol pump would not be commercially viable. Like that, there would arise so many occasions which have been indicated in the Bill.

MR. CHAIRMAN : The Ministry can also do that.

SHRI RAM NAIK : That is why he has raised another issue about the Board functioning at arms length from the Central Government. As far as possible, the Government should not interfere in this type of administrative work. So, this administrative work will be regulated by the regulator. So, instead of Government doing this work, this is supposed to be done by a Board.

SHRI VARKALA RADHAKRISHNAN : You can appoint a person for that. He can look after all these things.

SHRI RAM NAIK : The basic purpose of setting up this Board is that as far as possible this work should not be done by the Government.

The hon. Members can refer to page 18 of the Bill wherein it is stated that the President, having been informed the subject matter of the Petroleum Regulatory Board Bill, 2002, recommends the introduction and consideration of the Petroleum Regulatory Board Bill, 2002 in the House, Under article 117 (1)(3) of the Constitution of India. So, this Bill was sent to the President and he has cleared it for introduction and consideration.

Then, I would like to deal with the second aspect also because it has something to do with the Constitution. The Constitution envisages what are the Central subjects and what are the State subjects. Now, in the Seventh Schedule, the Union List clearly says that this is a matter to be regulated by the Centre. Under the Union List, Entry 53 says

"Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable."

So, it is within the competence of Parliament to legislate on this subject and that is why we have brought this Bill before the House.

I will try to reply in brief to other points which have been raised because they do not go to the root of the constitutionality of the Bill. This Bill will certainly help to develop a competitive market in the country. When more and more parties come, the benefit would reach the consumers. When competition sets in, the service will improve and even the prices will also be competitive.

These are the basic reasons for which this Bill is being introduced and I do hope that the Bill would be passed when it is taken up for consideration.

MR. CHAIRMAN : The question is :

"That leave be granted to introduce a Bill to provide for the establishment of the Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas so as to, protect the interests of consumers and entities engaged in specified activities relating to petroleum and petroleum products, ensure uninterrupted and adequate supply, of petroleum and petroleum products in all parts of the country, promote competitive markets and for matters connected therewith or incidental thereto."

The motion was adopted.

SHRI RAM NAIK : I introduce* the Bill.

15.00 hrs.

MULTI-STATE CO-OPERATIVE SOCIETIES BILL

[English]

MR. CHAIRMAN : Now, we go to item No. 11 – Multi-state Co-operative Societies Bill, 2000. The time allotted is three hours. Shri Ajit Singh .

THE MINISTER OF AGRICULTURE (SHRI AJIT SINGH) : Madam Chairperson, I beg to move:

That the Bill to consolidate and amend the law relating to co-operative societies, with objects not confined to one State and serving the interests of members in more than one State, to facilitate the voluntary formation and democratic functioning of co-operatives as people's institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and for matters connected therewith or incidental thereto, be taken into consideration.

*Introduced with the Recommendation of the President.

[Shri Ajit Singh]

The Multi-State Co-operative Societies Bill, 2000 is intended to replace the existing Multi-State Co-operative Societies Act, 1984. The Co-operative Societies is a State subject under entry 32 of the State List. The States have accordingly enacted their own Acts. In order to facilitate the organisation and functioning of the co-operative societies having jurisdiction in more than one State, the Parliament enacted the Multi-State Co-operative Societies Act, 1984 under entry 44 of the first List of the Constitution.

In view of the increasing demand from the co-operative sector and recognising the need for promoting democratic and autonomous functioning of the co-operatives, the Planning Commission appointed a Committee in 1990 under the Chairmanship of Ch. Brahm Prakash to examine the whole issue. The Committee submitted its Report in 1991 and, inter alia, recommended a 'Model Co-operatives Law' for the States aimed at providing a genuine character to the co-operatives with the deletion of restrictive provisions in the existing State Acts and to facilitate the building of an integrated co-operative structure. The Government of India in the Department of Agriculture and Co-operation an Advisory Committee under Shri R.N Mirdha to advise the Central Government on matters relating to ensuring autonomous functioning of the Multi-State Co-operatives.

Based on the recommendations of Ch. Brahm Prakash Committee and Mirdha Committee, a legislative proposal to replace the existing Multi-State Co-operative Societies Act, 1984 was formulated and accordingly the Multi-State Co-operative Societies Bill, 2000 was introduced in this august House in the winter session of the year 2000. The Hon'ble Speaker referred the Bill to the Parliamentary Standing Committee on Agriculture for examination and the Committee has since submitted its Report

The object of the Bill is to remove the so identified restricted provisions in the existing Multi-State Co-operative Societies Act, 1984 and to provide full functional autonomy and democratic management of the multi-State Co-operative Societies. As the hon. Members are aware, the process of co-operative reforms has been engaging the attention of the Government for quite sometime. There is a general view that co-operative institutions suffer from the undue Government interference and bureaucratic control. These institutions should in fact be member-driven institutions. With the passing of the Bill, a new era in the co-operative history will be ushered in which would enable

them to function as real democratic and autonomous institutions for the mutual benefit of the members. The Bill will restore the faith of members in these institutions and will increase awareness amongst them. The co-operatives consist of the small and marginal farmers, the artisans, the workers and members of the weaker sections of the society. The new co-operative approach would enable these sections to improve their social and economic lot by availing the benefits of economy of scale. After the enactment of this new law, the State Governments will also be requested to amend their Acts on similar lines as most of the co-operative activities take place in the States.

The salient features of the Bill as follows:

- (i) Preamble of the Act is proposed to be widened to reflect the policy of the Government base on the internationally recognised co-operative principles. It is proposed to widen the preamble of the Act to reflect the policy of the Government towards the co-operatives. The basic co-operative principles as internationally recognised have been included in the first schedule.
- (ii) Registration process is proposed to be simplified and made time-bound. Procedure for registration of the co-operative societies has been simplified by reducing the time from six months to four months and by providing for deemed registration if the Central Registrar fails to register the societies or their byelaws within the stipulated period.

It is proposed to omit the provision of prior consultation or approval of the Central Registrar for amalgamation or division of a society.

Co-operative societies will be enabled to form subsidiaries. It is proposed to enable a society to form subsidiary institutions for furtherance of its stated objects which may be registered under any law for the time being in force.

It is proposed to give greater responsibilities to the federal co-operatives towards their affiliated members.

To ensure active participation in the management, provisions for disqualification of a member have been made on account of absence from the three consecutive General Body meetings or failure to use services to the minimum level as provided in the bye-laws of such society.

Besides disqualifications prescribed in the existing Act, the Bill proposes to add a new provision rendering

a persons disqualified to become President or Vice-President or Chairperson or Vice-Chairperson, if he holds office of a Minister in the Central or State Government.

It is proposed that the tenure of the elected members of the Board shall be such as prescribed in the bye-laws, but not exceeding five years instead of three years as in the existing Bill.

It is proposed that the elections shall be held by the society itself, failing which, the Central Registrar shall cause the conduct of elections at the cost of the society.

The Government nominees on the Board will be in proportion of shareholding, but not exceeding three or one-third of the total number of members of the Board, whichever is less.

The Government shall continue its role of promoting and assisting the co-operatives. On the request of a society, the Government shall continue to promote and assist the co-operative by way of share capital, loans and advances, guarantee and financial assistance in any other form including subsidies.

The societies will have full liberty to raise resources and utilise its surplus funds. It is proposed to enable a society to raise resources to augment its funds and to utilise its surplus funds in accordance with its bye-laws without approval of the Central Registrar.

The societies will have power to get the audit conducted on their own. It is proposed that the audit of the society shall be conducted by the auditor appointed by the society itself and not by the Central Registrar. However, in case of failure on the part of the society, the Central Registrar may appoint the auditor.

The powers of the Central Registrar for inquiry and inspection have been restricted. It is proposed that the Central Registrar shall invoke powers of inquiry and inspection only on an application of the federal society or a creditor or a complaint filed by at least one-fifth of the total number of members of the society and after a reasonable notice and opportunity to the management of the society.

It is proposed that the disputes of a society shall be settled by an arbitrator as per provisions of the Arbitration and Conciliation Act, 1996 and not by the Central Registrar.

In order to make the management of a society accountable, it is proposed to widen the area of offences and stringent penalties.

It is proposed to restrict the powers of the Central Government to give directions or supersede the Board of Directors, to such societies only in which the Government holds not less than 51 per cent of the equity.

It is proposed to withdraw the powers of the Central Government to exempt a society from any of the provisions of the Act and Rules.

Now, I request the House to consider and pass this Bill.

MR. CHAIRMAN : Motion moved:

"That the Bill to consolidate and amend the law relating to co-operative societies, with objects not confined to one State and serving the interests of members in more than one State, to facilitate the voluntary formation and democratic functioning of co-operatives as people's institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and for matters connected therewith or incidental thereto, be taken into consideration."

MR. CHAIRMAN : Now, Shri Shivraj V. Patil

SHRI SHIVRAJ V. PATIL (Latur) : Madam Chairperson, this Bill gives an opportunity to the Parliament to discuss the co-operative movement in India.

As is rightly said, co-operative societies generally come under the authority of the State Governments but there are one or two references made to co-operatives that could come under the Union Government also. I am not going into all those things.

The Multi-State Co-operative Societies Bill, 2000 is before us and the positive provisions of this Bill have been explained very lucidly and convincingly by the hon. Minister. This Bill, as I said, is trying to replace the Multi-State Co-operative Societies Act, 1984. The hon. Leader of the Opposition in the Lok Sabha, Shrimati Sonia Gandhi had written to the hon. Prime Minister asking that this Bill should be brought before Parliament and that the old legislation should be replaced by this Bill in the light of the recommendations made by the Brahma Prakash Committee; and we are happy that this Bill is before this House.

I would say that this is a welcome Bill. Many of the provisions are very salutary and they are going to help the co-operative movement in the country. So, we would like to welcome this Bill. I would first refer to the positive

[Shri Shivraj V. Patil]

provisions then refer to the deficiencies in the Bill and later refer to the *general policy and philosophy* that could be adopted to encourage the co-operative movement in the country. After that, I shall refer to some of the changes that could be introduced in the Constitution to strengthen the co-operative movement.

I agree with the hon. Minister when he says that this Bill empowers the co-operative societies to amalgamate, to divide and to create subsidiaries without seeking the prior permission of the Central Registrar. This is a salutary provision and we welcome it. The second salutary provision is that without the prior approval of the Central Registrar, the co-operative societies can raise their resources. It is not necessary for the Multi-State co-operative societies to obtain the permission of the Central Registrar to raise resources and to invest in shares. They can do it according to their decisions taken in the General Body or according to the decisions taken by the Society. This is also a salutary provision. In fact, these two provisions give greater autonomy to the co-operative societies. The first provision gives managerial autonomy and the second provision gives financial autonomy to the societies. What was sought to be done by replacing the old law with the new law was to give more autonomy to the societies and this has been achieved to a very great extent by having these two provisions.

The third most important provision according to me that Ministers are not allowed to be Chairpersons of Multi-State Co-operative Societies. To our surprise, in some States, we have found that there are co-operative societies that have Ministers as Chairpersons and when the question came up whether they should give up their positions as Chairmen in the societies or their Ministerships, they preferred to give up their Ministerships rather than the Chairmanship of the societies. This means, if they could be Minister and also be Chairpersons of these co-operative societies, the authority available to the Chairperson is likely to be misused. That possibility has been done away with by specifically providing that Chairpersons should not be Ministers in the State Governments or in the Union Government. In our Standing Committees also, we have seen that the Chairpersons are not Ministers.

They are the Members of Parliament and not the Ministers. Now, the same principle has been accepted and it is a good principle.

15.16 hrs

[SHRI DEVENDRA PRASAD YADAV *in the Chair*]

The fourth salutary principle is that sometimes it is found that the people who are working in the societies, they do not manage the societies in a proper manner and in order to retain the societies with them, they go to the court and the disputes are kept pending in the court and no solutions are found to the disputes for a pretty long time and that makes the shareholders to suffer. This Bill is trying to avoid this kind of contingency. This Bill provides very rightly a Disputes-Settlement Authority and, I think, this is also a very salutary provision. The only one objection with respect to the Disputes Settlement Authority I have is that it provides that the disputes shall be settled in three months' time. I doubt whether the disputes would be settled in three months' time. Practically, it is not possible. Even then, if it is provided, then again there is a provision to that Bill which says that for any reason it is not possible for the Disputes Settlement Authority to settle the disputes within three months' time, then they can give the reason for not having been able to settle the disputes in three months' time and they can settle the disputes in some more time. I think, this provision is little unrealistic. Something has to be done to see that this provision is actually implemented or enforced. One of the methods by which this can be done is to have many Disputes Settlement Authorities available in the country. It is provided in the law that there would not be only one Disputes Settlement Authority, but in different regions, there would be more Disputes Settlement Authorities. If we have Disputes Settlement Authorities in different States and later on in different districts also, if possible, it may be possible to see that these disputes are settled within the given time.

The last provision to which I would like to make a reference is this. Ultimately, these societies have to help the people. The hon. Minister has rightly said that the cooperative societies help the people coming from the rural areas. The people who do not have big resources with them, who are not in a position to start the private sector enterprises, who are also not in a position to get the finances from the financial institutions or the banks; and with the small amount of money which are available with them, they contribute to the funds of the societies and that fund is used for the benefit of the people. At times it is found that these funds are not used for the benefit of the shareholders. Sometimes, there are mistakes committed

and these societies disappear and the funds kept by them in the society disappear. That is why, it becomes the responsibility of the State Government or the Union Government to protect the interests of the shareholders in the cooperative societies, as they have to protect the interests of the depositors in the banks or the shareholders in other institutions. This Bill rightly provides that the Government of India is given the authority to give the directions to the societies to see that the funds they have are used in such a fashion that the interest of the common man are protected. I am satisfied with that.

Madam, now, I come to the deficiencies. What are the deficiencies? I know that the Bill is introduced and we would like that it should be passed with amendment or without amendments. But as far as deficiencies to which I am making references should be borne in mind for future to make the amendments, if possible and if necessary, to see that this law becomes more efficient and more useful. This Bill provides that in one State here shall be only one Multi-State Cooperative Society.

If it is not, then I withdraw my comments, but if you are restricting the number of multi-State co-operative societies' registration in one State, I think that would not be helpful. Why should we put a restriction on that? If it is not there, if I have read the law wrongly, I withdraw my comments, but if it is there, I would beseech that that kind of a provision should be done away with and we should allow more multi-State co-operative societies to come up in different States. If there are two multi-State co-operative societies or more multi-State co-operative societies, it should be welcome, rather than it should be restricted.

I am not having a very strong doubt about it, but then some people have been saying that the law provides that the distribution of the surpluses has to be done in a particular manner. I know the intention with which it is done - to protect the interests of the shareholders, to protect the interests of the workers, to protect the interests of the modernisation of the societies, and things like that. I have absolutely no objection to that. But if this provision is used too strictly, it is likely to create problems. So, it has to be used in a very-very discreet manner, in a manner which really helps it. Now, the question of using this authority in a proper manner arises. I do not quarrel with the provision but I quarrel with the discretion which can be used in using this provision.

The third point I would like to make is that we have accepted the principle of allowing women to participate in *Gram Panchayats*, in Municipalities, in *Taluka Panchayats*, in *Zila Panchayats*. There is Bill pending in the Parliament to have the representation given to women in the State Legislatures and in the Parliament. But at least at the district level, at the *Taluka* level, at the Municipalities level and the village *Panchayat* level, this has been done. That means, in political democracy we have allowed the participation of women. Why should it not be allowed in economic democracy also? Why is this provision not made in this law? Some State Governments have a provision of this kind. If I am not wrong, I would like to say that this kind of provision is there in Madhya Pradesh Act and in Maharashtra Act also.

SHRI ANANDRAO VITHOBA ADSUL (Buldana) : Yes, it is there.

SHRI SHIVRAJ V. PATIL : If this kind of provision is there in a State law, this law it should be there in the Union Law also. This should not be retrograde law; it should be something better than the law which is available in the States. So, my request is that participation of women in the co-operative movement, in the economic activities of the country, specially of women coming from the rural areas, from the poorer sections of the societies, should be facilitated. This point should not have been lost sight of while framing this Bill. This is a very glaring deficiency according to me which becomes visible to me.

The second deficiency which has become visible to me is that in the Maharashtra Co-operative Societies Act and in the Madhya Pradesh Co-operative Societies Act, the members of the Scheduled Castes and the Scheduled Tribes are given a recognition. The laws provide that in the Board of Directors, there shall be a representative of the Scheduled Castes and the Scheduled Tribes. If the shareholders elect them to the Board of Directors, all right, but if there is no Director in the Board, then there should be a provision for nominating persons coming from the Scheduled Castes and the Scheduled Tribes so that they are in a position to protect the interests of the Scheduled Castes and the Scheduled Tribes through the co-operative society. What is found in these co-operative societies is that those people who have money are the members. They do not have lot of money with them. They have limited funds with them. Yet, there are people who do not have money at all and they are very-very poor. Such people should be

[Shri Shivraj V. Patil]

helped more. And in order to help more through the co-operative societies, it should be possible for somebody to be there in the Board while the decisions are taken to see that the help can be extended to the members of the Scheduled Castes and the Scheduled Tribes in order to protect their interests.

[Translation]

SHRI BRAHMA NAND MANDAL (Monghyr) : There should be provision of reservation for SC/ST and OBC also in it ...*(Interruptions)*

[English]

MR. CHAIRMAN : Brahma Nand Mandal Ji, you may take your seat.

SHRI SHIVRAJ V. PATIL : Would I request the hon. Member that when he makes his speech he may make that point. I am making two points. I should leave something for others also.

I think that this should have been there I am of the view that the Multi-State Cooperative Societies Bill will be used to help the cooperative banks which function in more than one State. It is likely to help the cooperative insurance societies also which will be working in more than one State. I think we should welcome this kind of provision for the Multi-State Cooperative Banks. We have the uni-State Cooperative Banks. I think we do not have the Multi-State cooperative Banks and with this, there would be Multi-State cooperative banks. Insurance is open to the private sector. If it is available to the individuals, if it is available to the private sector, then it should be available to the cooperative sector also.

I repeat it more than once that this should be there. There should be Multi-State cooperative banks and there should be Multi-State cooperative insurance societies. At the same time I would like to caution the Government. What has happened to the cooperative banks? It is only today that one of the hon. Members on the floor of the House shed light on what has happened to some cooperative banks. When we allow the common man to be the member of a bank and run the bank, we should not allow the Board of Directors to run the bank in such a fashion that the depositors are put to difficulties.

We know what has happened to the UTI. We know what has happened to a few cooperative banks. We know

what has happened in Andhra Pradesh, Maharashtra and in other States. That is why I would like to caution that something has to be done to see that the interest of the depositors in the cooperative banks is protected. It should not be difficult to do it. If you use all the modern gadgets which are available like the computers and others and if every day the supervision is done in a proper manner by somebody who is given this responsibility and if every week the supervision is done by the Board, then it should not be difficult. It should be allowed, but it should be allowed in such a fashion that the poor people who keep money in the banks will not be lost to their savings. The cooperative insurance societies are more dangerous to manage than the cooperative banks because the people from the rural areas will ensure themselves, their properties. Supposing these societies disappear or these societies are not in a position to really protect the right and the property of the people, the poor will suffer.

In the present circumstances, on the one hand we would have to see that lot of freedom is available to those who want to come forward and who want to be very active in the economic field; but at the same time we shall have to see that those who are living hand to mouth and saving money and using that money or putting that money in these financial institutions are also protected. We cannot say that in order to see that there should be a speedy growth, let the people who have earned their money suffer. We cannot take that stand and if we take that stand, it will not be economic justice. Ultimately, it will not be accepted by the people.

So, I am cautioning that in the cooperative banks and in the cooperative insurance societies, the byelaws have to be such that the interests of the people will be protected. Of course, the law is made by the Parliament, the rules will be made by the Executive, the Government and the rules will be put on the Table, of the Houses. Even in the rules we can take those precautions. More than in the rules, we can take precaution in byelaws. The byelaws of the cooperative banks and the byelaws of the cooperative insurance societies have to be such that the interest of the common man is protected.

The third most important activity which can be started by the Multi-State Co-operative Societies, is to export the agricultural produce to the neighbouring countries. This is an area which is vacant. It remains unoccupied. The private sector is not playing its role; the Government sector is also

not playing its role; and the public sector is not playing its role. This is an area which is really vacant and this can be occupied by the Multi-State Co-operative Societies. I would like to say that they should not be uni-State co-operative societies; they should not only be multi-State co-operative societies, but they should be multinational co-operative societies. They should be in a position to function in other countries also that has to be done, and are very important.

The Government of India has taken a decision to see that the surplus which is available from the agriculture is exported to other countries. Simply by making a declaration of this nature, it may not be possible for us to export the surplus, which is available, to the other countries. So, what has to be done? The small farmers have to produce the vegetables, the flowers, the fruits, the grains, the pulses, the oilseeds, and the surplus, which is available with them, has to be collected by somebody. It has to be transported from the field to the cold-storages, from the cold-storages to the airport and sea port, and from the sea port, these things have to be transported to the foreign countries by using ships, aircraft or other means of transport. They have to sell these things in other countries and then get the money and return it to the farmers. This cannot be easily done by a small farmer who is living in the village. It would be very difficult for him. He does not have the funds. He does not have the knowledge. He does not have the confidence in himself to do it, but he has seen as to how the sugar factories have developed, as to how the spinning mills have developed and as to how banks have worked. He would have confidence in these kinds of co-operative societies and if these kinds of co-operative societies are brought into existence, I think, the vacancy, which is available, will be filled by these co-operative societies and one of the objectives of giving remunerative prices, good prices will be fulfilled by exporting these things.

But here, a lot many things have to be done. It is not enough to have a law of this kind and then, have done with it. The Agriculture Ministry has to look into it; the Ministry dealing with foreign trade has to look into it; the Ministry of Shipping has to look into it; and the Ministry of Civil Aviation has to look into it. The financial institutions have to provide the finances. The EXIM Bank has to give the credit and for this purpose, we had made the plans and programmes. Those plans and programmes were made as back as in 1983 and they are lying in the

Government in the Ministry of Finance. They can be looked into and, if possible and if they are found feasible in the present circumstances, they should be used. According to me, some of these are the drawbacks with which they are suffering.

The penultimate point I would like to make is that the co-operative movement is the movement of the common man. It is not the movement of the rich man. It is not the movement of a Government. It is the movement of the common man, and if really the common man is to be economically helped and assisted, the co-operative movement should develop. Fortunately for us, in some States like Maharashtra, Karnataka, Andhra Pradesh, Gujarat and Tamil Nadu, the co-operative movement has struck roots, but in other States, the co-operative movement has not struck roots. It is not feasible there and people pine for it, they ask for it, and we shall have to do something to see that the co-operative movement is started there. But if we analyse the co-operative movement even in the States where it appears to be doing well, we shall have to classify as to how the co-operative movement has done.

As far as village co-operative movement is concerned, this is doing well. As far as spinning mills and oil mills are concerned, they are not doing well. As far as sugar industry is concerned, 60 per cent of the industry is doing well and 40 per cent of the industry is not doing well. As far as banks are concerned, they have done well so far, but now it appears that even the banks are slipping in their performance and they are becoming a liability.

We shall have to do something to see that this does not happen. Why this is happening, it has to be understood by us. In my opinion, this is happening because initially, those who were in the movement were ideologically one with the cooperative movement. They were made after the cooperative movement. They did not pay attention to anything else; they paid attention to cooperative movement, and the cooperative movement, in some States, was accepted. I have seen the persons sitting at the site where the sugar factory was coming up without taking food, without sleeping and working there; they brought those sugar factories into existence and they are doing very well.

The second phase was, that of the people who came in this movement who were supposed to be efficient, capable of running these institutions. It was also good. One cannot have any objection to it.

[Shri Shivraj V. Patil]

We are now in the third phase in which people are coming in this movement because they think there is money. People are coming because they think that they would be able to earn some money out of this movement, and they do not have good of the people at their heart, nor are they efficient. However, they are manipulators. They get elected, come there and manipulate. When they manipulate, their only intention is, to feather their nests, and then leave is saying that because of this reason or that reason, the cooperative society has not done well. We shall have to see that this does not happen. It is not a very easy thing to do. It is a very difficult thing to do and, yet, it has to be done.

What the law provides is that if there are people of this nature, then there would be a registrar and his colleagues to see that this does not happen; and registrar and his colleagues did work to see that this kind of thing did not happen. But I know the persons, we have personal knowledge, that the registrars and the officers also have not done well. They have created hurdles. They have not stopped the embezzlement of the money from the cooperative societies, but they have become partners in embezzling the money from the cooperative societies. So, when there was one person, it was suffering. Now, there are two persons, it is likely to suffer more so. So, the registrars and officers also, in some cases, have helped; in some cases, they have not helped.

The third is that these cooperative societies, big cooperative societies at that, have become a tool in the hands of political bosses. They are used not for creating the educational institutions, the hospitals, and the cultural institutions, but they are used for political purposes, for collecting money. They are collecting the money not only to get the people elected, but also to get the people defeated. Now, this is happening.

So, you have the co-operators, the officers and the Government machinery which are contributing towards the failure of this movement. It is in the interest of this movement that something has to be done to see that this does not happen. I am not sure whether you have any panacea for this, whether you have anything which you can really, totally and fully accept. Now, what has to be done is to see that there is a balance between the authority available to the co-operators, to the registrars and to the Government.

One of the things you have done is to see that the Ministers do not become the Chairpersons. It, by itself, is not going to root out the embezzlement and the corruption and, yet, it will certainly help. In this fashion, the process of thinking has to go on in this direction. In has to be done not only because the cooperative movement should be there, but because this cooperative movement helps the man at the lowest rung of the society economically. That is why, this has to be done. This is a very difficult task. I do not know how this task can be performed by the Government and, yet, if the thinking is started, if the inputs are given by those who are there, it can be done.

This last point which I am making is that the Seventy-third and the Seventy-fourth Constitution Amendments are the most important Amendments which have been introduced in the Constitution.

They have strengthened the district *talukas* and the village bodies. They have not only given them financial powers but also have given them the authority to function without any restrictions from the State Governments. These amendments have been very useful for decentralisation of political power and to make the *Panchayati RAj* Institutions stronger. The *Panchayati Raj* Institutions are one of the most important elements for providing political democracy. In the same fashion, the co-operatives are one of the most important instruments that could be used to provide economic democracy to the people of our country. What I am trying to suggest is that in the Directive Principles of State Policy only one sentence has been used. It says that the cottage industry shall be organised on individual and co-operative basis. There is only one sentence for it. Why not you have one separate article in the Directive Principles of State Policy dedicated to the Co-operative movement saying that co-operative movement is an important movement right from the village to the *talukas* to even the international level? Why not have something very elaborately provided for in the Constitution and under that, laws could be made by both the Union as well as the State Governments? We have Chapters IX and IXA which provides for the *Panchayats* and the Municipalities. In the same fashion if we have a separate chapter relating to the activities of the co-operatives, then, I think, we would have done something very basic and something so very important that economic democracy could be made available to the people.

Sir, I am leaving this idea with the hon. Minister for his consideration. I do not expect that suddenly something

will happen. But this is only a direction in which the thinking has to be there if we want to give economic democracy to the people. Political democracy alone is not sufficient. We shall also have to give economic as well as social democracy to the people. Dr. Babasaheb Ambedkar, while presenting the Constitution to the Constituent Assembly said in his final speech that political democracy is not sufficient, economic democracy should be there and there should also be social democracy. If we do not have a provision for this in our Constitution, then it would be very amorphous and would be very difficult for us to move in that direction. I am leaving this idea with the hon. Minister and the Parliament of their consideration.

SHRI P.S. GADHAVI (Kutch) : Mr. Chairman, Sir, thank you very much for giving me this opportunity to speak on this Bill. I rise to support this Bill.

Sir, first of all I would like to congratulate the hon. Minister for having brought forward this very important Bill. This has, in fact, been a long demand of the people from the co-operative sector. This Bill seeks to provide almost full autonomy to the co-operative sector in which the Government has a minority equity holding. The interference of the Government, by way of the Registrars, was so much that the co-operative sector was not in a position to function as an autonomous body that it should. This Bill seeks to provide autonomy to this sector. I would like to congratulate the hon. Minister for having brought forward this Bill.

Sir, this Bill also seeks to drastically slash the role of the Registrar of Co-operatives who, at present, enjoy virtually dictatorial powers. The provisions as contained in this Bill will not bar a person from holding office in more than one society simultaneously. At present if somebody is a member of one society he cannot be a member of another society. Under the provision, in this Bill, now, a person would have the freedom to be a member of two societies and there would also be no limit on the number of times a person can serve as an office bearer.

Sir, presently the co-operatives are treated as an appendage to the Government like the Public Sector Undertakings. Many social obligations of the Government have been passed on to the co-operatives without realising that the co-operatives are essentially business organisations set up with the motive of earning profits for their members. They can earn profits and utilise them for the betterment of their members.

Cooperatives are enjoined by their philosophy to be socially responsible but they are not social service organisations. At the moment, there are more than about 5,04,000 cooperative societies in the country. Their membership is more than 20 crores. The capital involved in them runs into crores and crores of rupees. Under the control of the Government, these cooperatives are not in a position to exercise their powers, as they should. They are not able to do their work in a professional manner. Therefore, this autonomy is being given and it is a very welcome step.

The first obligation of cooperatives is to serve the interests of their members. Therefore, there is a dire need for the cooperatives to be truly democratic and professionally-run bodies capable of competing in the open market. Those who are unable to do so have no right to exist. This Bill seeks to provide functional autonomy and democratic management to the Multi-State Cooperatives.

For settlement of disputes, the present Dispute Settlement Machinery is not as effective as it should be. This Bill also provides for a mechanism for settlement of disputes. It is proposed to be a quasi-judicial authority namely, Cooperative Disputes-Settlement Authority. This would replace the existing system of settlement of disputes by the Central Registrar. It is envisaged that by this, settlement of disputes would be quicker and more judicious.

A Minister of State or a Central Minister will not hold office of the Chairperson or Vice-Chairperson. Adequate provision has been made in the Bill for filing a complaint by a member, for prosecution of offences. This provides for access to information. It also provides disqualification of membership on account of non-attendance of three-consecutive General Body Meetings.

I heartily congratulate the hon. Minister for bringing this much-needed Bill. When the provisions of this Bill come into effect, interests of the cooperative sector in the country on the whole will be taken care of. Therefore, I support this Bill.

SHRI MOINUL HASSAN (Murshidabad) : Respected Chairman, Sir, I would like to support this Bill, which is brought by hon. Agriculture Minister Shri Ajit Singh. It is a long-pending demand of the cooperative sector of the country. It is the need of the time.

At the time of introduction of the Bill, the hon. Minister has stated the perspective of the Bill. The original Act, the

[Shri Moinul Hassan]

Multi-State Cooperative Societies Act, 1984, extended to the whole of the country including Jammu and Kashmir. What was the aim of that Act? It was to fulfil the objective of bringing uniformity in regard to administration and management of multi-State cooperatives, and bringing them under a single cooperative law.

However, I feel that one aspect was not discussed at that time. How to ensure that they function like a autonomous and democratic organisations was not properly discussed at the time of enacting the Multi-State Cooperative Societies Act, 1984. That is why it is stated in the Statement of Objects and Reasons, to remove the lacuna of 1984.

Mr. Chairman, Sir, para 3 of the Statement of Objects and Reasons says:

"The object of this Bill is to provide the restrictive provisions in the existing Multi-State Co-operative Societies Act, 1984 in order to provide functional autonomy and democratic management of multi-State co-operative societies."

For this reason, I would like to support this Bill today.

What is the intention, so far as the co-operative is concerned today? I suppose that there are three points which are very much relevant with cooperative movements, namely, (1), to ensure the atmosphere of democratic and autonomous working of the co-operative; (2), to have structural reforms related to the co-operative sector in the context of changing economic scenario of the country; and (3), to have provisions of appropriate and adequate policy support to the co-operative movement in the country. I suppose that this is the prime need of the co-operative sector today.

Sir, I would like to refer to the performance of the co-operatives briefly in our social and economic life. I do not know whether everybody knows it or not but it is a fact that 100 per cent villages of our country is covered by the co-operatives. 67 per cent of the household is covered by the co-operatives; 230 millions are the Members of the co-operatives, and the amount of primary agricultural co-operative societies is nearly Rs. 1,30,347. At all levels, the number of co-operatives is 5,28,249.

So, in the national economy what is the role of co-operatives? The co-operatives play a very important role

in our nation-building. In our total agriculture, the credit of the co-operatives is nearly 50 per cent, namely 49.3 per cent, fertiliser distribution contributes 35.2 per cent; fertiliser production contributes 23.5 per cent and sugar production contributes nearly 60 per cent, namely, 59.73 per cent. So, for the animal feed, milk procurement and market, the co-operatives have done a commendable job throughout the country.

In this situation, Sir, I would like to submit that the entire co-operative sector is facing some genuine problems also. One such problem is lack of democratic environment in the co-operative system. Many a time, it is a Government sponsored co-operative. Many a time, the co-operative is managed by the vested interests. We are talking about people co-operatives where people are the deciding factor. We are talking about universal membership, mass membership in the co-operatives. So far as the universal membership is concerned, whether a common man is a member, we have nothing to do with it. We are saying that the Government has a greater role to play to achieve the democratic system of cooperative. But in the Government provisions, many a time, there is restriction to flourish the co-operative system in the name of Act, rules, registration and so on. In the name of register, in the name of Secretary, there are many restriction also.

So, my conclusion is that we should provide highest possible democratic norms and provisions to the co-operative sector.

Sir, here, I would like to read out from para 6 of the Statement of Objects and Reasons. The hon. Minister also stated that. Our hon. colleague Shri Shivraj V. Patil also stated that, and I support the attitude of this Bill. Para 6 says:

"In order to ensure minimum control by the Central or State Governments in the management of Multi-State Co-operative Societies and to depoliticise their management," it has been proposed in the Bill that, "a Minister in the Central Government or State Government shall not be eligible to hold office of the Chairperson or Vice-Chairperson in such societies..."

I support it.

Sir, I have a knowledge that one Deputy Chief Minister was the Chairman of one State Co-operative Bank. I suppose that it is not correct.

I second this proposal made by the hon. Minister which stated in the para (6).

But I would like to say that this is not sufficient. The State Governments should, in this respect, amend their respective provisions in the spirit of democratic character and self-reliance.

Second problem that is facing the cooperative sector is about human resource development. Human resource development is very much needed for the success of not only the cooperative sector, but also it is needed for the success of any organisation today. So, human resource development is very much required today, in cooperative sector but the cooperate sector is lacking in this field. So, I propose to the hon. Minister that NABARD should find out a solution and provide proper guidelines to the cooperative sector.

My third point is regarding professionalisation. The cooperative banks should work as a professional one to overcome the problem amicably. But how will we overcome this? NABARD has told that they would provide professional personality in cooperatives Boards. I feel that it is very much undemocratic and it will be democratic, only if the Board has the right to select its own person. So, I firmly believe that it is very much necessary that the cooperative sector meets the need of the time.

Another problem that is facing is the duality of control. When we are working in the lower level in the cooperatives, we feel who will control the cooperatives? Will the Government of India control? Will the State Governments control? Will the RBI or NABARD or the apex federation control? So, I feel that it is very much necessary to regulate the system. We should resolve it and the RBI should do it. I suggest to the hon. Minister to find out a mechanism to remove the duality of control from the present system.

At the time of the hon. Minister's speech, he took the name of Chowdhary Brahm Prakash, Shri Shivraj Patil also told us something. When he took the name of Chowdhary Brahm Prakash, he has made a suggestion to the Government and a model act. The Minister took the name of Shri Ram Niwas Mirdha also. I had the opportunity to meet these two personalities. I would like to say that there is some lacuna in the present Bill in respect of model act. There is also a provision in the Bill which was not there in the model Act of Chowdhary Brahm Prakash. There is ample scope in the Bill by which the democratic right may be curbed.

Here, I would like to mention three points, which are on co-option in the Board, the nominee from the Government and supersession. In the model Act, there is no provision for these three. The Government has provided them in Section 141 and others. I would request the hon. Minister to look into the matter and ensure that the democratic right is not curbed and to ensure that the democratically formed aboard is not superseded.

I will take a few minutes to speak about financial sector and I will mention only two points. The first point is about the support to re-capitalise cooperative credit and banking institutions. At the time of the Budget proposals, our hon. Finance Minister has proposed a token amount of Rs. 100 crore for cleansing the balance sheet of the cooperatives. Hon. Agriculture Minister knows it better. Throughout the country, the main demand of the cooperative sector is to cleanse the balance sheets. I suppose that it is not the question of State subject or the Central subject, we should do something for the cooperatives.

16.00 hrs.

[DR. LAXMINARAYAN PANDEYA *in the Chair*]

The Finance Minister has provided token Rs. 100 crore and I would suggest him to provide sufficient fund, as given to others, to recapitalise cooperative credit and banking institutions.

My second point is about the general limit of credit. After 18 years from Rs. 1200 crore, it has come to only Rs. 5700 crore. I propose that it should be Rs. 10,000 crore. The expectation of this Government is, that there is 25 per cent growth in lending for agricultural purposes. How to achieve it if GLC is not enhanced? So, I would request the Minister of Agriculture to do this.

The common man should take entry into the cooperative sector. In West Bengal, there is a provision of universal membership. The Government of West Bengal has provided 50 per cent of the membership fee. Under this system, lakhs of common people, like the Scheduled Castes, the Scheduled Tribes, and the OBC take entry into the cooperative sector. Shri Shivraj Patil has made a good proposal and I second it. There should be a provision to see how the Scheduled Castes, the Scheduled Tribes, the OBCs and women also can participate in the Board of the cooperative sector. I suppose it is the demand of the time.

[Shri Moinul Hassan]

I will not take any further time and will only quote our founder Prime Minister Pt. Jawaharlal Nehru. He said:

"Cooperation is not Government-controlled. If there is any Government control, good or bad, it is not cooperation at all, whatever else it may be."

SHRI ANANDRAO VITHOBA ADSUL (Buldana) : Thank you, Chairperson, Sir. On my behalf and on behalf of my party, Shiv Sena, I support this Bill with some suggestions.

Sir, the cooperative movement is the movement of very common persons. If we were to define this movement, we can define it as 'one for all and all for one'. In short, we can define it by saying that self-help is made effective by this organisation. That is why I say that every amendment should be in the interest of the common people. I will go section-by-section.

Section 29 of this Bill says:

"A person using services below minimum level or not attending three consecutive Annual General Meetings will not be eligible for being a member."

It is vague. In the Bill, it has not been made clear as to what is the minimum level of service. Sometimes, a member may be opposing for a valid reason but in the name of this minimum level his membership may be seized just because he is opposing. That is why, a clear definition of this minimum level of service should be there.

Secondly, if he does not attend three consecutive Annual General Meetings, his membership is seized. My experience of Maharashtra is, every agenda of the General Body says that if quorum is not there, after one hour the meeting will go on and it can transact the business. It has no adverse effect on the cooperative movement. Ultimately, he is a common person. He is the founder member of the society. It may be a bank, sugar factory, spinning mill, credit society or a milk-producing society. The common persons are the members of these societies. The controversial point is in Section 38 which says:

"A smaller body shall exercise the powers of the General Body."

A small body of the General Body could not be there. General Body means the General Body. This is the controversy in the Bill. Section 50 of the Bill says:

"The Board meeting to be held at least once in a quarter and in the absence of the Chairman, the Board can choose some one to preside over the meeting."

The common members are electing the Directors. Directors are electing their Chairmen and Vice-Chairmen. If the Chairman is not there, automatically the Vice-Chairman will preside over the meeting and conduct the business. It is not necessary to choose any one to preside over the meeting. Secondly, with regard to the meeting to be held at least once in a quarter, I would like to take the example of a financial institution like the Cooperative Bank. If I am in need of money and I have applied for loan, if this provision is there, then at least for three months I will not get the loan. That is why, today there is a provision that at least once in a month the Board should meet. Otherwise, it will adversely affect the interest of the people. For the financial institutions, this amendment should not apply and for them the provision should be that at least once in a month the Board should meet.

Section 53 says:

"Transfer not less than 10 per cent of profit to Reserve Fund for meeting the unforeseen losses."

Already there is a provision of transferring 25 per cent of the Provident Fund for this purpose. Providing additional 10 percent will affect the working of the institutions. This is an unnecessary provision. Contributing 25 per cent is compulsory but why have 10 per cent more?

Section 67 says:

"Societies can issue non-convertible debentures up to 25 per cent paid up share capital."

My suggestion is that instead of share capital on own fund, they can provide more money for the debenture purpose.

Section 69 says:

"Societies may establish contributory Provident Fund for the benefit of the employees."

It is a good provision.

But simultaneously, the same provision should be applied for gratuity of the employees. Section 78 will adversely affect the financial institution, that is why, it should be suitably amended. That is my suggestion. There is a provision for Co-operative Disputes Settlement

Authority. Sir, the appointment to the Authority should be made from the judiciary so that each High Court is authorised.

Now, I come to Sections 112 and 114. There should be a provision to empower bank officers with the power of Central Registrar for attachment and adjudication of the decree so as to save time and cost. That is my suggestion. There is a provision for inspection of the books of accounts by any member. There is always internal audit in financial institutions. The Government audit is also there and then the Reserve Bank inspection is also there. So, dual control is there. On the one side, for the proper implementation of the Societies Act in the State, there is a control of the Department of Co-operatives and for banking regulations, there is Reserve Bank of India. When there is audit, there is annual report, there is General Body, why should there be individual member inspection? I think, it will affect the secrecy of the bank. That is why, it is also not proper, at least, for financial institutions like banks. Section 128 says that Minutes of the meeting shall not be attached to any books by pasting. If proper Minutes of a meeting are not ready in time, then the pasting is done. Afterwards the minutes are written and pasted on the register. I don't know what is harm in it. It is a suitable method. Then, inspection and other things are also there.

A very important point has been suggested by hon. Shri Shivraj Patil. In Societies Act, a provision for the participation of women, weaker sections, and Scheduled Castes and Scheduled Tribes is always there. It is there, at least, in Maharashtra. It is mandatory as per the Societies Act. Last but not least, the participation of the employees must be there. It could be with some clarification. In the Societies Act of Maharashtra, the employees' participation is according to the number of Directors on the Board. Suppose, if there are ten members, one person would be from the employees, if there are 11 members, two persons would be from the employees, if there are 21 members, 3 persons, and if there are 31 members, there would be four persons, like that. That is very clearly stated in the Societies Act of Maharashtra. Suppose there is no Union, then election should be held for this specific purpose with the help of Co-operative Department. If the Union is there, a recognised representative of the Union should be there. It should be clearly mentioned.

With all these things, I support the Bill and I wish the hon. Minister for Agriculture will take cognisance of the points that I have made and do the needful.

SHRI MANI SHANKAR AIYAR (Mayiladuturai) : Mr. Chairman, I rise to extend my heart-felt support to this path-breaking Bill before us. When Shri Rajiv Gandhi introduced a Bill to amend the Constitution to give constitutional sanction to *Panchayat Raj*, he stressed that *Panchayat Raj* for political empowerment needed to be complemented by economic empowerment through the cooperative movement as well as access to justice through village level *Nyaya Panchayat*. It has taken a decade and more to move from political empowerment through the *Panchayats*, a process still in the doldrums, to the essential complementary step of legislation for the cooperatives. Of course, the Bill before us deals with only one segment of the cooperative movement, namely, Multi-State Cooperatives. But certain key concepts legalised through this Bill could provide a model for States to follow in regard to single State Cooperatives.

I draw the attention of the House in particular to section 7(1) (b) which provides that the Central Registrar must satisfy himself that the bylaws of the cooperatives are "in accordance with cooperative principles". Section 11(7)(b) provides that no amendment of any bylaw will be accepted until the Registrar is satisfied that the proposed amendment "does not conflict with cooperative principles". But, more important even than these provisions is section 24(1) which stipulates that federal cooperatives must facilitate the voluntary formation and democratic functioning of cooperative societies.

With regard to audit, with regard to merger, with regard to division, with regard to self-management, with regard to the appointment and removal of the Chief Executive Officer and other key officers, the Multi-State Cooperatives Bill I think lights up the beacon which shows us the path ahead not only in Parliament but to those in the State Assemblies also. I think we need to stress the importance of these cooperative principles because the abuse of the cooperative movement in post-Independence India is largely a saga of the violation of the three fundamental principles of cooperation, namely, voluntary association, democratic character and autonomous functioning. Unless and until the lakhs of cooperative societies in our country pass the litmus test of being voluntary, democratic and autonomous, I am afraid, merely multiplying the number of cooperatives to the point where India has by far the largest number of cooperatives in the world is no guarantee of cooperatives functioning in accordance with cooperative principles.

[Shri Mani Shankar Aiyar]

Cooperation without adherence to cooperative principles is no cooperation. The principles of cooperation were laid down as far back as the Rochdale Conference in the United Kingdom in 1847, more than a century and a half ago. There has been much cogitation and evolution since then - specifically Reifeisen - and we now have codified these principles undertaken through the International Cooperative Alliance in 1937 and again in 1966. There is no doubt that the ICA Code must, of course, be refracted through the prism of our realities, but they do constitute a useful benchmark against which to measure our performance. Alas, when we do so, we find we do not measure up. The proof lies in the two key committee reports which I would like to restore to the attention of our distinguished Union Minister for Agriculture and Cooperation: the Ardhanareeswaran Committee Report of 1987 and the Brahm Perkash Committee Report of 1991, besides of course the Ram Niwas Mirdha Committee Report of 1996 which has resulted in the Bill before us.

The Ardhanareeswaran Committee stressed:

"The essential character of co-operatives is voluntary co-operation which has to be democratic and therefore, autonomous."

The Brahm Perkash Committee subscribed to the same view and drew attention to what it called the "progressive erosion" of these essential characteristics. Yet, the plague of co-operation in our nation has been that co-operatives, by and large, are not voluntary because primary societies are forced by State Governments to merge and divide like ameoba, not because the primary societies wish to do so of their own volition but because the State Government through the Registrar compels them to do so. As for democracy, co-operatives are not democratic either because, as the Brahm Perkash Committee somewhat inelegantly put it, politicians on the Board of Management and Management Committees of Co-operatives have "manoeuvred wrongfully to gain ulterior end." Not quite grammatical but entirely accurate!

Democracy within co-operatives has been suborned by manoeuvring for ulterior ends and autonomy has been given the go-by because the Registrar in the Indian co-operative system has emerged as the be-all and end-all of the Co-operative Movement. This is a long-standing tragedy. I have read a report by a British ICS officer, Edward MacLagan, in 1915, in which he says:

"When we think of co-operatives in India, we do not call to memory the humanitarian and philanthropic Reifeisen, but the mercenary Registrar of the co-operatives society."

And the Gorwala Report of 1954, with its ringing affirmation "Co-operation has failed. Co-operation must succeed." I learned that at university nearly forty years ago. It is a national tragedy that 40 years on - indeed, nearly a 100 years on from MacLagan - our co-operatives remain the hand-maidens of venal Registrars and their political masters. That is why I greatly welcome the stress in this Bill on Multi-State Co-operatives fulfilling the three key criteria of being voluntary associations, democratic in character and functioning autonomously.

The task before our distinguished Minister is not so much to get this Bill passed - which, I am sure, will be done later today - as to work towards ensuring that the three basic principles get incorporated into the law of the land.

This requires a constitutional amendment at least as important as Part IX and Part IX A which were brought into the Constitution as the eventual outcome of Shri Rajiv Gandhi's historic initiative.

Co-operatives are a State subject and the only way in which State legislation can be brought in line is to oblige the State Legislatures to follow constitutional requirements. And because there is no constitutional sanction of a sufficiently detailed kind for the co-operatives, we have seen the fate of the Brahm Perkash model State Co-operatives Bill languishing for over a decade with nobody in the least interested in accepting Choudhary Brahm Perkash's model as a model for themselves. That is why we need a constitutional amendment on the lines of Part IX and Part IX A for the *Panchayats* and Municipalities respectively.

The need for such action through the Constitution has been underlined since the very disturbing judgement given by Justice O. Chinnappa Reddy on article 19(1) (c) read with article 19 (2) of the Constitution.

The key consideration in that Supreme Court judgement was that the word 'cooperatives' does not appear explicitly in article 19, and, therefore, the right to freedom of association given to political parties, NGOs, trade unions and chambers of commerce and industry does not extend to cooperatives. I am not faulting the judgement because the Supreme Court, after all, has to

go by what is said in the Constitution. What I am suggesting is that since the Chinnappa Reddy judgement has explicitly drawn attention to these lacunae in our Constitution, we must, as a Parliament, move to fill the lacunae. This can be done by the simple addition of the word 'cooperatives' to article 19(1) (c). May I seek an assurance from the hon. Minister that Government will, in fact, move urgently towards considering such a Constitutional amendment? However, while amending article 19 as proposed might provide Constitutional sanctity to one principle of cooperation - that association must be voluntary - that would not do all that is required to deal with the other two key principles of democracy and autonomy.

Studies made by a Group of us, under the aegis of the Cooperative Development Foundation of Hyderabad, a Group, which incidentally included the present Convener of the National Democratic Alliance in his personal capacity and myself, (so you can see the twain do sometimes meet!) along with a host of distinguished jurists and cooperators of long standing, Shri Rajeev Dhawan, Shri Rajinder Sachar and Shri L.C. Jain, among others, did prepare some draft amendments to the Constitution, involving changes to articles 19 (1) and (c) and (g), article 31 (A) (2) and article 40, besides proposing a new part IX B to the Constitution comprising two new articles, article 243 ZH and article 243 ZI.

Our Group never completed its work, but I would be more than happy to share our preliminary suggestions with the hon. Minister of Agriculture, so that the work is carried forward, perhaps with the further involvement of some of the more knowledgeable members of the CDF Group.

I would like to go one step further than the CDF Group and suggest, along with hon. Shri Shivraj Patil and several other Members of this House, that if we are to get a really effective Cooperative Movement going in this country, we must include in the proposed Constitution Amendment, provision for reservations for the Scheduled Castes and Scheduled Tribes, where applicable, as well as universally for women as has been provided in the case of the *Panchayats* and the Municipalities under Parts IX and IX A of the Constitution.

While, therefore, hailing the present Bill as a step in the right direction, may I, in conclusion, appeal to the Government through the Treasury Benches that we avail of this historic milestone to launch ourselves on a major Constitution review exercise?

Sir, in conclusion, I would like to draw hon. Minister's attention to two letters written by the Leader of Opposition, Shrimati Sonia Gandhi to the Prime Minister in August, 2000 and September, 2000 respectively, on the conversion of existing producer cooperatives into producer companies. We have no problem with having producer companies. We have no problem with producer cooperatives shutting down and re-constituting themselves with whoever wants to be in it as producer companies. But the provision that is being considered is this: the existing producer cooperatives will, through pressure upon the members of the cooperatives, convert into producer companies. The joint stock companies are the exact contradiction of the principles of cooperation. So it shows that there is a great deal for us to proceed slowly in this matter. The fact of the matter is that with the wide variety of cooperatives that we have in this country, there is a major distinction in reality between large-scale producer cooperatives such as, for example, the sugar cooperatives of Maharashtra and small marketing cooperatives, cooperatives meant for inputs in agriculture and consumer cooperatives. We need to distinguish ~~between these~~ things. That is why, it is necessary to be very careful about any kind of an omnibus provision for the conversions of cooperatives into producer companies...*(Interruptions)*

Sir, It is really my last word because I can see that you are deeply concerned about my standing up and speaking. Coming to my point, I would mention that in the same letter, Shrimati Gandhi had drawn attention to the need for a National Cooperative Bank. When she wrote this letter to the Prime Minister, we did not have the Madhavpura Bank scandal or the recent Nagpur scandal. It is clear that the Reserve Bank of India is just incapable of conducting the kind of a surveillance of cooperative banks which cooperative banks actually require. With this dyarchy that we have of the Reserve Bank of India also being responsible and the Registrars in the States also being responsible and each passing the buck to the other, we need to do something I cannot say more about this because I am a Member of the JPC. We will be reporting on this in detail. But the fact is that the Reserve Bank of India is simply incapable of doing this. And they themselves do not want continue being involved in the surveillance and monitoring of our cooperative banks. Unless we get a proper surveillance and monitoring system in, we are not going to be able to properly regulate the cooperative banking sector. Therefore, there is a very

[Shri Mani Shankar Aiyar]

urgent need for the hon. Union Minister of Agriculture to stop concerning himself exclusively with Uttar Pradesh as he has been doing in the last three months, and start turning his attention to his portfolio's responsibilities, and an early aspect of which must be constitutional amendments relating to the cooperatives and the establishment of National Cooperative Bank.

With these words, I conclude.

[Translation]

DR. RAMKRISHNA KUSMARIA (Damoh) : Mr. Chairman. Sir, cooperative movement is the movement of common man and the expectations of poorest of the poor, backwards and the people of remote areas are fulfilled by it I remember, that in the times of land revenue, the lands and properties of the farmers were auctioned by the private money lenders. It often led to the ruin of the farmers. But cooperative movement has provided relief to the people. I welcome and wholeheartedly support the Multi-State Co-operative Society Bill moved by the hon. Minister with a view to strengthen the movement.

The transaction of these societies is not limited to one state but in a number of States. The bill has been brought to bring about uniformity among them so as to introduce democratic features among them and to avoid political arbitrariness. All these things have been considered in this Bill. The recommendations of Chaudhary Brahma Prakash Committee could not be implemented earlier and the Bill introduced by the hon. Minister is a revolutionary step which seeks to implement these recommendations and also to make them more topical and in tune with a present circumstances.

Sir, it has been seen that the same set of people till the posts in a number of societies. Thus the cooperative movement has become captive of certain people. Therefore it needs to be regulated. Keeping this in view, hon. Minister has provided in the Bill that Ministers cannot become their Chairpersons and Deputy Chairpersons. He has tried to scuttle political pressures. NAFED, NCUI and APEX need to be given more powers.

I would like to say one more thing. The women, SCs and STs and the OBCs have been given reservation facility in Gram Panchayats and in other places. Similarly these classes should be provided reservation in cooperative societies also to help them emerge in cooperative sector. I support the endeavor of the hon. Minister to infuse new life in Cooperatives through this Bill.

[English]

SHRI H.D. DEVE GOWDA (Kanakpura) : Mr. Chairman, Sir, I would like to welcome this Bill. There is no difference of opinion particularly on this Bill but there are certain issues where I need certain clarifications from the hon. Minister.

While piloting the Bill, he has made some initial remarks. This particular Bill is going to be applied for those institutions which are mentioned in the Second Schedule. He rightly pointed out that the State Governments would be requested to implement some of the salient features of this Bill because every State has got its own Act. To carry forward the very object of this Bill, the State Governments have to cooperate. Shri Mani Shankar Aiyar has made some valuable suggestions. In the case of Panchayat Raj institutions, the Seventy-third and Seventy-fourth constitutional amendments have been brought in. Ultimately, all the States have to proceed on the basis of the Seventy-third and Seventy-fourth amendments. But, here you are going to make a request.

To what extent these States are going to extend their co-operation? The States have their own compulsions. I do not want to bring politics here. There are many reports of the Committees. I do not want to again go back to the previous reports or the recommendations made by various committees. But you may have to think again to bring a suitable constitutional amendment to give teeth to this particular Bill. It has got its own far-reaching positive effect on the implementation of the entire cooperative system. I do not want to take much time of the House. Most of the economy, as far as the agricultural sector is concerned, depends only on the cooperative lending. Be it marketing, credit, fertilisers, seeds, and sugarcane. All most all these issues come only to strength the agricultural economy.

I would like to quote what some of the economists have said. One economist has said:

"This is a dangerous trend for a nation like ours. Limited value addition in agricultural products and inability to provide agricultural finance have been quoted to be the main reasons for this trend. If Indian economy is to secure a stable growth over a long period, agriculture should never be neglected. The kind of financial support which is provided for the service sector ought to be made available for the agricultural sector as well."

I do not want to go on quoting the views of several other agricultural economists and waste the time of the House.

Sir, I am very happy that Shri Ajit Singh is piloting this Bill. He is the son of a farmer who has dedicated his entire life to the cause of farmers. While piloting this bill, the hon. Agriculture Minister has mentioned some of the salient features of the Bill. Clause 44 of the Bill prohibits any Minister of the State Government or Central Government from holding the office of the Chairperson of a multi-State cooperative society. It is a welcome move.

Sir, as far as the strength of the nominated members is concerned. Clause 48 says that the number of such nominated persons shall not exceed one third of the total number of members of the boards. It also prescribes the right of the nominated members. But I would like to know from the hon. Agriculture Minister whether a nominated member can become the Chairperson of a multi-State cooperative society or only an elected member can become the Chairperson. It has not been clearly prescribed in this Bill. Clause 44 of the Bill only says:

"No member of a board shall be eligible to be elected as chairperson or president or vice-chairperson or vice-president of a multi-State cooperative society if such member is a Minister in the Central Government or State Government".

It has not prohibited a nominated member from becoming the Chairperson of the society. So, I would like the hon. Minister to clarify the doubt which is lurking in my mind.

With regard to Board of Directors, Clause 41 (3) says:

"The board shall consist of such number of directors as may be specified in the bye-laws:

Provided that the maximum number of directors in no case shall exceed twenty-one."

It is all right. But as far as nominated members are concerned, Clause 48 says that the number of such nominated persons shall not exceed one third of the total number of members of the board. It means that the Government is going to nominate seven members. What does it mean? Is it not political interference of the Government in the functioning of a multi-State cooperative society? I do not understand this. The hon. Minister should clarify as to why seven members should be nominated to the board. Clause 48 (1) (a) says:

"where the total amount of issued equity share capital held by the Central Government or the State Government is less than twenty-six per cent of the total issued equity share capital, one member of the board;..."

If it is more than 26 per cent, there will be two members.

It has been further mentioned as under:

"(c) where the total amount of issued equity share capital held by the Central Government or the State Government is fifty-one per cent, or more of the total issued share capital, three members of the board:"

This is one suspicion whereby you are going to take the powers to nominate about one-third of the members, that is, seven members. I would like to ask the hon. Minister to clarify this point during his reply.

I also want to know the mind of the Government about the Chairperson. You kindly clarify these two issues.

The powers of the Chairman have been prescribed nowhere. You have prescribed the powers of the Board against clause 49 and of the Chief Executive against clause 52. What are the powers of the Chairperson? That provision has not been made anywhere.

You want to supersede a society under clause 141. The powers for supersession are going to be taken by the Central Government. But the recommendations made by the Brahm Perkash Committee and all these things have not been brought forward fully in this amending Bill or the repealing Bill.

Even at the State level, the co-operative society is empowered to supersede an institution. Then, there will be Deputy Registrar, Joint Registrar and then Registrar. Then, it goes to the Minister. You are going to say: "I am going to request the State Government." Is it going to be carried away as a model Bill by all the States? They have got their own political compulsions. You know how the things are going on there. These are some of the issues.

Even for supersession of the Board, the entire powers have been given to the Chief Executive. You go to the powers of the Chief Executive. All the powers are with the Chief Executive. The Board is only nominal. They are going to meet once in a quarter because the functions of the Board are like that. They have no financial powers. Everything has been vested with the Chief Executive. Why

[Shri H.D. Deve Gowda]

do you want to supersede the Board? You must see not only to suspend that officer but also to take further steps to penalise that officer. If you want to give all the powers to the Chief Executive and you have no trust in the elected members of the Board or the elected Chairman, then what autonomy are you going to give? These are some of the issues that are creating doubts in my mind. Kindly clarify when you are going to reply to the debate.

DR. V. SAROJA (Rasipuram) : Hon. Chairman, Sir, I thank you very much for giving me this opportunity to talk about this very important Bill. The genesis of the co-operative movement started in 1901. We are bringing forward a very important Bill after 100 years - still with some modifications.

I rise here to support the Bill with certain reservations. The first President of India, Bharat Ratna Dr. Sarvapalli Radhakrishnan said:

It is by suffering that we understood."

Is it a fact that we are trying to learn the problems and difficulties that we are facing through this co-operative movement after hundred years? At least now we should critically evaluate the Bill, that is, the purpose for which we are debating this Bill. Are we going to achieve the results of these amendments?

If so, is there any time limit by which we are going to achieve the purpose of this Bill?

Mr. Chairman, Sir, let me go straightaway to the topic. What are the key elements of a good co-operative law? Firstly, it should be fundamentally and inalienably consistent with co-operative principles. Secondly, it should enable, not prescribe. Thirdly, save where the public interest is at stake - and that is normally the concern of other law - co-operative laws should leave matters to the members and their bye-laws. Fourthly, co-operative law should not duplicate, much less replace, other laws - too often, misdeeds are protected by co-operative laws. Fifthly, co-operative laws should enforce the fiduciary responsibility of elected leaders and senior managers, holding them accountable for managing the affairs of a co-operative with the same prudence and integrity as they would their own. Is this Bill addressing or incorporating all the elements of a good co-operative law?

There are a few positive points that I could see but this Bill fails to address certain issues. Sir, I am a lady

Member participating in this important co-operative movement. I appeal to this august House that even after 52 years of Independence, in spite of all the human resources and all other sources available with us, we have not achieved what we should have achieved. I am sure that if this co-operative movement is going to be a hundred per cent woman-oriented, I think, we will be able to achieve the results. I am sure that within the completion of the Eleventh Five Year Plan, we will be able to see the results. Sir, we can even take stock of the achievements after five years. I would appeal to all the Members of this august House to pass unanimously this legislation; it should be included in the Ninth Schedule of the Constitution of India; and it should have a separate Chapter for this.

My hon. senior leaders have spoken about the reservation for SCs, STs and OBCs. Within that 100 per cent co-operative movement for women, we can provide reservation within reservation. I would like to make an appeal to all the leaders and to all the political parties in this House and outside the House to critically evaluate this point, and on this one point, we should rise above the party lines and we should show to the entire world that we are one in this co-operative movement.

Sir, there are plus points in this Bill. The bye-laws can be formulated according to the need of the Multi-State Co-operative Act. The conduct of election is the responsibility of the members and the Board of Directors. The restriction on terms of holding the office is removed. Sir, this is a very welcome point. There are points like right to promote the subsidiary units as well as the joint ventures, which will create more job opportunities; also the buy-back policy when we make the Multi-State Co-operative Act; deemed registration and amendment in bye-laws. Sir, the very important point that I could appreciate is the disqualification of the Board members for non-performance.

This one point, I think, would create awareness and inculcate in the minds of the members of co-operative societies a sense of responsibility and accountability for timely conduct of elections and preparation of financial reports. Timely audit is not being done. In spite of the fact that auditors are being paid over and above their fees, audit reports are not being placed on time.

The Multi-State Co-operative Societies Bill gives the power to the societies to choose their own election commissioners, which is very welcome. Clause 27

provides for educational courses for members. There are about 21 crore members in the co-operative movement. There are five lakh co-operative stores catering to the needs of the country, out of which rural credit outflow is 43 per cent through the co-operatives. In respect of fertilisers, it is 37 per cent, 55 per cent for sugar production, edible oil production through co-operatives is 51 per cent and storage capacity through co-operatives is 63 per cent. In respect of milk production and dairying, co-operatives enable India to attain a hundred per cent. This is again because of empowerment of women. They are playing their role in achieving this. Here, clause 27 provides for education and training programmes to the 21 crore members of the co-operative movement. I would like to draw the attention of the House to the Budget allocations.

In the Expenditure Budget, 2002, the hon. Finance Minister announced for the year 2001-2002 a Plan Budget of Rs. 13.75 crore. For the year 2002-2003, the Budget allocation is Rs. 37.70 crore. The co-operative movement is for the welfare of the members of the movement. May I appeal to the hon. Finance Minister through this august House that the members' welfare should be taken care of and more funds should be allocated?

When we are discussing this Bill, are we not concerned about related Acts and amendments to those Acts? In the year 2001-2002, the hon. Finance Minister gave tax exemption to the co-operative societies. He gave tax exemptions of about 30 per cent to 35 per cent. May I request that he should bring an amendment to the Income Tax Act before this august House because the co-operative movement is for the welfare of the members of the co-operative societies? It is not for commercial purposes. So, I would appeal that an Income Tax (Amendment) Act may be brought in. I would also suggest that there should be a separate cell in the Banking Division under the Ministry of Finance to address the related issues and ensure timely credit outflow to the societies for the welfare of the members. This is also for the consideration of this august House. May I get a reply from the hon. Minister, which I hope would be purposeful and meaningful, whether within a short time we could have these amendments incorporated?

I would also like to point out here that clause 142 provides rule-making powers to the Central Government.

17.00 hrs.

Again, if you are going to invite the Government for rule-making power and you are inviting the Government

in encroaching upon the freedom of the cooperative societies, then the purpose of this Bill will be totally defeated.

Sir, Clauses 84 to 103 mention about the Cooperative Dispute-Settlement Authority. Is it possible to have an Authority with so many officials in that Authority with the Chairman, Secretary and other subordinate officers? When there is a settlement by arbitration and reconciliation, I fail to understand what is the necessity for the Cooperative Disputes-Settlement Authority. I would like to know from the hon. Minister about it, while he is replying.

As the hon. former Prime Minister has rightly pointed out, if 20 per cent share is there, there will be one person and if 20 to 50 per cent share is there, two persons can be nominated and if more than 50 per cent share is there, three persons can be nominated and if it is less than 15 per cent, we cannot give the place in the cooperative society. I would be very happy, if the hon. Minister of Agriculture enlightens us on this aspect.

Sir, I would like to quote clause no. 41(3) of the Bill because I am more bothered about the reservation...
(Interruptions)

MR. CHAIRMAN : Dr. V. Saroja, please conclude.

DR. V. SAROJA : Sir, I will just conclude.

The 18 per cent and one per cent reservation for Scheduled Castes and Scheduled Tribes must be earmarked.

Sir, last but not least I would like to refer to clause 7 (1) (d). I strongly appeal that that clause must be deleted.

Sir, with these few words, I conclude my speech.

17.03 hrs.

[SHRI P.H. PANDIYAN *in the Chair*]

SHRI KHARABELA SWAIN (Balasore) : Sir, I rise to congratulate the hon. Minister of Agriculture for piloting such a path-breaking Bill. I also congratulate the first speaker from the Opposition, Shri Shivraj V. Patil. He is a leading light in the cooperative movement. He made so many illuminating suggestions. I congratulate him for his suggestions also.

Sir, I do not come from a State like Maharashtra or Gujrat where the cooperative movement has got very strong roots. I have come from a State like Orissa where

[Shri Kharabela Swain]

cooperative movement means it is an appendage to the Government. Till I became an MP, I thought that cooperative movement means it is a Government department. This is the real feeling I had. Here only I understood that it is something very different. I come from a State where conduct of elections to the cooperative bodies is regularly irregular. I come from a State where the political leaders vie with each other to be nominated to the cooperative bodies as Directors or as Chairman. But when I came here I just found that the cooperative movement has got so many ideologies and so many ideas.

Sir, why should there be a cooperative movement? Firstly, it is to supplement the planning efforts of the Central and the State Governments in undertaking various developmental activities in the economic and social sphere. Secondly, it is to supply various inputs like quality seeds, fertilisers, pesticides, etc., to help raise agricultural production. Thirdly, it is for promotion of social good and social welfare through reducing exploitative tendencies unleashed by the private sector.

Fourthly, it is the flow of adequate and timely credit to the rural sector at concessional rate of interest.

Last but not least, it is improving management excellence and training workforce through education and training programmes for the co-operative leaders and members at different locations of the country.

These are the basic ideas of the co-operative movement in this country. What ails actually is the co-operative movement? What is the problem of this co-operative movement? The co-operative organisation has virtually become a Government organisation, as I have already told you, and it has lost its distinct identity and self-reliance as the co-operative societies have become totally dependent upon the Government patronage. Co-operative societies, at times, have been used as the tools for implementation of the Government programmes, like distribution of credit, procurement of agricultural produce on behalf of the Government agencies, distribution of consumer items, and providing relief to some displaced groups. Just on the other day, in Orissa, there was a clamour that if the Food Corporation of India is not buying paddy from the farmers, let the co-operative societies buy the paddy from the farmers themselves. How is it possible? The Co-operative Department will buy paddy from the farmers and if it is not sold within six months, the co-operative society will be finished. But everybody wants that co-operative societies should do such things.

I will not go into the details of the Bill because these have already been enumerated by the hon. Members. The hon. Minister in his initial speech has already told that he has piloted this Bill to remove the bureaucratic interference from the Co-operative Department. I fully agree with him. But with regard to the reservation, whereas I fully agree that there should be reservation for women and for the Scheduled Castes and Scheduled Tribes, let me tell you that in Orissa, there is provision for women and for Schedule Castes and Scheduled Tribes to be nominated, to be elected to the co-operative bodies. So, what further reservation do we require, I do not know. I do not know if that rule persists everywhere in India, but in Orissa, there is a provision in the primary societies, in the district societies for the nomination of women and the Scheduled Castes and Scheduled Tribes.

Now I shall come to the point as to what are the key elements in the Brahma Prakash Committee which have not been included in this Bill. I would request the hon. Agriculture Minister to listen to me because I would just make some suggestions with regard to the points which have been left here.

In this Bill, the rule making power is still left with the Department. The Government Department will still prepare the rules. How was the Government Department preparing the rules earlier? In the past, the Department utilised this power to act arbitrarily and beyond the scope or the intent of the law. So, I hope, the hon. Agriculture Minister will see to it that the Government Department also does not behave in the fashion in which it was behaving earlier. If he wants that the bureaucratic interference should be removed, then why should there be a rule making power with the same bureaucrats? So, my first point is, you should look into it.

My second point is, the proposed Bill continues to provide the Government the right to subscribe to the equity of the multi-State co-operative societies. Why should the Government still have the equity in the multi-State co-operative societies? Why do they not give it full independence? Let it collect from its own resources. Let it have its own equity money. Why should the Government intervene in the co-operative societies? If the Government is having its equity in the co-operative society, it will positively have bureaucratic interference and political interference. So, if you want that there should be no interference from the politicians, then you will have to remove it.

The third point is, the proposed Bill does not provide for any liability for deficit. If there is a deficit, then who is liable for it?

The hon. Minister of Agriculture should look into that point also. The proposed Bill is contrary to the spirit of the model Act. It imposes restriction on holding of office in more than two Multi-State cooperatives. The hon. Minister should look into this aspect also.

There is another point which I will just try to bring to the attention of the hon. Minister. The proposed Bill imposes restriction on the cooperative's ability to deploy its funds and disposal of surplus. It has allowed for the mobilisation of capital. This Bill has given independence for the mobilisation of the capital. But what about the deployment of its funds and what about the disposal of surplus? This privilege also should have to be given to the Multi-State cooperative societies.

On the area of operation, the proposed Bill imposes restriction on the new Multi-State cooperative societies in the area of operation of an existing Multi-State cooperative society. Hon. Member Shri Shivraj Patil has also told the same thing. If there is one Multi-State cooperative society in one State, then why can there not be another society? It should be allowed and it should not be restricted to only one and it should be allowed.

Sir, I will give one or two suggestions in a minute or two and then conclude. This particular point has been raised by many hon. Members and I am also raising the same thing. Kindly abolish the dual control on the cooperative societies by both the State Government and the RBI or the NABARD. In the last securities scam, everybody knows the role played by the Lucknow Urban Cooperative Bank. The loans were taken from the bank without filling up any form. The Directors of the bank behaved as if it is their personal property. They took the loans themselves just without signing any form etc. There was no collateral security. Nothing was there.

When you asked the RBI they say : "We cannot take any action; we are only confined to policy decisions." When the District Magistrate or the State Registrar of Cooperative Societies is asked about it, he also said : "We do not have any responsibility and it is the CBI which is looking into it". How will the CBI look into all sorts of irregularities committed by these cooperative societies? So, there should be some responsibility. Who is responsible to look into it? Is it the State Registrar of the Cooperative Societies or the Reserve Bank of India? Therefore, the hon. Minister should look into this aspect and he should see that there is a single control and not a dual control.

On the banking function, if there is any cooperative bank, the banking function should also come under the Banking Regulation Act. The States should ensure the freedom of the cooperative societies so that they can have the enabling progressive Cooperative Acts.

Last but not least, I will now raise a very important point for the kind attention of the hon. Minister. The cooperative societies now give loans to the agriculturists. They bring loan from NABARD. All the nationalised banks are supposed to give 18 per cent of their total loans to the farming sector, to the farmers. But they do not do it. They give that money to NABARD and NABARD gives that money to the cooperative societies and the cooperative societies give the loans to the State cooperative societies which in turn give the money to the district-level societies and then it comes to the primary cooperative societies. Everybody charges some administrative charges and ultimately the rate of interest comes to as high as 22 per cent. Can you believe that somebody will return money by paying as high a rate of interest as 22 per cent? How is it possible? From the very first day that you give the loan to the farmer, you see to it that he falls sick, he defaults and he does not pay back.

Therefore, my request to the hon. Minister is : if you really want that the agriculture sector is improved, the farmers should take the money and should invest it in the agriculture sector, then give the farmer the loan at the rate at which he can repay; you give him a loan at a rate of interest which should be less. The Reserve Bank of India is cutting the interest rate in every aspect. You see to it that this rate of interest is reduced.

With these words and with these suggestions, I conclude.

[Translation]

SHRI DHARM RAJ SINGH PATEL (Phulpur) : Mr. Chairman, Sir, while discussing the Multi-State Cooperative Society Bill, 2000, I would like to draw the attention of the hon. Minister towards the pitiable condition of co-operative societies. Especially in Uttar Pradesh, the condition of cooperative Cold storages and cooperative sugar mills is very bad. Similarly corruption is rampant in the distribution of fertilizers among the farmers and the procurement of wheat through the cooperatives. Keeping in view their condition, I am apprehensive about the fate of National Cooperative societies and also of those likely to be formed in future. How they are to be regulated? The Bill says that they will be regulated. We have some recent examples.

[Shri Dharm Raj Singh Patel]

A number of insurance companies have started functioning. In addition, a number of banks have been opened in private sector. People deposited their money in those banks and their money was embezzled. Even the registered societies have vanished. I am afraid that with the exception of the societies formed by the Union Government, the capital of common man, farmer and the worker is not safe even with the cooperative societies of the State Government. What will happen if the Chairman of the society starts committing irregularities? I request you to keep in place a minimum level of safeguards.

I have not gone through the Bill in detail, but whatever have I read, indicates that some efforts to regulate them have been made. I would like to give some suggestions. I don't want to name any society since we are still gathering information. There is a well-known cooperative society that works in the field of fertilizer production. That society indulges in unprecedented levels of exploitation. All the rules and regulations of the Government are being openly flouted there. That society is not regularising their workers who have been working for 8-10 years. Machines worth crores of rupees are being purchased without inviting any tender. The whole company, whole plants have been bought just on work order. I am surprised to see such levels of corruption in a prestigious company. Whenever I will get an opportunity, I would inform the House, in detail, about the condition of such societies. It is going to enter the insurance sector, What is going to happen if it does not mend its ways? Therefore I request the hon. Minister to be vigilant about this and also to regulate the service conditions of the people who have been working for 8-10 years, and also the purchase of machines and other articles worth lakhs and crores of rupees. In future, it should be ensured that another scam of the magnitude of UTI Scam does not take place. I also request the Government to be cautious so that scams do not take place and the money of the people is not misused. With these words I once again support this Bill on behalf of the Samajwadi Party.

[English]

SHRI K.H. MUNIYAPPA (Kolar) : Mr. Chairman, Sir, thank you for giving me an opportunity to speak.

Our Deputy Leader, Shri Shivraj V. Patil, Shri Mani Shankar Aiyar, and the former Prime Minister, Shri Deve Gowda, have given their valuable suggestions. On the same lines, I wish to give you a few suggestions.

The cooperative movement in Karnataka first started at Gadag, Hubli. Even to this day, people of that entire area owe their survival to these cooperative organisations. This movement needs freedom from the political parties. I wish to point out one very important thing to the hon. Minister that the political interference is the only reason why the cooperative movement is suffering. It is because of this that it cannot survive. You have to take out the cooperatives from the clutches of the political parties. Let the representatives of the political parties be there in the Board of Directors as members. However, we have to remove clause 48 from this Bill because then only this cooperative movement will survive.

Mr. Chairman, Sir, through the Constitution Seventy-third and Seventy-fourth Amendments, you have made the provision so that all sections could participate in the local body elections. Like that, in the cooperative sector also, you have to make some amendments to see that all the weaker sections and the Scheduled Castes participate in the elections. In Karnataka, this is already there. There is reservation for women in the primary societies, and also there is reservation for the Scheduled Castes. When there is such a provision, where is the need for nomination? Earlier, there was the need for nomination because there was no provision to protect the interests of the weaker sections. Now, when there is a provision, there is no need for the Government to interfere by way of nomination, whatever share or amount they contribute. Cooperative society is a semi-public institution.

The Government may have its share in the society but simply because they have got share in that, they should not control the organisation. There should not be any political interference. Whichever Government comes to power it nominates its members on the Board of the society and completely destroys the system. I would not like to go into the details of it. But one thing that I would like to mention here is that the executive powers should be limited. The societies have a democratic set up. If the Board commits a mistake the society should have enough authority to check and control it. The Government has to find a mechanism for this. But there should be total freedom for the societies from political interference. In a village any member of a family should have a passbook and whenever he wants he should be able to go to the societies and get fertilizers, seeds and whatever else he requires and he should return the amount due to the society. So, there should be total freedom to run the societies. These societies suffer because of political interference. To ensure

this freedom, the Government needs to have a fresh look at clauses 41, 48 and 51. The Government needs to make a slight change in these clauses and see that a new thrust is given to the co-operative movement. The people from the farming community and the agricultural labourers should be made members of the societies. The participation of these people is necessary in the co-operative movement. Nomination of Members to the Board by the Government should be stopped. It is under these circumstances only that the organisation of Co-operatives would survive. The Government must find a way out by which political interference in the co-operatives could be stopped and see to it that a new thrust and a new look is given to the co-operatives by nominating members from the farming community and agricultural labourers in the Board of these co-operatives.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : Sir, I rise to support the Bill introduced by the hon. Minister of Agriculture. Two committees had been formed under Shri Brahma Prakash and Shri Mirdha. Their recommendations have been incorporated in the Bill. The Bill was first introduced in 1984 but it has some shortcomings hence these two committees have worked to remove the shortcomings of that Bill. Union Government have tried to include such trans-State cooperative societies in the Bill which have similar objectives of expansion.

I will discuss other things later, but firstly I would like to point out that the Bill says that if the person who has applied for registration, does not get any information for four months, the society would be considered automatically registered. Similarly, if a member fails to attend three meetings, he would be considered absent and be removed from membership. Another important feature of the Bill is that no Minister either of State Government or of Union Government would be eligible for the post of Chairperson of any society. It is also a good feature, aimed at introducing democratic elements. It will remove the possibility of the interference of either a State Minister or a Union Minister.

Similarly, the Bill also says that the audit of the society would be conducted by itself. We may also consider a few suggestions given by our earlier hon. Speaker with a view to remove the shortcomings of Multi-State cooperative societies. An important issue is to ensure the participation of women in the societies. The Bill does not provide for that, therefore the participation of women should be

ensured. Another important thing is to provide for the representation of SCs, STs and of poorer sections.

[English]

MR. CHAIRMAN : Shri Bhargava, you can continue Half-an-hour discussion.

[English] -

17.30 hrs.

HALF-AN-HOUR DISCUSSION

Damage to National Highways due to Flood

MR. CHAIRMAN : The House shall now take up Item 16 – Half-an-hour Discussion.

Shri Priya Ranjan Dasmunsi! You can make a short statement.

SHRI PRIYA RANJAN DASMUNSI (Raiganj) : Mr. Chairman, Sir, first of all I would like to compliment the hon. Minister Shri Khanduri for his wonderful work. He is one of the finest Ministers of the Government, who is equal to reciprocate and respond to the queries of Parliament Members. I once again thank him for his sincerity. Mr. Chairman, Sir, I am thankful to you for admitting Half-an-Hour Discussion on this vital issue of public interest - the National Highways and allowing me to speak.

Earlier, on March 21, the hon. Minister replied to me in writing giving me the position in regard to widening and strengthening of National Highways No.31, 34 and 35, and on the assistance of Asian Development Bank. In his letter of March 21, the Minister wrote to me:

"As the Ministry lays top priority on the improvement of riding quality of National Highways throughout the country, problems like improvement of flood-prone sections were deferred."

This Half-an-Hour Discussion relates to damages caused by floods to the National Highways. I raise this issue of the need to take special care of this matter. If the hon. Minister kindly sees the map of India, by this time he must already be in possession of the map of National Highways that run through flood-prone areas, he will find that there are three basic reasons, in my own understanding, for the damage caused to the National Highways. The logged water, either due to the overflow of the river or because of lack of depth in the river, during heavy

[Shri Priya Ranjan Dasmunsi]

monsoon creates floods. The waters do not find a way out to be released and flood the nearby National Highways as a result of which the roads get damaged on both sides. Pavements of some of the narrow roads, which were built long ago, on the National Highways have now been encroached. The work of widening them, even if the Government desires to do it, gets halted due to existence of old trees or due to encroachment along the road.

Another reason is the level of the road. There are many roads which are built 20 to 40 years ago. At that time, the level of the river was different. Now that the level of the river, due to silting and other reasons, has gone up, it flows on to the road. Since the height of the National Highways is not sufficient, the water flows over it and creates a precarious situation.

Mr. Chairman, I represent three Districts – Dakshin Dinajpur, Uttar Dinajpur and Malda; and parts of Murshidabad by which I come to Kolkata. Every monsoon, for months together, these four parts in my State are hit by floods. The severity of the problem is such that even the essential supplies are held up because trucks cannot move as the water flows over the National Highway. The damage caused to the National Highway and to the Government Exchequer as well as to the people there, the trading community is so high that I cannot explain it. Yet, I must thank the Minister for taking cognisance of it and making serious attempts to better the situation.

The West Bengal Corridor Development Project as package 3 from Farakka to Raiganj with loan assistance of Asian Development Bank should start shortly. It might strengthen the existing road, particularly flood-prone points on 334 km to 355 km within District Malda. Further, I draw the attention of the Minister on the following vulnerable stretches which are liable to flooding and which require help from the administration. What I mean by 'vulnerable stretches' is that at such places the road is good but the level of the road has gone down so low that the entire road gets affected when that particular vulnerable part is affected by floods. These are: 361-362 Km – 100 metre length; 363-364 km – 250 metre length; 405-407 km – 700 metre length; 418-419 km – 800 metre stretch; 419-420 km – 700 metre stretch; 426-427 km – 120 metre stretch. All these facts are collected from the District Collector and the National Highways Authority in my State yesterday. The District of Malda, the entire subdivision of Jangipur of Murshidabad, Districts of Dakshin Dinajpur and Uttar Dinajpur are the worst affected areas in West Bengal.

There, the national highways are non-operational due to several reasons.

The level of the national highways are lower than the level of water that recedes from the rivers during floods. The widths of those roads are narrow. Supporting cover of those roads in points like Moina in Malda, Rupahar in Uttar Dinajpur, Botalbari in Uttar Dinajpur are so vulnerable that the roads get cracked and there is a soil erosion because of the flow of the river water.

Mr. Chairman, Sir, here, I would like to draw the attention of the hon. Minister to a very pertinent point. The cooling bridge which is the National Highway-34 at the headquarters of Uttar Dinajpur, Raiganj is also now sulking, and anything may happen any time. I am told that the National Highway authorities are already in possession of the materials and facts about the damage of this bridge, and they are considering to plan some thing. It is true that the National Highway authorities in India are doing excellent jobs. I have stated this fact earlier also. But here, my precise points in today's Half-An-Hour Discussion are:

Will the hon. Minister, in the first instance, prepare a small Paper stating the parts of Bihar, Uttar Pradesh, Assam, Madhya Pradesh etc. where actually the flood-prone areas are linked with the national highways?

Secondly, I want to know whether those national highways are to be maintained by the National Highway Authority of India or by the State Governments. I am saying so because there are two separate arrangements.

Thirdly, I want to know whether the assistance from the Asian Development Bank and the assistance that the Ministry provides from their Budget are enough to meet the situation before the monsoon. It is because sometimes the tender queries are done and the working pattern starts partly during monsoon and before monsoon. Then, it gets again washed away. So, decisively, he should take up the plan in such a way that the tender completion and other works are done at either pre-monsoon stage or post-monsoon stage in order to save the money of the Government and do the work in a better way. The areas which I have identified to the hon. Minister of my district, namely, Uttar Dinajpur, Malda, Murshidabad and Dakshin Dinajpur need special attention. Why I am saying so is that this is the corridor of the North-East. All the goods that you send from Delhi or from Mumbai or for that matter from any part of India towards North-East, they cannot be routed

without this road. So when these four roads are blocked during floods, the entire North-East suffers. The North-East also do not get any support from this road.

So, I would be extremely grateful to the hon. Minister if he takes special care, namely, (a) to ensure widening of the road; (b) raising the level of the road; and (c) on the vulnerable points, to see how to get the logged water out without hitting road base. In this regard, in consultation with the Irrigation Department of the State, they may prepare some tunnel or pipe in order to see that the water logged is not a threat to the national highway, and it is strengthened.

Sir, on these three aspects, if the hon. Minister takes a special note and appoint a Special Cell to help the flood-prone areas besides their normal routine work of expanding the national highways, I think, he will be doing a tremendous job both to help the State and the people of the flood-affected areas.

Sir, I would like to give two examples. During the 1999 floods, when the Government of India and the Government of West Bengal planned to send some relief, they could not send it by trains because even the railway track was not in a position in some parts to operate the heavy goods by trains. Then, the Government took a decision to send them by trucks. But all those trucks were to be halted at a point between Moina and Gazol. For six months, the villagers had to feed those truck drivers because they could not get the food from outside, and all those relief materials were dumped in those trucks. A few trucks were even looted. Serious violence took place. In the end, those roads became usable only after eight months.

Sir, Assam, Madhya Pradesh, Bihar, Uttar Pradesh and West Bengal are all experiencing the same sort of problems, in their flood-prone areas and the areas adjacent to rivers. So, my request would be that the hon. Minister may prepare another note with the help of his Ministry to see which are those rivers adjacent to those areas which are causing floods and handle the situation efficiently. He can very well handle this situation with the help and coordination of the State Irrigation Department, State PWD and the Ministry of Water Resources, and see what mechanism can be applied about the bund, barrage; what can be done about improvement of rivers; what arrangements can be made by the Irrigation Department for clearing the water logged in the areas by tunnels etc. and then what arrangements can be made from his

Ministry's side for building or widening and raising of those roads.

If these things are done in this manner, by combining all these Ministries, this Minister who has a wide and a long experience in the Army, would deliver very good result really to the people of those areas in those States.

I would like to put these two questions to the hon. Minister. Will he consider the suggestion of mine, to combine the Water Resources Ministry, and the Irrigation Department and the PWD of the State Government to draw an action plan for the flood-prone areas of India, especially in my State and the areas that I have mentioned? Secondly, if so, will he announce a policy or a plan as to how and when these flood-prone pockets of the National Highways – which are limited in number, but decisively destroy the entire National Highways, which are built at the cost of the national exchequer – could be averted?

With these words, I conclude.

MR. CHAIRMAN The Minister may reply now. Normally four hon. Members are eligible to put questions. But today, there is nobody else to put questions. So, you can cover the whole of India in your reply.

THE MINISTER OF STATE OF THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS (MAJ. GEN. (RETD.) B.C. KHANDURI) : All right, Sir.

I am extremely thankful to Shri Dasmuni for two things. Firstly, for highlighting the problem of National Highways that are getting affected or damaged every year, by floods in the country and causing extreme inconvenience or hardship to the people apart from massive damages to the road system. Secondly, I am also thankful to him for appreciating whatever work my Ministry is doing with regard to road sector.

In our country, floods have become a matter of routine. Every year, we get floods in some parts of the country or the other. Even the normal monsoons in some parts are very heavy due to which also the roads get damaged. But in addition to this, every year, we keep on getting floods in a big way in various parts of the country. As National Highways are spread all over the country, these roads are damaged and disrupted; and particularly during monsoons, the repair-time is also not available. Monsoons also continue for over 2-3 months. So, roads do get damaged and disrupted. Therefore, this is a problem which is occurring every year.

[Maj. Gen. (Retd.) B.C. Khanduri]

We are also, every year, trying to do fire-brigade action; we keep on doing the patch-repairs. But the long-term solution to these problems certainly needs to be considered as suggested by Shri Dasmunsi.

Having said that, I would also like to mention that different parts of the country have different types of problems. West Bengal has one type of problems with regard to damage of roads by water – whether it is floods or normal rains or otherwise. Bihar has got different types of problems. Certain rivers are coming from Nepal side where there are no dams and it creates unexpected problems because suddenly very heavy quantum of water comes in. In certain other areas in the State of Assam, because of the vast rivers we have problems like the case of the River Brahmaputra. These are natural problems for which due care has not been taken over the past years. In addition to these, there are also other problems.

Shri Dasmunsi has raised this question earlier also. We had to explain it every time, as he himself stated. As of today, we have 58,112 kms. of National Highways. All of these were State Highways which have been converted into National Highways. This is for the first time that a new agency is creating new roads, that is, the National Highway Authority of India, under the programme of the Prime Minister's National Highway Development Project. We are constructing 13,000 kms. of new roads; we construct them as per the new design. Under this, even some of the existing roads are being improved. Sometimes, the standard of the State roads are even lower than the State Highway standards, but we have taken over these from the States. Therefore, the problem becomes worse.

Shri Dasmunshi raised the question of height of the roads; it is very clear and it is very correct also. Before this, he had raised the same question once; I had given him the figure at that time also. If we were to design a road *ab initio* or from the beginning, then there are various structures of the road, starting from the sub-grade up to the top or the black top of the road, etc. Today, NHAI under NHDP is doing the design. Sub-grade is the lowest portion of the road and we build on that. The road should have a minimum of 0.6 meter to one meter above the highest flood level in that area.

Therefore, as you have highlighted, if these roads were to be made in normal high flood area, they should

never get over-topped. Water should never flow over the roads. But unfortunately, as I have said, these roads have been made earlier on. They have been made with design specifications on an *ad hoc* basis. We have now taken over them.

If I were to convert all the roads, which comes to about 58,000 kms., into the standard national highway specifications, it will be tremendous task. A study was carried out three years back. At that time, the National Highway quantum was less, around 45,000 kms. And the money required was Rs. 1,65,000 crore. We do not have this money. Therefore, we are just maintaining the normal roads or trying to deal with the flood damages. *Ad hoc* arrangements are going on. I used the term fire-brigade action. Every year, some or the other damage is being caused. My Ministry's Budget is around Rs. 1500 crore and every year we keep about Rs. 100-120 crore for flood. This does not meet the total requirement of the flood damages which run into a thousand crore. Therefore, we try to find out the priority areas and do the patch-up work.

What is the procedure for giving the flood relief? You have given a very good suggestion that we should start earlier on. Now, since my attention has also been drawn to this subject, I have asked myself as to what I can do. Can I do some planning? The present planning is, whatever damages take place during the monsoon season, we tackle them in two ways. One is, when an emergency requirement comes from a State saying that such and such road has been damaged and they require a certain amount of money. For example, last year a State asked for Rs.5 crore as assistance but we gave them only Rs.2 crore to start the immediate patch-up work which was required. This is the emergency requirement during the monsoon as the damage has already been caused.

The second stage is when the monsoon is over. The State Government deutes its own engineers, and our regional officer sit together and make a plan. This plan takes two to three months' time. By the time, it is December. Then they send their requirement. If everything is all right and there is no query, money is released at the earliest by Jan. next. Whatever they are able to spend in the same year, it is all right otherwise it goes to the next year. So, the whole system is such that even though the money is available it is not satisfactorily utilised for the repair work. As it is, we tell them that since the monsoon is coming,

whatever repairs are required, they may carry out the work. That is how although we release the money only in the month of January, some money is used by the State earlier as they have already started the repair work and have incurred some expenditure. By the time the money comes, it gets adjusted. Sometimes, the money is not fully utilised or not properly utilised. These are the kinds of problems that we face. Therefore, we will certainly look into what you have suggested and try to find a method.

Flood damages cannot be anticipated everywhere. As you have suggested, certain areas are flood prone areas where every year flood damages take place but the fact is if some preliminary work is done before monsoon, we can save time and utilise money properly. These are the problems on ground.

You have mentioned that I have a lot of experience in the Army. Yes and I have carried out a lot of flood relief work, particularly in the State of Bihar. In 1971, I had taken a regiment. The entire sector from Patna-Sahibpur-Kamal and Eastern sector was totally disrupted. There was no rail link between this part of the country beyond Patna. We were going on a narrow metre gauge road. There was no broad-gauge. The whole life was disrupted. Therefore, there are certain areas which get damaged by floods every year.

There are areas where the drainage system is not proper or there are irrigation channels. The irrigation channels get blocked for various reasons either due to over-silting or they are blocked deliberately by the people who want to save their own places. You block one particular place so that water gets diverted to other area. Therefore, individual or a group of people also try to divert water from their areas to different areas because the drainage system is not adequate. This also causes damage to the roads.

As I said earlier on, when the roads were constructed, even at that time the number of culverts was not adequate. Therefore, we have to create additional channels where the water can get out. These are the types of problems that we are having. The problems are of a very large magnitude. We have, as I said, tried to spend around Rs. 120 crore every year on flood relief. But it is not sufficient. You have given certain specific areas and certain specific roads. After the last Parliamentary question, I had also given you information regarding your Constituency and West Bengal as a whole where we have given the money.

I hope you have received that information. Even in the year which has just concluded, we had given Rs. 10.13 crore to West Bengal. Their demand would have been much more. Therefore, the State Government utilises this money as per its own priority. By and large, the priority is given by them. Therefore, apart from needing more money, we also need a system.

You have mentioned specific problems about specific areas. I will look into them. You had also mentioned National Highway - 34. There is a very good scheme coming with the loan from Asian Development Bank. This project is progressing quite fast. The preliminary stages have been completed. The Consultants have been identified; Terms of Reference have been finalised, and now we are going to the next stage of tendering and all that. Once that work starts, that road connecting the North Bengal side would be reasonably good, at least, from Siliguri to Dalkhola. So, this is the type of thing that is being done.

You have also asked me specifically two questions. One is regarding the level of the road. Now, we can do it only in bits and patches because of the type of money required. Every hon. Member including myself wants that the road from his Constituency should be converted from State Highway to National Highway. Today, if I take over one kilometre of road from State Highway and if it is reasonably good, we have to spend huge amount. We all know and I had stated it last time also that we have taken over roads which are not only of not State Highway standard but are virtually village roads. We all know that for various reasons these have been converted. If I have to convert a State Highway standard road into National Highway standard road, I would need Rs. 1 crore to Rs. 1.5 crore per kilometre. So, we need around Rs. 1,65,000 crore. So much money is not available. On the one side, we want to have more National Highways but on the other side money is not available. Therefore, even the normal maintenance is not being done. We want to spend more money on improving the riding quality because there are so many potholes. Whatever may be the width of the road the surface should be good. But side-by-side, there is a demand that we should increase from one lane to two lanes and that National Highways are supposed to have two lanes. Therefore, the amount of Rs. 1400 crore to Rs. 1500 crore which is budgetary provision, is to be divided in a manner that it can be used in an optimum manner so that we are able to give some money everywhere.

[Maj. Gen. (Retd.) B.C. Khanduri]

Sir, in the last two-three years, we have concentrated on Improvement and Riding Quality Project. We have also been doing a little bit of widening so that some intermediate lanes become two lanes and some single lanes become intermediate lanes. So, this is the type of problem that we have.

You have talked of raising the height of the road which means re-doing the complete structure. As I told you, from the bottom of the road to the top of the road, on an average it comes to 1.3 metre. The height that I have to build is around 1.3 metres of various types. There is earth, then there is some consolidated soil, then, bitumen and then the thicker bitumen and finally, the wearing coat. So, 1.3 metres of the road will have to be built above the flood level. Now, if you have to do it at various places, you could understand how much money would be required. So how to tackle it, is one issue.

Then, there is the question of controlling flood and ascertain damages. For that, you have suggested some thing. I will also try to involve the State Irrigation people and the Central Flood Control people and if we can find some method, it will be good. But we can apply our mind and certainly do whatever is possible.

You had also mentioned that there is no drainage from National Highways. I agree with you. It is because there are two things. The drainage system whatever is in existence is inadequate. Sometimes, the existing drainage channels are blocked, somewhere cultivate has come up, and at some places various things have happened for various reasons. As you have said, somewhere encroachment has come up.

Therefore, this type of things are adding to our problems further. Encroachment in itself is a separate major problem, probably worse than floods. In our country encroachment of road has become such a problem that whatever effort we are putting today on roads becomes infructuous within a matter of two to three years. I have gone and seen myself that if today I construct a by-pass, before it gets completed in two to three years, encroachment problem would have already become the centre of our attention. Thus, this encroachment problem is contributing to floods also.

Shri Dasmunshi has asked me two specific questions. Firstly, about coordination, we will certainly try and do our

best. He has also asked me whether I have a policy plan for a specific road. It is quite difficult for me to say anything at this stage; but I will certainly try to get it identified in consultation with the State Governments as to which are the areas which get affected frequently. We will also look into the various other suggestions that he has made.

I am talking of National Highways. Certain stretches of National Highways do get affected every year. We will certainly look into the fact whether in those areas we can put some thought and find out some specific types of development activities.

With this, I think I have covered whatever the Hon. Member has asked me.

MR. CHAIRMAN : What about NH-7 of Tamil Nadu?

MAJ. GEN. (RETD.) B.C. KHANDURI : It is getting converted into a National Highway and made into a four lane road under the National Highway Development Project. You will have no problem on that.

MR. CHAIRMAN : From Madurai to Tuticorin, because of torrential rains, the whole road gets damaged.

MAJ. GEN. (RETD.) B.C. KHANDURI : Once it is made into a National Highway and the road gets constructed, you will have no problem. It is going to be constructed under the National Highway Development Project in which it will have a width of four lanes. You may be seeing that at some points the road is being dug four to five feet below the ground level. So, after the conversion, you will have no problem on this count.

SHRI PRIYA RANJAN DASMUNSI : I would like to draw the attention of the hon. Minister to Dalkhola, since he took this name. The point is that the entire road system collapses during floods because of which everything gets jammed at the level crossing. Within less than a kilometre the four lane road work is going on near Dalkhola. A road over-bridge and a railway level crossing, besides making it four lane, need to be considered and examined so that in future even if there is a threat of flood here and there the fly-over can take the load and divert all the traffic towards the north-east and towards Calcutta. On this aspect I have already written a letter to the hon. Minister and I request him to kindly examine and find out the possibility.

MAJ. GEN. (RETD.) B.C. KHANDURI : I will do that.

SHRI E.M. SUDARSANA NATCHIAPPAN (Sivaga-nga) : The east-coast road from Pondicherry to Kanyakumari is not completed.

MR. CHAIRMAN : You have not given notice; but it is allowed.

MAJ. GEN. (RETD.) B.C. KHANDURI : Thank you, Sir.

MR. CHAIRMAN : We will resume discussion on the Multi-State Cooperative Societies Bill.

[Translation]

SHRI RAMDAS ATHAWALE (Pandharpur) : Mr. Chairman, Sir, hon'ble Minister has given good reply. I would like to submit only that every year roads are damaged due to occurrence of flood and as a result of this the Department have to spend money for the repairing of the roads. As has been stated by hon'ble Dasmunshi ji that where there are floods, flyover are required to be made. Every year the roads which are damaged due to floods are repaired. However, on several occasions the Government officials after conducting survey declare even those roads damaged which are not damaged due to floods so it is essential for the Government to check and ensure whether roads have been damaged due to floods or due to some other reasons. All the National Highways of the country are in a zig-zag manner. You are a military person and the military person should be straight forward. The National Highways in our country are very zig-zag...*(Interruptions)*

SHRIMATI JAYASHREE BANERJEE (Jabalpur) : Mr. Chairman, Sir, I should be given opportunity to speak...*(Interruptions)*

SHRI RAMDAS ATHAWALE : I would like to submit only that the damaged roads are required to be repaired...*(Interruptions)*

[English]

MR. CHAIRMAN : Nobody has given notice to ask questions. There is one minute more before it is 6 O'clock. Therefore, if you want the Minister to reply, you can stop now and allow the Minister to reply. The Minister may give the reply now.

[Translation]

SHRIMATI JAYASHREE BANERJEE : Mr. Chairman, Sir, I should also be allowed to participate in the discussion

and the Minister should take up all the questions together at the end of the discussion.

18.00 hrs.

SHRIMATI JAYASHREE BANERJEE : Mr. Chairman, Sir, presently discussion is being held on the National Highways. You may increase the height of the National Highways but unless a proper drainage system is put in place, on the one side there will be sea like scene and on the other side there will be no water. So I would like to request that the rivers should be dredged as it has not yet been done so far. There should be drainage along the roads and if its height is increased then water outlets should be made in the middle otherwise there will be water logging on the one side and there will be no water on the other side. It should also be included in it.

MAJ. GEN. (RETD.) B.C. KHANDURI : Mr. Chairman, Sir, hon'ble Members have asked two questions. First question is whether inquiry has been held to know whether roads are being damaged due to floods or due to corruption. Though the term corruption was not used however you meant to say that the roads are not being damaged due to floods though such things are reported. I had said in the beginning that the destruction due to flood is so severe that there is no scope for corruption. But as per the procedure whenever any damaged due to floods in a State is reported a team of the State Government visit there and alongwith that our regional officer who is posted in every State also goes there to evaluate the situation.

The second question that the hon'ble Member has asked related to the Zig-Zag roads. The repairing and widening of roads are taken up continuously wherever it is possible and efforts are made to reduce the incidents of accidents.

The Hon'ble Member has suggestion that rivers should be dradged. I will be obliged to her for her suggestion as it is true that there is no proper drainge. Dasmunsi ji has also pointed out that too much of silts have deposited on the river beds and water comes to the road instead of following in river. On behalf of the road transport department I will be highly obliged if rivers are desilted as it will save the money of the Department. It is collective work and as Dasmunsi ji has said that every one including the irrigation department should collectively think about it and efforts will be made in this direction.

[English]

MR. CHAIRMAN : As a special case, I have permitted Members who have not given notice to get clarifications from the Minister. This should not be taken as a precedent. And I have given permission for myself also!

Now, Shri Bhargava may continue with his speech.

SHRI PRIYA RANJAN DASMUNSI (Raiganj) : Sir, the time of the House would have to be extended now.

SHRI AJOY CHAKRABORTY (Basirhat) : Sir, how can you extend the time of the House? How will you continue with the business of the House?

MR. CHAIRMAN : In the Business Advisory Committee meeting, a decision has been taken that the House may continue the debate till 8 p.m.

(Interruptions)

MR. CHAIRMAN : Please wait for a minute. Let him find out the position.

(Interruptions)

SHRI PRIYA RANJAN DASMUNSI : Members who want to speak may be allowed to speak. ... (Interruptions)

DR. RAGHUVANSH PRASAD SINGH (Vaishali) : The report of the Business Advisory Committee is not circulated. I do not know about the decision taken by the House. Where is the circular?

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur) : The circular has been circulated today.

DR. RAGHUVANSH PRASAD SINGH : I have searched it. We did not get it. How is it decided in BAC to sit till 8 P.M.? Who has decided it?

SHRI GIRDHARI LAL BHARGAVA : Today it has appeared in the Bulletin.

[English]

MR. CHAIRMAN : With the mood of the House, can I go on with the discussion?

SHRI AJOY CHAKRABORTY (Basirhat) : No... (Interruptions)

SHRI BASU DEB ACHARIA (Bankura) : You may adjourn now... (Interruptions) If the time of the House is to be extended, then how many Members are there to speak?... (Interruptions)

[Translation]

DR. RAGHUVANSH PRASAD SINGH : The Business Advisory Committee has given report about what was passed and what was not passed, however, we did not get it.

[English]

MR. CHAIRMAN : Dr. Raghuvansh Prasad Singh, all the Members have agreed to resume discussion.

(Interruptions)

MR. CHAIRMAN : In the Business Advisory Committee meeting, the decision has been taken to sit upto 8 P.M.

(Interruptions)

SHRI PRIYA RANJAN DASMUNSI : We have discussed this matter in the BAC and we felt that if we have to sit beyond 6 p.m. to pass some important business like this, then we may sit late. I also plead that the Bill may be passed today after accommodating other speakers to take part in the discussion... (Interruptions)

[Translation]

SHRI RAMDAS ATHAWALE : Mr. Chairman, Sir, the matter relates to cooperatives so we should also cooperate in conducting the business of the House. If we do not cooperate how the proceedings of the House will be carried on. So we cooperate in the House for proceeding the discussion on the Cooperative Bill.

[English]

18.05 hrs.

MULTI-STATE CO-OPERATIVE SOCIETIES BILL—Contd.

MR. CHAIRMAN : The House will continue the discussion on Multi-State Cooperative Societies Bill, 2000.

Shri Girdhari Lal Bhargava may continue.

[Translation]

18.10 hrs.

SHRI GIRDHARI LAL BHARGAVA : Mr. Chairman, Sir, hon'ble Minister has introduced Multi-State Cooperative Societies Bill in the House to get it passed. I rise to support this Bill. I rise to support this Bill because this Bill has been introduced with the purpose to ensure that the objectives of such cooperative societies should not remain limited to only one State and the members of such societies should remain in more than one State. In the present set up there is lack of uniformity. The Central Government have brought this Bill to balance the situation. The hon. Minister deserves to be felicitated for this.

Sir, Chaudhary Brahma Prakash and Shri Ram Niwas Mirdha Committees were constituted which have given such recommendations. I would like to submit that it has been mentioned in the Bill that these societies may increase their resources without the interference of the Registrar as there is relaxation in the requirement of Registrar for increasing the resources. I welcome this provision. There is provision of Constitution of Cooperative dispute Resolving Authority in the Bill that will resolve dispute if there is any. This Bill certainly provide solutions to several things. Any person who is Minister in the Centre or in the State Government cannot become the Chair person or Deputy Chairperson of the society. It is good thing that is included in the Bill. There is also a provision in the Bill that if any member remains absent from three consecutive general body meetings, then his membership will be terminated.

Sir, I feel that no one will oppose this Bill. In opposition to the Bill it has been stated that the tribunal that will be constituted by the Central Government will resolve the dispute and give the decision in this regard. There will be one Chairman and four Members in the tribunal. They will be appointed by the Central Government. The Chairman and the Deputy Chairman together will perform entire works. I would like to submit that many good provisions have been made in this Bill and it is also very good that this amendment has been made however I would like to request that as many good suggestions have been given regarding this Bill so these should be included in life.

[Translation]

Sir, the multi-State cooperative societies should be allowed to develop, the participation of women should be

ensured in the State Government and Municipalities. Since the Union Government are going to introduce a Bill providing 33 per cent reservation to women, therefore, women needs to be co-opted. Similarly the Scheduled Castes, Scheduled Tribes and other Backward Classes have not been included in it. To protect their interests, a clause should be added in the Bill to include them.

Sir, in my opinion, the people of rural areas should be given some concessions. while depositing their money with the cooperative banks and their money should be properly used and it should be ensured that their money is neither embezzled nor misappropriated.

Finally, I would like to thank the hon. Minister for taking pains to introduce a comprehensive Bill aimed at the development of cooperative societies and I hope that action would be taken with regard to my suggestions of the inclusion of women, SCs, STs and OBCs, safekeeping of people's money, ensuring that no embezzlement takes place in banks and cooperative societies and the strict punishment to officials found guilty of embezzlement. I once again thank hon. Minister and whole heartedly support the fine Bill he has introduced.

DR. RAGHUVANSH PRASAD SINGH (Vaishali) : Mr. Chairman, Sir, this is a multi party Government and so they have introduced a multi-State cooperative. In my opinion, the Bill has been brought after much delay. Chaudhary Brahma Prakash Committee was constituted in 1990. It submitted its report in 1991, but the report was not implemented till now. The Government seems to be under the influence of multi nationals, hence the delay was made. I would like to know what exactly caused the delay? My opinion is that the multi national companies are against cooperative societies and they don't want the latter to exist. I am of the view that the condition of the poor and the unemployed can't be improved without the cooperative movement.

Similarly, Ram Niwas Mirdha Committee was constituted. The Bill was referred to the standing Committee. The Government didn't even go through the recommendations of the standing Committee. It had provided for the reservation of OBCs, SCs and STs and women. Why it was not implemented? Why the delay in introduction? When in the recommendation, the justifiable things were not considered, then what caused the delay? All parties are represented in the Standing Committee. When that Standing Committee recommended reservation for SCs,

[Dr. Raghuvansh Prasad Singh]

STs, OBCs and women, then what prompted them in not including those provisions in the Bill? How the Government dared to ignore the recommendations? We are ready to fight till the issue is settled. We would see that the Bill is not passed without providing for reservation to them. All Members agree that unless SCs, STs, OBCs and women are not included in the cooperative societies, the Bill will have no meaning and the institution will become dominated by some sections. Therefore the Government should include the recommendations of the Standing Committee, otherwise we will not let the Bill pass. We have the public opinion. I have heard all Members and So I say that the Bill can't be passed against the general opinion. I have moved amendment in this regard. It will not pass without Voting. None of reports submitted by Chaudhary Brahma Prakash, Shri Ram Niwas Mirdha or by Standing Committee said that a person will not be given more than two terms as Chairperson. I would like to know from the hon. Minister, how did he include these amendments? We have given an amendment that the proposed amendment in rule 44 that stipulates not more than two terms on the post of Chairperson may be given to a person. He cannot become a Chairperson for the third time. I would like to know the basis of such a stipulation. The Committees have not recommended like that. It is not the post of American President. MLAs and MPs can win elections for eight or ten times, they can become Minister, Chief Minister and Prime Minister any number of times, then is it such an important post where more than two terms cannot be allowed? Why you don't want more than two terms for one person? I have moved amendment to your amendment since your's was introduced without the recommendation of any committee. You explain your decision or prove with arguments. Why a person can't have more than two terms as Chairperson? Why would anyone initiate productive long-term measure if he knows beforehand that he cannot remain chairperson for more than two terms? One the contrary he may commit some irregularities because of his short tenure. And if he has the capability to win, and you won't allow him, he would rule indirectly by making his wife or subordinate as chairperson. Will it improve the working of cooperatives, If you really want improvement in cooperatives, then there should be ineligibility norms. It may be laid down that a chairpersons, under whose tenure cooperative goes in loss, would become ineligible for another term. No good will come out of the provision of not allowing one person

two terms. Why have you done that? That is why, I have moved the amendment. If I am wrong, convince me by logic otherwise please consider my suggestion. It should be provided in the proposed legislation any Chairperson would not be allowed to seek re-election if the loss of the Cooperative increased under his tenure. If a person is doing good work, then not allowing him more than two terms is not likely to yield good results. Therefore, the hon. Minister should reconsider and withdraw his amendment, if not, then let him convince us about the rationality of his measure. If the amendment is allowed it will make a person less enthusiastic about doing good work.

Hence It should be linked with performance. If a Co-operative is performing well under the period of a particular persons he should be allowed to remain in this post and if not performing well one should not be allowed to contest again.

People become the Members of Co-operative in order to grab lucrative posts in it by purchasing the shares of very small value whereas as they are least concerned about the Co-operative. There is such provision in Co-operative like NBDB that only farmers shall have the voting who supplies the milk for three months to it... (Interruptions). Similar provisions should be made in regard to these Co-operatives that only those Members are involved in and take service of their Co-operative shall be entitled to have a right to vote. The four States namely Bihar, Jammu and Kashmir, Andhra Pradesh and Madhya Pradesh have enacted and implemented this model co-operative law. The reform has been done only recently in Bihar, A total of 2600 co-operatives are making as model co-operatives in Bihar, It is true that bifurcation of the State has not resulted in the division of co-operatives and it has been stressed that the co-operation will be registered under the many State cooperatives set. The law which is in the process of being framed now seeks for the minimal interference of the State. It is true that it will lead to further democratisation and autonomy of the co-operations but the law of the National co-operative Development Board and NABARD provides that the loans can only be granted in case of the counter guarantee by the State. Now when the State co-operatives are being disbanded and the State's interference is being put away with why the State will give guarantee. The State will not give guarantee when the interference of the State from the co-operative is removed. Hence there is a need to accordingly amend the law enacted by NCDC and NABARD i.e. the provision making the guarantee of the State mandatory will have to be removed. Only then it can

be accepted that the interference in the Co-operatives is sought to be removed and its autonomy is sought to be given to it. How can autonomy be achieved unless the loan is not provided by NCCB and NABARD due to the lack of guarantee by the Government and if the State's interference is withdrawn how those can get the loans? Hence the hon. Finance Minister should amend the NCCB and NABARD law. Then what provision is there for giving loans to the people in small village? How will they get loan. Hence a Pax Deposit Scheme which provides for giving small loans to the farmers has been quite a successful experiment but letters have repeatedly been sent to them asking as to why the Bank's name is being used. Hence a provision to this effect should be made else the anti farmer Government would like even the farmers to deposit at once the small loans they receive. They should get the loans in the villages, PAX deposit scheme is functioning well but the impediments in its working being created by the union Government, should be removed. The provisions under the integrated co-operative development Programme made by the Government are being the drawn in the Tenth Five Year Plan. I allege that the Government is taking anti-farmer and anti poor steps. The Integrated co-operative Development Programme should be strengthened and its allocation should be increased but it is not being done. Rather the allocation under the Tenth Five Year Plan has been deaseased, there is a need to improve it.

I also demand that the ICD)P proposal for Bhojpur, Saran, Seewon, Khagorisa, Kaimur should be cleared. There are a total of 381 central cooperative banks in the country out of which 141 are in a bad condition and 60 banks have been served the Notice for their closure. The Government of India and its institutions have given ten thousand crore rupees for improving the balance sheet of the commercial and rural banks. However on assistance has been given to the central co-operatives and small cooperative banks to improve their balance sheet so as has been done in regard to the commercial banks. Why has not a provision been made for them. On one hand 10 thousand crore rupees have been provided while on the other not even a rupees has been give. Hence I demand that assistance be provided to the Co-operative banks on line of the commercial banks to improve their balance sheet so that these may not be wiped out. It has been suggested by move other than you that a National co-operative Bank will be constituted in the country.

Lastly, I would like to ask as to why an allocation of 100 crore rupees has been made to implement the

recommendations made by the Kapoor Committee of RBI. The recommendations of the Kapoor Committee should be implemented to make its progress. I would like to have specific replies of the questions raised by me else I shall consider that this Government is not only anti farmers but also against the interest of the Scheduled Caste, Scheduled Tribe and the Backward Classes. There is need to pay attention towards as how to improved the condition of all the farmers, and how to make the co-operative movement and multi State co-operative societies successful by minimising the Government's interference in them. The clause brought should be withdrawn else we shall insist for a voting on it.

SHRI THAWARCHAND GEHLOT (Shajapu) : Mr. Chairman, Sir, I support the multi State co-operative societies Bill, 2000. We all know that cooperative movement is very important in our country. It is through co-operatives that the people in the country, by mobilising and collecting the capital, by organising in the agriculture sector and in housing sector and in other areas like banking, are contributing a lot. This Bill brought to strengthen such institutions have many provisions for attaining its cause and I support it.

I would like to draw the attention of the hon. Minister standards some points. If he would be little alert while framing the rules then the small discrepancies being seen by the hon. Colleagues of opposition will also be removed.

18.28 Hrs.

[DR. RAGHUVANSH PRASAD SINGH *in the Chair*]

Mr. Chairman Sir, when you were sitting there you had said that the Brahma Prakash Committee has submitted its report in 1990. It was intentionally delayed after 1990. So you had leveled some direct and indirect allegation that under the influence of these reason the legislation was not being presented. And you not been in the chair I would have asked, you that when you served as a union Cabinet Minister in 1996-97 and 1998-99 and had many esteemed colleagues and a very friendly Prime Minister then why did not you try to bring this Bill Now when this Bill has been brought then it should be commended and supported. The small lacunas and apprehensions about the Bill will be addressed so that this Bill could be implemented. Hence the Government will have the power a frame laws. Provisions to do away with the shortcomings in the laws can also be formulated.

[Shri Thawarchand Gehlot]

I am also of the opinion that the provision of reservation should be made in this Bill which is lacking in it in its present form. Either the decision to the effect of including the provision of reservation be included right now or if the hon. Minister is competent to do so ... then can do so while framing the rules or it should be done after staying it from legal point of view. The experts of co-operative sector were invited here before introducing this Bill. The consultations and discussions with the eminent persons associated with the co-operative movement including the office bearers of various cooperative bodies, bureaucrats serving as officers in co-operatives in like P.J. Kurein were held.

There was a doubt and that related to the restriction of the registration of another cooperative society if one is already registered for the same purpose. There may be merits and demerits of this proviso. First point is that it would bring a competitor but arrival of another society may be harmful for the society already in existence. Secondly, suppose any society is not performing well, then after arrival of a competitor it would be forced to better its functioning. So, there are merits and demerits of it. Still, I would like the Government to be cautious in this regard. How the restriction on registration of another society would affect the former one and whether it would be able to function properly or not? The Government should ponder over it.

There is one good point in the Bill. That relates to settlement of disputes. Earlier, societies had to go to court for redressal of a dispute, whereas, now, a Judicial tribunal has been set up which would decide the case expeditiously. This kind of provision is commendable. In addition, opening of more than one office should also be considered. It is provided that multi-State cooperatives can open office only in one State. But, if it wants to open offices in two States, the Government should have no objection to it. If the societies want to open head office at two places, it would be beneficial for Members. There is no provision for appointing Ministers as Chairman. I welcome it I would like to submit that it comes under the Jurisdiction of State Governments. Though, in Multi-State Cooperative Societies Act a provision has been made restricting Minister from holding such office, yet in States, such as Madhya Pradesh, even in case of Milk Cooperative societies and cooperative Banks, Cabinet Ministers are holding the post of Chairman. If Ministers are restrained from doing so through a Central Act, then there should be a uniformity in this regard throughout India. A meeting should be held

with Ministers of cooperatives and Chief Ministers and in State Acts a provision should be made debarring Ministers from holding the post of Chairman of cooperatives. A provision should be made in this regard, otherwise the States would keep following what they desire. And it would damage cooperative movement.

Mr. Chairman, Sir, when you were speaking before me, you stated that none should hold the office more than twice. Why the Government have made such a provision. And you have mentioned clause 44. In fact it is clause 46 and not 44.

MR. CHAIRMAN : The Amendment has been mentioned.

SHRI THAWAR CHAND GEHLOT : The Amendment is in clause 42 and provision is in clause 46. I would like to submit that if you have mentioned Amendment in clause 42 then it is wrong and if it refer to clause 44 then it is something different .

MR. CHAIRMAN : Earlier there was no provision in the Bill. Hon'ble Minister has moved amendment. You may kindly see it.

SHRI THAWAR CHAND GEHLOT : It is in clause 44, whereas you made a mention of clause 42.

MR. CHAIRMAN : It is in clause 44.

SHRI THAWAR CHAND GEHLOT : It is in clause 46 in it, if you want, I can read it out.

Sir, I would like to draw attention of Hon'ble Minister towards some other issues. Nothing should be done which may harm cooperative sector. I would like to quote an example. In my constituency Janata Sahakari Bank is situated in Devas which was set up on 21 July, 1940 and it was registered on 25 December, 1941. Later on, it decided to venture into banking sector. Section 22 of compains Act deals with this provision relating to banking sectors. Under the provision of Sec 22 the bank applied for licence on 28 April, 1966, I want to draw hon'ble Minister's attention towards this fact in particular because the application seeking licence had been kept under consideration since 1966. And a decision could be made after a span of 40 years on 13 March, 2002. Shri B.P. Mathur, Executive RBI Control Office, took the decision in this regard and he rejected the application. With rejection of the application he issued one more order to stop banking work and the transaction. With effect from 16 March banking work was stopped.

Sir, I would like to submit that there are 49 thousand members of this cooperative society and 21 thousand account holders who have invested their money in different schemes, such as FD or Saving Scheme No transaction is being done for the last one month because of RBI's order to stop it. They have ordered to appoint a liquidator. Earlier when elections to the society were not held, and liquidator was appointed, the administrative officer made mess of everything and dragged the bank in loss. He disbursed loans more than the specified limit and desired percentage of recovery of loan was not maintained. If he is appointed liquidator again the bank will suffer great loss. We have appealed to the Joint Secretary to the Ministry of Finance in this regard. He can directly intervene in it since the department of cooperatives is with him. Therefore, my submission is that he should intervene in it and may please provide relief to these societies.

Sir, I would like to draw your attention towards two things First-the Central Government schemes are implemented through these societies in the States. In some of the States, even ration is distributed or purchased through these society. Wheat is purchased at support price. Considering this as a medium of income, income tax is imposed on them causing great loss to them. Second as the Board is empowered to audit the accounts of multi-State cooperative societies. The Board decides, appoints auditor and that auditor would come and collect tax. But the societies have to get their transactions audited by Chartered Accountant also and it is also to be done by departmental officers. When the societies request them for auditing their account, Government and departmental officials do not come for auditing for months together. Therefore, the Income Tax Department imposes penalty under relevant existing provisions and even in some of cases action is taken against them. Therefore, some arrangement should be made in this direction so that either departmental officials should audit in time or auditing done by Chartered Accountant, appointed by the society, should be considered as authorized. If this type of arrangement is made it would be better, otherwise cooperative movement would continue to suffer. I would like the hon. Minister to pay attention towards it and consult the States to bring a comprehensive Bill so that the Bill introduced by the Central Government would take shape of an Act which would be similar to the Acts prevailing in the State and there should be nothing contradictory in these Acts, so that cooperative movement may make rapid strides If the Government take efforts in this direction it would be better. With these words I support the Bill.

MR. CHAIRMAN : According to Rule 46 no person can hold a post in two societies simultaneously.

SHRI THAWAR CHAND GEHLOT : I do agree to it .

[English]

SHRI PRABODH PANDA (Midnapore) : Mr. Chairman, Sir, I thank you very much for giving me an opportunity to participate in the discussion.

I rise to support the Multi-State Cooperative Societies Bill, 2000. In the present economic scenario of our country, while our country is passing through a difficult situation, when our economic sectors are almost under the clutches of exploiting capital of corporate sectors, multinational companies, foreign monopolies and NRIs, our hon Minister for Agriculture has introduced the Bill for passing in this august House. I think, it should have been enacted earlier.

Sir, the main thrust is given on more autonomy to the cooperatives. In regard to the amalgamations, dividing and choosing the staff to run the cooperatives, more autonomy should have been given to the cooperatives. It has been mentioned in the Bill and the hon Minister also spoke today during his speech that to remove the Ministerial and bureaucratic interference, some provisions are there. That is why, no Minister would be the Chairman of the cooperative. But it is not understandable to me whether he would be the member of the Board, of Directors or not. If there is a bar and restriction to be the Chairman of the Board, and on the other hand, there is no restriction and bar to be a member of the Board of Directors, then the same thing would happen.

So, I request the hon. Minister that a provision must be there so that no Minister can be the member of the Board of Directors and even no bureaucratic officer should be there. What would be in the lower level? Nowadays, the local self-Government is supposed to be the Government. The head of the local bodies, whether they would be the members of this Board or not and whether they can be the Chairman of this Board or not, represents Government. If the Minister cannot be the Chairman of the cooperatives, then why the same provisions would not be applied in regard to the head of the local bodies? So, I request the hon. Minister to think over it.

Another thing is there. I am of the same opinion that reservation for the woman, Scheduled Castes and Scheduled Tribes should be there. I am happy that our Government would like to promote the cooperative movement and also they would like to promote the cooperative sectors as well. But may I ask the hon. Minister

[Shri Prabodh Panda]

through you, Sir, that so far as the NABARD is concerned, they are not even lending 18 per cent credit to the agriculture? Is there any guarantee that that they will lend minimum 18 per cent to the agriculture sector through the cooperatives?

The next point is about the interest rates. So many hon. Members in this House have raised that point and I am also raising the same point. The Minister should think that the NABARD should lend money to the co-operatives at zero per cent interest so that the burden of interest would be less. Otherwise, the co-operatives will not be strengthened and the burden of interest will be imposed on the ordinary peasants and on the poor people.

Enactment of this Bill may open a new scope to strengthen the co-operative movement. I do agree. Mainly it would facilitate the small farmers, the marginal farmers, the medium farmers and the unemployed youth. The co-operatives will help them for their upliftment. It is all right. It is said about the Panchayat system that the Panchayat system in the countryside is an effective instrument for unfolding the democratic aspirations of the people. That is all right. But without strengthening the co-operative system, the Panchayat system will not go ahead. So, it is inter-related. To help the Panchayat system, to strengthen the Panchayat system, the co-operative system should be strengthened. So, it is very much important nowadays.

More power to the Panchayat is all right, but more power to the Panchayat does not mean more power to the farmers. The farmers can get more power if the co-operative movement is strengthened. I hope, in the present scenario, not only in words but in deeds, the co-operatives will come up and this proposed Bill will help to strengthen the co-operative movement at large. So, I support this Bill and hope that the hon. Agriculture Minister will think over the proposal which I have given and will respond to them.

SHRI E.M. SUDARSAN NATCHIAPPAN (Sivaganga): Respected Chairman, Sir, I support this Bill as one of the dreams of the late Shri Rajiv Gandhi is fulfilled. In India, every village, every house is having the theory of interdependence and co-operation. The karta of a joint family is just like Chairman in the society and he looks after everything jointly – food, worship and estate. That is the feeling of a Hindu family. As the Kautilya Arthashastra says, "Whoever stays away from any kind of co-operative undertaking, shall send his servants and bullocks to carry on the work, shall have a share in the expenditure, but none in the profits. That is the way of life of Indians. We may have had the cultural invasions and also invasions

of various countries on the borders, but we never left the life of a joint family system and the Panchyat Raj system. Therefore, this co-operative system as enunciated in the history by the Britishers is new to us because when a co-operative society is created, the mind goes that it is created only for the purpose of getting some loan or such other benefit through it.

That is not the way of life of the Indians. The way of life of the Indians is Dharma, without expecting anything they unite together, live together and create a community, a society, a village and a country. That is the life of the Indians.

When we see the history of India, we could find out that Sir Horael Plunkett has explained the cooperative system as "Self-help made effective by organisation". In the same way Hubert Calvert described it is as follows:

"Cooperation is a form of organisation wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of the economic interests of themselves."

This is the English thinking which has made us to have our own Cooperative Societies Act. When Sir F. Nicholson was assigned by the Government of Madras Presidency in 1892 to give a report on the advisability of starting a system of agricultural or land banks in that province, he created two volumes of data which he collected and recommended on it. On that advice the Indian Government at the time, in 1899, has appointed H. Duperex who created the "People's Bank for Northern India". He created this in 1899 based on the successful experimenting with village banks in the United Provinces. In the same way we could find out that in 1901, for the first time in Madras Presidency, even before the evaluation of cooperative undertakings, there was this thing in the form of indigenous method of Nidhi which was formed, under which mutual loans were given. About 200 Nidhis or the institutions were created with a total of 36,000 members who were subscribers and an amount of Rs. two crore was saved by those Nidhis in Madras.

In the same way we can find out that following two terrible famines, a Famine Commission was constituted under Sir F. Nicholson in May, 1901 which has given its recommendation for mutual credit association in June/July, 1901. He drafted a Bill and model rules were made in Simla which led to the Cooperative Credit Societies Act, which was made as a law, on 25th March, 1904. That was made on the lines of the English Friendly Societies Act.

The thinking of the Britishers at the time when they ruled the country was, in between the villagers and the Government in the country there was a wide gap

and to fill up that gap this society was created for helping the people who were suffering in the famine. That Act says that, "for any ten persons living in the same village or town or belonging to the same class or caste, they might be registered as a cooperative society for the encouragement of thrift and self-help among the members." That was the objective of the first Act of 1901.

Subsequently, a broadened view was taken by the Cooperative Societies Act II of 1902. Subsequently the 1984 Act has come in and now we are in the year 2002 when we are bringing this Act. When we take these aspirations and when we take the relevant aspects of today, we are very happy that the comprehensive Act has come into force which is brought in by the Government which has presented this Bill now on the basis of previous recommendations.

Every aspect of this is based on the previous Act of 1984 where there were about 14 chapters and 110 Sections. It is an improvement here with 15 Chapters and 144 Sections. But, at the same time, we feel that the very important aspects were also taken into consideration. I need not repeat the same things and, therefore, I want to tell that this particular clause 88(a)(1) gives a new thinking. For the Dispute Resolution Authority where a High Court Judge can be the Chairman, for that purpose due consideration is given here for the Member of the Bar. Therefore, I thank the Government for making this provision which says "If qualified to be a Judge of the High Court", such person can also be a Chairman.

In the same way, I can show many things to show that this enactment has taken into consideration a lot things. I would like to conclude saying that in Tamil Nadu, the co-operative movement is very powerful, but at the same time, it is under the control of the Government. It should also have the inspiration from this enactment to take that bureaucracy away from the co-operative system and allow the people to have their own transparent and very powerful movement of co-operative system. By this, people can develop themselves economically and can satisfy their own needs by transparency and accountability of creating, and contributing, participating, sharing and bearing the loss. At the same time, they can also develop in all other respects.

[Translation]

DR. SANJAY PASWAN (Nawada) : Mr. Chairman, Sir, I rise to speak in support of the Bill which unfortunately has not been taken up since long. Today it has been taken up and we all, with a joint effort, have to pass it all the parties have supported it and it is good for the country that the Bill is going to be passed.

Sir, this country is based on co-operatives. Infact it is in the veins of the country. It is not new to the country, nor it is an imported philosophy, but has been very much associated with the Indian culture. We all know that the country's economic condition always improved whenever there was lesser State control be it 19th century or 20th century. And we faced bad results only when the control of the Government started increasing and we remained more dependent on the Government. That is why today Government also feel that we are taking a good initiative as we have to keep pace with the developments in the whole World. This fact may be different, but it is according to our traditions and beliefs.

after independence we started working out on private sector, or public sector, or Government sector etc. but we actually forget the peoples sectors' in the country, which is neither private nor public. The Bill related to co-operatives has been introduced to revive it and hon. Minister of Agriculture and the Government have revived the Indian System which become almost dead. It is a different issue that separate co-operative policy should be made, discussion should be held, a comprehensive policy be made, or an extensive discussion be held on it and co-operative may be introduced in the areas where they are not in existence, and one could have benefits out of these. This Bill is a step forward in this direction. This would definitely benefit the society and the Government, though late, have also given consideration towards the farmers in the present Budget. Infact now it is becoming impossible to survive in the conditions prevailing in the World. There is maximum of mainstay agriculture in our present economy and the co-operative play a very important role in the Agricultural co-operative. Introduction of this would provide benefit. Many restrictions and limitations which were imposed, have now been lifted. We cannot altogether remove the co-operative Mafias due to which the whole system has ruined, but we have definitely attacked them. Therefore, this Bill would increase people's participation and would give it a certain direction.

We would via-a-vis like that the present N.D.D.B. and Amul Model of our country and the Co-operative Model of Thailand may be followed.

19.00 hrs.

We may observe the difference in these and that may be removed. Today the Act, existing in Andhra Pradesh is more advanced than the said act. A lot of progress has been made in the co-operative sector in Gujarat and Maharashtra, but the Co-operative movement in rest of country needs attention. The Co-operative movement in some States has made a lot of progress but in some States it has made no progress at all. This creates regional

[Dr. Sanjay Paswan]

imbalance. We need to pay more attention towards this so that it may not cause confrontation and disparity among them and every State should get the benefits of co-operative movement equally.

It is important to ponder over that how can we provide credit facility to the general public through micro credit system and to the weaker Sections, helpself groups and other weaker sections of the society. It is very important to look into this matter. I wish that efforts should be made to give new impetus of capital and assets formation in the society through the co-operative.

I hope that the present leadership and the view point of the hon. Minister will definitely help in getting benefits of this in the coming time and the economy will improve and we would play a meaningful role in the world. Alongwith this, I also want to say that economically weaker States like Bihar, Orissa, eastern Uttar Pradesh and Assam should get benefit of the Co-operatives and I not only hope but believe that all the States would get equal benefit of this section.

[English]

SHRI K. P. SINGH DEO (Dhenkanal) : Mr. Chairman, Sir, 6th of May, 2002 is a red-letter day for us because the Thirteenth Lok Sabha, in cooperation with the Government unanimously, is about to pass a Bill which, in the hon. Minister's words, is unshackling the restrictions and the bureaucratic control over the cooperative societies. It has taken ninety-eight years. From 1904, when service cooperative societies were set up by the British, it was a product of the freedom struggle, the evolution has taken ninety-eight years. We are not really unshackling it fully, but substantially.

I must compliment the hon. Minister for having accepted many of the recommendations of the Standing Committee. I compliment his distinguished predecessor for having brought the Bill in the last Session, which is being piloted by Shri Ajit Singh here. I would be failing in my duty if I did not compliment the former Speaker, Shri Shivraj Patil because he was responsible for the advent of the Standing Committee. The Standing Committee of 45 eminent Members of both the Houses, many eminent people like Dr. Kurien, Shri S. S. Sisodia and a host of others, have made valuable contributions by going through with a fine-tooth comb the entire gamut of the Multi-State Co-operative Societies Bill of 2000. Today, this Bill is a product of the effort.

I am not very clear in my mind about one thing, and I would expect the hon. Minister to clarify it. Therefore, I have moved an amendment, which is listed at third place in the serial order. When you talk about unshackling and entering into a new era of democratic functioning' why are you leaving out 50 per cent of our population, which is the women of our country, 42 per cent of the Scheduled Castes, the Scheduled Tribes and other Backward Classes? They make about 75 per cent of the people. I was associated with the Joint Committee that examined the Constitution (Seventy-Fourth) Amendment Bill, which Shri Shivraj Patil has referred to.

When the dynamic and young Prime Minister of that day the late Shri Rajiv Gandhi wanted to decentralise power and give to the Panchayati Raj institutions and the Municipalities and empowered the woman and the people belonging to the Scheduled Castes and Scheduled Tribes in the Zila Parishads and Panchayats, why is this Government hesitating to make a special provision for the women, the people belonging to the Scheduled Castes, the Scheduled Tribes and the Backward Classes? This point was very eloquently put forth by your honourable self when you were speaking from these benches. Why is the Government denying them a special provision when this Parliament – in the last 50 years of its existence, which we are going to celebrate on the 13th of May, 2002 – has made a special provision for the empowerment of women, the people belonging to the Scheduled Castes and the Scheduled Tribes and the Backward Classes in various sectors, why is this Government denying this opportunity to them? This is what I would like to have a clarification from the hon. Minister. I have also given an amendment on this. This is at page 17 at lines 3 – For "21" I have said "31" so that it would bring in all the regions. Again at page 17, in line 4 and 5, "substitute provided further that the Board may co-opt for Directors who shall be from the SC/ST, other Backward Castes and women, in addition to 31 Directors specified in the first proviso." This is not a figment of my imagination. It is very much there in the 24th report of the Standing Committee that was submitted to Parliament in August, 2001.

Sir, I would like to conclude now because if I say anything else it would only be a repetition of what my eminent colleagues here have already said. The co-operatives have been a very important segment for the economic development and economic empowerment of people in the rural areas, particularly the poor people of the society.

Sir, I would like to conclude by saying that this is an important piece of legislation which the entire Parliament, the 3th Lok Sabha, is going to pass unanimously. The high priest of management, Mr. Peter Drukker, whose books are read in all Management colleges, has said that the best exponent of management is the common Indian housewife. This is not what K. P. Singh Deo is saying but this is what has been said by Mr. Peter Dukker. So, why is this Government deying an Indian housewife from having this special provision in the Act? Shri Kurien has brought out how the housewives of Gujarat, with the help of information technology, have done a wonderful job with their computers in bringing AMUL to what it is today. It is now competing with the multinational companies. Dr. Alagh also mentioned about the insurance sector and the banking sector. I hope, the hon. Minister would clarify this point.

Sir, with these words, I give my unqualified support to this Bill and I also compliment the hon. Minister for having piloted this Bill

[Translation]

SHRI RAMDAS ATHAWALE (Pandharpur) : Mr. Chairman, Sir, the draft of the Multi-State Co-operative Societies Bill, 2000 was prepared on 14th November, 2000, during the tenure of Shri Nitish Kumar Ji when he was Minister of Agriculture, Shri Ajit Singh, then became the Minister of Agriculture. The said Bill has perhaps been introduced in the House during his tenure because he takes more interest in agriculture and understand the problems of the farmers more closely. Our country cannot get strengthened unless we strengthen our co-operative movement. If the economic and social development of farmers, farm labourers and poor people has to be done then there is a great need to strengthen the co-operative movement. Therefore, the Bill which has been brought here is for their social and economic betterment. The co-operative institution is working not in one, but in many States. They have their members in other States and this Bill would be utilised for strengthening them. In our country the OBC people did not get reservations in the Constitutions of the country, but only the Scheduled Castes and Scheduled Tribes got it and Mandal Commission give reservation to the OBCs. My suggestion is that whenever the Government brings such Bill, there is a need to keep the guidelines of the Indian constitution in view and if we have to strengthen the Co-operatives then the position of people of lower strata of the society will have to be strengthened. There is no provision of giving reservation to SC and ST people in the Bill, introduced by Shri Ajit Singh. I rise to support this Bill, but would make a request that there is a need to give attention towards the SC and ST people. We have also

brought in an amendment and in that there should be 6 members in this, out of whom, 3 should be from the Scheduled Caste, 1 or 2 members should be from the Scheduled Tribes and other Backward classes and women.

Corruption increases when we try to strengthen the co-operative movement. The Directors procure maximum money from there by giving false certificate. This is happening at many places. Actually when we strengthen the co-operative movement, or the cooperative Bank, we also strengthen corruption I, therefore, wish to say that the corrupt people should get severe punishment ...*(Interruptions)* There is a need to make some amendments in the Bill in order to prevent corruption. He has recommended for four Members but 4 members would not serve the purpose. The Chairman of co-operative should not be a Minister. Person already holding the post of Minister should not be made the Chairman of the Co-operatives. There is a need to increase the number of members to 15.

13 employees are reported to be in the office of Central Registrar. Unemployment is increasing at an alarming rate, therefore, at least 50 people are needed ...*(Interruptions)* If All India Cooperative Movement is to be kept under control then we will have to employ 50-60 people in it.

There is a mention of peon in it. I feel word 'Peon' does not sound good, so there is a need to change it by the word 'Sevak'. Cooperative Agriculture should be launched for the benefit of SCs and STs. There is a need to club small cooperatives as Cooperative Farming Society and provide maximum assistance to it.

The bill brought by you is very good but you need to be more strict. Merely enactment will not set everything alright. The Government need to take it very seriously, if it want to control effectively. No doubt, this bill is historic one but Government actions too should be historic. Otherwise it would be a futile exercise. Therefore, there is a need to control it. He is handling the Ministry well. Had he not joined NDA he would not have got the Ministry and Shri Nitish Kumar Ji would have brought this Bill. He is speaking here in the capacity of an able Minister

I, again support this Bill and I expect him to consider the amendments suggested by hon. Members.

[English]

SHRI P. H. PANDIAN (Tirunelveli) : Mr. Chairman, Sir, I thank you very much for having given me this opportunity to participate in this debate on the Multi-State Cooperative Societies Bill, 2000.

[Shri P. H. Pandian]

Shri, sub-clause (2) of Clause 1 says that it will extend to the whole of India. That is why I am rising on this occasion to support this Bill.

Sir, when you open the Criminal Procedure Code, it will exclude Jammu and Kashmir. That Act will exclude Jammu and Kashmir. That Act will not extend to Jammu and Kashmir. When you open the Indian Penal Code, it will not extend to Jammu and Kashmir. When you open the Indian Evidence Act, it will not extend to Jammu and Kashmir. Our Indian Constitution is not applicable to Jammu and Kashmir.

But here, this Multi-State Co-operative Societies Bill will extend to the whole of India including Jammu and Kashmir. That is why I am rising to support this Bill

Sir, this is a Bill to integrate the whole country. We all know that the purpose of the co-operatives is based on the following seven principles. One is voluntary and open membership. Everybody comes voluntarily with a definite purpose. He becomes a member. He serves the society and he also gets the benefit. The society also gets the benefit and the community also gets the benefit. We have the Agricultural Co-operative Societies; the Workers Co-operative Societies, etc. In different forms, we have different societies.

Sir, to prevent the vested interests from continuing in power to hold the co-operative societies, this Bill is a welcoming measure. The fixed tenure of two terms or termination of the tenure after two terms is a welcoming measure. To site an example, I would say that my leader Dr. M. G. R. when he was the Chief Minister, had to pass the Bill to fix the tenure for two terms for syndicate membership in two universities because there a person was continuously a Member of syndicate for about eight or nine terms. That is why the vested interests come in.

So, to decentralise our diverse powers from the vested interests, this Bill is a welcoming measure. Then, it has a democratic member control. Every member has got control over the society. So, also there is members' economic participation. They also invest money. That is why Clause 44 clearly abdicates powers of the Minister. It says that 'no Member of the Board shall be eligible to be elected as a Chairperson if he is a Minister in the Central Government or State Government'. So, no Minister has got powers to sign a cheque. But a President of a co-operative society

has got the powers to issue a cheque. That is why the executive power of a Minister is lesser than that of a president of a national co-operative society.

You are accountable to this House. He, President of a co-operative society, is accountable to the members, to the society and to the community.

Now, I would say about the autonomy and independent part of it. No court can interfere by virtue of Article 226 in the affairs of the co-operative societies. No court has the powers in the writ jurisdiction. It is an independent and autonomous in nature. No co-operative officer's order can be challenged in a writ petition. The orders of a Sub-Registrar or District Registrar or the top co-operative cannot be challenged

Then, it has the greatest concern for the community cooperatives. While focussing on the needs of the members, the cooperative work for sustainable development of communities through policies accepted by the members. So, I would say that this piece of legislation is an important one. It may suffer one or two lacunae here and there, but we should not mind that and we should not precipitate that. It is a welcome measure and I support this Bill.

When I was going through the Second Schedule of the Bill, I was not able to find out any national cooperative society from Tamil Nadu or from Channai. The list includes Mumbai and Delhi. Tamil Nadu is a pioneer in cooperatives and we all know that. We have a large cooperative housing society and we have a big cooperative bank. So, it should be developed to the level of national cooperative societies like that of the Anand Dairy or some other cooperative organisation. I would say that this society alone can enrol members irrespective of gender, caste, religion, etc. There is no such discrimination at all. I would say that the cooperative societies are cooperating with the community.

Sir, you have said that we have a multi-party Government and we have a multi-party system. Earlier, we had one party rule, but now we have different parties ruling. So, cooperative societies are setting examples for good functioning of the Government. In that way, the Government has brought forward this Bill for the benefit of the whole country.

Regarding education and cooperation among co-operatives, I would say this. There is a cooperation among

cooperatives also, which is not there in any other field. All the different cooperative societies are cooperating in a unified way. We have the largest weavers' society in Kancheepuram. We also have the largest society of housing. We have a small lawyers' society in Chennai High Court. Every member has got the unit of his own to serve. In that way, this Bill will enable the cooperative movement to grow. This will also enable and protect the cooperative movement to sustain itself with the members' will.

Will these words, I thank you very much and I welcome this Bill.

THE MINISTER OF AGRICULTURE (SHRI AJIT SINGH) It is very heartening to note that hon. Members from each and every party have supported this Bill. It is not surprising because this Bill has been brought forward since most political parties wanted it. Many cooperators also wanted this Bill. In fact, it has been overdue and it should have been passed long ago.

I am happy that this Session is going to see the passage of this Bill; it is going to be a historic Session for this reason that it is going to pass this Bill.

Further more, Chowdhary Braham Perakash Committee, then Mirdha Committee and then the Standing Committee had gone over this Bill. So, there are a very few contentious issues left; most of them have been sorted out.

19.24 hrs.

[SHRI P.H. PANDIAN *In the Chair*]

That is another reason why all the Members have wholeheartedly supported it. But there are some apprehensions and some questions that have been revised. I will try to answer them.

Shri. Shivraj Patil has initiated the debate and he raised many questions. Most Members have raised those questions and some other questions also. The first one is this. I would like to clear the misapprehension that Shri Patil has, that there is a restriction on having more than one cooperative with the same objective and with the same geographical area. That clause has been deleted and there is no restriction in having more than one cooperative in one area with the same objective. In fact, we want to encourage more cooperatives to come. In fact, if I may add, the Milk Reservation Order also has been removed by the Government so that more milk cooperatives can operate in the same geographical area.

Shri Shivraj Patil and some other Members have raised a question about the insurance cooperatives and the cooperative banks. Under the proposed Bill, the control of the Central Registrar of the Government is limited to registration of a society etc. A question was raised about the duality of control. So, in case of cooperative banks the Registrar's authority is limited to the registration of a society, elections, audit and conduct of meetings, etc. Under the Banking Regulations Act of 1949, all the financial operations, the banking operations are regulated by the RBI. The RBI has also been given certain powers under the Multi-State Cooperative Act, that is the RBI can direct for amalgamation, division, winding up and suppression of the Board of Directors. Hence, RBI has got enough powers to regulate the cooperative banks, both under the BR Act as well as under this Multi-State Cooperative Act. So, the apprehension that the cooperative banks...*(Interruptions)*

SHRI SHIVRAJ V. PATIL (Latur) : The multi-State cooperative banks should not fall between the two. . *(Interruptions)* We have just expressed our apprehension that they should be successful.

SHRI AJIT SINGH : I know. That is why I am saying this. But the banks have to operate under the RBI, whether they are cooperative banks or schedule banks. Therefore, the Registrar's action or control is very limited only because they are cooperatives. Since they are banks, they are to be regulated by the RBI. There is no getting away from that.

SHRI KHARABELA SWAIN (Balasore) : But the RBI says that only with regard to policy decisions they have the power and nothing else.

SHRI AJIT SINGH : Yes. With regard to the multi-State Cooperative Insurance Societies, hon. Member, Shri Shivraj Patil has said that there is a lot of scope for the cooperatives to go into that. So, the insurance societies can be registered as cooperative insurance societies after the Insurance Regulatory Authority (Amendment) Bill is passed. That Bill is still pending. At the moment the cooperatives are not allowed to undertake insurance business under the Insurance Regulatory Authority Act, 1999.

In fact, there are many multi-State cooperative banks operating. There are 31 of them which are urban cooperative banks and there is also one State Cooperative Bank in Goa which fall under the Multi-State Cooperatives Act.

DR. NITISH SENGUPTA (Contai) : In the West, there are many successful instances of cooperative societies working as Insurance companies.

SHRI AJIT SINGH : Under the Insurance Act they cannot act as the insurance cooperatives. Only when this Bill is passed, they can be registered as cooperatives. Maybe they are registered as societies.

Another big question which has been raised is about the reservation for the Scheduled Castes, the Scheduled Tribes and women. I would like to mention that the whole idea behind this Bill is to offer freedom to the cooperatives. Since the mutuality of the members will collectively decide the nature of the Board of Directors, introducing artificial restrictions as to the representation on the management of the cooperatives may not be desirable. I would also like to mention that many of these multi-State cooperatives would be institution-based and not individual-based. If you make the reservation, those institutions which will be represented by the Chairman or the President may not have the number of Scheduled Caste or Scheduled Tribe or women. So, it is not as simple as making reservations here.

I would also like to mention that Braham Perakash Committee did not recommend any reservation for the Scheduled Castes, the Scheduled Tribes, women or OBCs in the management of the cooperative societies.

There may be co-operatives of woman only or Scheduled Castes and Scheduled Tribes only. In fact, there are many women self-help groups being formed which may graduate and become co-operatives. So, putting any control over them and asking them what kind of directors they will have, would not be advisable. We are not prohibiting it. Any co-operative can have bylaws and could provide for any reservation which they want. All we are saying is that we are not going to impose it on them. But if the co-operative society is formed and if they want to have reservation, their bylaws can mention it and they can have the reservation done.

[Translation]

DR RAGHUVANSH PRASAD SINGH (Vaishali) : The Standing Committee have recommended for reservation and why he is bent upon not accepting the recommendations of said Committee.

SHRI AJIT SINGH : Raghuvansh Prasad Ji, we are not bent upon not accepting it. I told you about a practical

difficulty that there are institutions based multi-State cooperatives whose apex body is the federation and vote of the Chairman of Member institutions of multi-State cooperatives will be cast here. If there is no provision of reservation in it how can it be enforced? It is one of the practical problems. Secondly, we are not denying.

[English]

Co-operative means people get together and decide what they want to do, how they want to do, and what kind of management they want. If you do not want any Government control and if we do not want any Government control, then let them decide. When they form a co-operative, let the bylaws mention that they want to have reservation for women or OBCs or Scheduled Castes and Scheduled Tribes or any other social group or any other economic group. They are free to do that. That is the reason, we are not imposing reservation. We are not imposing it. Moreover, some small co-operatives may be formed in a village where there are no Scheduled Castes or Scheduled Tribes or OBCs. Why do you want to impose that they have to have it? As I said, There may be co-operatives solely of Scheduled Castes and Scheduled Tribes. So, people get together for a certain purpose and for a certain objective. We want them to decide what kind of membership they will have and what kind of management they will have. That is the only reason. As I said, they are free to have the bylaws to have reservation. They can co-opt two members and if the directors decide, they can co-opt any one as a director who are two in number.

SHRI K.H. MUNIYAPPA (Kolar) : If one third nomination is from the State or Centre, then the spirit of the movement of co-operatives will be defeated.

SHRI AJIT SINGH : I am coming to that point because that point was raised by hon. Shri Deve Gowda also. There was an apprehension that there will be too many Government Directors. The Bill provides that there can be at the most three Government Directors and there cannot be more than one-third of the total number of Directors whichever is less. If the Government shareholding is more than 51 per cent, its interests have to be represented by the Government nominees. Even in such cases, they are restricted to a maximum of three. If the Government holding is between 26 per cent and 51 per cent, then the maximum is two and if it is less than 26 per cent, only one nominee can be there. Even otherwise also, there cannot be more

than one-third of the total number of Directors. If there are six Directors and Government has 51 per cent shareholding, even then they cannot have more than two Directors. So, the apprehension that the Government nominees can dominate is not founded on facts. But if the Government has any shareholding that interest has to be represented by somebody and that is why this provision is there for having the Government nominees.

A mention was also made that we should change the Constitution so that this law can be applicable anywhere. We would like to do it by persuasion.

Recently there was a meeting of the Group of Ministers which was attended by seven Chief Ministers. They were very encouraging. Their resistance to change the cooperative laws seemed to be going away. Some hon. Members mentioned that the Brahm Praksh model law has not been enacted any where. I would like to mention that there are at least four States – Andhra Pradesh, Madhya Pradesh, Jammu and Kashmir and Karnataka – which have enacted this law. I would like to compliment Bihar also which has a very good cooperative law. So, these States have already enacted the cooperative law. We would like to cajole and persuade other States also to do it. With so many States having done it, I am sure, persuasion is a better way of doing it. If you want to amend the Constitution for this purpose, this is something to be discussed in a different forum and not here.

We already have a National Policy on cooperatives which has been laid on the Table of the House and a Task Force has been formed to see how to implement this Policy and to make sure that the States do implement the model law.

Some questions were raised to know whether the Government's nominee can be the chairman of a cooperative society or not. Shri Deve Gowda raised this question. There is no bar. Since they are always in a minority, there is no danger that the Government would be able to impose its chairperson. The Chairperson's duties are not defined because it is up to the Directors or the decision making body to decide as to what functions they allow to their chairman or what powers they give him and what directions they give him. It is for the managing body to decide what specific jobs or powers they want to give to the Chairman.

Dr. Raghuvansh Prasad Singh was concerned about the Government not giving money to the cooperatives

directly and why the States are supposed to interfere into it. That amendment to the NCDC is still pending here. When it comes up, it would answer most of the questions raised by him and the NCDC would be able to give money directly to the cooperatives without a State being there as an intermediary.

Some questions have also been raised about the disqualification of a Member. Some have praised it and some are against it. But the fact is that the problem that we have with cooperative in India today is that there are many members of cooperatives who do not even know that there are many members. They are being manipulated as Shri Shivraj Patil said. They are made members, but they are not taking part in the activities of the cooperatives and that is leading to all kinds of malpractices in the cooperatives. That is why what we are saying is that if a member does not attend three consecutive general body meetings or if he does not carry out the objective of the cooperatives, which is to help its members, or if he does not avail of the minimum level of services of the cooperative societies for two years, then there is no point in having him as a member. These are the members who facilitate all sorts of malpractices in the cooperatives because they are not even aware that they are members. Even if they are aware of it, they do not know what they have to do in order to be the members: and what are their rights and duties. So, it is necessary to make sure that the cooperatives function properly. People who come together know for what purpose they are there and if they cannot participate in the functioning of the cooperatives, there is no point in being their's as members.

We do not want a limited company where there are just shareholders; they are not active participants in the functioning of the company. Then there is no difference between a public limited company and a cooperative society. That is why this disqualification provision has been made.

The reason why a maximum of two consecutive terms have been fixed for a chairman is that this was there in the 1984 Act. It was done on the basis of the recommendation of the Chief Ministers. A meeting was also held here and they recommended this provision. One term used to be of three years maximum period earlier. Now we have raised it to five years. So, any Chairman can get up to ten years and the Government feels that it is enough time for any Chairman to run the cooperative as he wants.

[Shri Ajit Singh]

By changing and discontinuing for a term, may be a new thinking will come in and may be other people will get a chance. It always helps in an organisation which has an intention of bringing up new thinking and new blood. Nobody should be able to manipulate it for personal profit. That is why, this provision has been retained. It was in 1984 Act. It was put in the suggestions of the meeting of the Conference of Chief Ministers. As I said, from six years, the maximum time has been made to ten years. And we feel that ten years is enough time for any person to mould a co-operative society the way he wants to mould and achieve the objectives that he wants to achieve for the members of the co-operative society.

Disqualification is there. We have already mentioned that. At the end, I would like to say that an amendment has been moved about increasing the number of Directors. For a management to be effective, the number should be small. If a very large number of Directors vests all the powers in the Chairman, then the Directors become ineffective. Only a small group can really discuss things and participate in the management. If you make a very large group, then they cannot really be effective in managing any group. And we feel that 21 is not too small a number and too large a number. That is why, that number has been put there. I would request the hon. Member to withdraw his amendment when the time comes to move his amendment.

As regards co-option, we have already provided for co-option. Basically, co-option of two members has been provided to get the technical expertise. In many of these small co-operatives, the Directors may not have the expertise or the management expertise. So, that provision has been made that they can co-opt two members who can provide technical input to the working of the co-operative societies.

I would once again thank all the hon. Members who have participated in the debate. There have been minor differences. But at this point of time, I would request that, for a bigger cause, this Bill may be passed. This Bill has already been delayed for many years, not days or months. Dr. Raghuvansh Prasad Singh asked as to why it has not been enacted since 1991. But now, let us not delay it any further for whatever reason. There is no point in blaming others on why it got delayed and which multinational or which multiparty Government was delaying it. There have been many Governments in the last ten years that delayed it. But let us not delay it further. It may not be perfect. Most

of the recommendations of the Standing Committee have been accepted. What Brahm Prakash Committee intended is part of the Bill. That is why, this Bill is here. I would request now to...

[Translation]

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV) : Please pass it as early as possible.

[English]

SHRI AJIT SINGH : My colleague has done the rest.

[Translation]

DR. RAGHUVANSH PRASAD SINGH : Mr. Chairman, Sir, my Amendment is that...

[English]

MR. CHAIRMAN : When you would move your amendment, you may speak.

[Translation]

DR. RAGHUVANSH PRASAD SINGH : If put for voting, it would not be passed.

[English]

MR. CHAIRMAN : You have already participated in the discussion.

SHRI AJIT SINGH : Sir, I have answered all the queries...(Interruptions)

MR. CHAIRMAN : The Minister has also replied.

[Translation]

DR. RAGHUVANSH PRASAD SINGH : Mr. Chairman, Sir, It was neither recommended by Ch. Brahm Prakash Committee, nor by the Standing Committee nor by Ram Niwas Mirdha Committee and none has prohibited anyone holding the post for more than two terms-nor it was mentioned in the original Bill. An Amendment has been brought at later stage. To nullify their amendment I had suggested that the rule should provide that...

[English]

MR. CHAIRMAN : You have already spoken the point.

[Translation]

DR. RAGHUVANSH PRASAD SINGH : Mr. Chairman, Sir, it will not be good. Putting restriction regarding 'not more than two terms' will do no good.

[English]

MR. CHAIRMAN : The question is:

"That the Bill to consolidate and amend the law relating to co-operative societies, with objects not confined to one State and serving the interests of members in more than one State, to facilitate the voluntary formation and democratic functioning of co-operatives as people's institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and for matters connected therewith or incidental thereto, be taken into consideration."

The motion was adopted.

MR. CHAIRMAN : Now, the House will take up clause by clause consideration of the Bill.

The question is:

"That clause 2, stand part of the Bill".

The motion was adopted.

Clause 2, was added to the Bill.

Clause 3 Definitions

Amendments made:

Page 2, -
omit lines 4 and 5. (4)

Page 2, -
omit lines 16 and 17. (5)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 3, as amended, stand part of the Bill".

The motion was adopted.

Clause 3, as amended, was added to the Bill

Clauses 4 to 6 were added to the Bill.

Clause 7

Registration

Amendment made:

Page 4, --

omit lines 32 and 33. (6)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 7, as amended, stand part of the Bill".

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clauses 8 to 40 were added to the Bill.

Clause 41 Board of Directors

MR. CHAIRMAN : Shri K.P. Singh Deo, are you moving your amendments?

SHRI K.P. SINGH DEO (Denkanal) : Yes, I am moving the amendments.

I beg to move:

Page 17, line 3, --

for "twenty-one"

substitute "thirty-one" (37)

Page 17, --

for lines 4 and 5

Substitute "Provided further that the board may co-opt four directors who shall be from SCs, STs, OBCs and women, in addition to thirty-one directors specified in the first proviso." (38)

MR. CHAIRMAN : I shall now put amendment Nos. 37 and 38 moved by Shri K.P. Singh Deo to the vote of the House.

The amendments were put and negatived.

MR. CHAIRMAN : Shri Ramdas Athawale, are you moving your amendments?

SHRI RAMDAS ATHAWALE (Pandharpur) : Yes, I am moving the amendments.

[Shri Ramdas Athawale]

I beg to move:

Page 17, line 3, --

for "twenty-one"

substitute "thirty-three" (39)

Page 17, --

for "Lines 4 and 5"

substitute "Provided further that the Board may co-opt 6 directors out of which 3 will be from Scheduled Castes and one each from Scheduled Tribe, Other Backward Classes and Women in addition to thirty-three directors specified in the first Proviso."

(40)

MR. CHAIRMAN : I shall now put amendment Nos. 39 and 40 moved by Shri Ramdas Athawale to the vote of the House.

The amendments were put and negatived.

MR. CHAIRMAN : The question is:

"That clause 41 stand part of the Bill".

The motion was adopted.

Clause 41 was added to the Bill.

Clauses 42 and 43 were added to the Bill.

Clause 44 Prohibition to hold office of chairperson or president or vice chair person or vice President in certain cases

MR. CHAIRMAN : Dr. Raghuvansh Prasad Singh, are you moving your amendment?

DR. RAGHUVANSH PRASAD SINGH (Vaishali) : Yes, I am moving the amendment.

[Translation]

I beg to move—

that serial no. 7 of list no. 1 of amendments proposed by Shri Ajit Singh:-

(2) No member of a board shall be eligible to be elected as the Chairperson or president of a multi-State co-operative society, after he has held the office as such during two consecutive terms, whether full or partly, be deleted. (36)

[English]

MR. CHAIRMAN : I shall now put amendment No. 36 moved by Dr. Raghuvansh Prasad Singh to the vote of the House.

The amendment was put and negatived.

Amendment made:

Page 18, .

for lines 21 to 23, substitute —

"Prohibition to hold 44. (1) No. member of a board office of chairperson or president or vice-chairperson or vice president in certain cases

shall be eligible to be elected as the chairperson or president or vice-chairperson or vice president of a multi-State co-operative society if such member is a Minister in the Central Government or a State Government.

(2) No member of a board shall be eligible to be elected as the chairperson or president of a multi-State co-operative society. After he has held the office as such during two consecutive terms, whether full or part:

Provided that a member who has ceased to hold the office of the chairperson or president continuously for one full term shall again be eligible for election to the office as such.

Explanation — Where any member holding the office of the chairperson or president at the commencement of this Act is again elected to that office after such commencement, he shall for the purpose of this section, be deemed to have held office for one term before such election." (7)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 44, as amended, stand part of the Bill"

The motion was adopted.

Clause 44, as amended, was added to the Bill.

Clauses 45 to 69 were added to the Bill.

Clause 70

Amendment made: Appointment and remuneration of auditors

Page 25, for lines 42 and 43, - substitute

"Provided that such auditor or auditors may be appointed from a panel of auditors approved by the Central Registrar or from a panel of auditors, if any, prepared by the multi-State co-operative society." (8)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is :

"That clause 70, as amended, stand part of the Bill."

The motion was adopted.

Clause 70, as amended, was added to the Bill.

Clauses 71 to 77 were added to the Bill.

Clause 78

Amendments made: Inquiry by Central Registrar

Page 29, line 49, --

*for "one-tenth"
substitute "one-fifth" (9)*

Page 30, after line 2, insert--

"Provided that no inquiry under this sub-section shall be held unless a notice of not less than fifteen days has been given to the multi-State cooperative society." (10)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 78, as amendment,
stand part of the Bill"

The motion was adopted.

Clause 78, as amended, was added to the Bill.

Clause 79

Amendments made: Inspection of multi-State Cooperative societies.

Page 30, lines 29,--

*for "one-tenth"
substitute "one-fifth" (11)*

Page 30, line 31,--

*for "hold"
substitute "make" (12)*

Page 30, after line 32 insert,--

"Provided that no inspection under this sub-section shall be held unless a notice of not less than fifteen days has been given to the multi-State cooperative society." (13)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 79, as amendment, stand part of the Bill"

The motion was adopted.

Clause 79, as amended, was added to the Bill.

Clauses 80 to 83 were added to the Bill.

Clause 84 Reference of disputes

Amendments made:

Page 32, line 18,--

*for "referred to the Authority for decision"
Substitute "referred to arbitration" (14)*

Page 32, line 31,--

*for "referred to the Authority"
Substitute "referred to arbitration" (15)*

Page 32, line 33,--

*for "Authority"
substitute "arbitrator" (16)*

Page 32, after line 34, insert,--

"(4) Where a dispute has been referred to arbitration under sub-section (1), the same shall be settled or decided by the arbitrator to be appointed by the Central Registrar."

(5) Save as otherwise provided under this Act, the provisions of the Arbitration and Conciliation Act, 1996 shall apply to all arbitration under this Act as if the proceedings for arbitration were referred for settlement or decision under the provisions of the Arbitration and Conciliation Act, 1996." (17)

26 of 1996

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 84, as amendment, stand part of the Bill"

The motion was adopted.

Clause 84, as amended, was added to the Bill.

Clauses 85 to 102

MR. CHAIRMAN : The question is:

"That clauses 85 to 102 stand part of the Bill."

The motion was negatived.

MR. CHAIRMAN : Since clauses 85 to 102 were deleted from the Bill, the subsequent clauses may be re-numbered accordingly.

Clause 103

Amendments made: Limitation

Page 36, line 28,--

for "referred to the Authority"
substitute "referred to arbitration" (18)

page 36, line 40,--

for "referred to the Authority"
substitute "referred to arbitration" (19)

page 36, line 41,--

for "Authority"
substitute "arbitrator" (20)

page 36, line 43,--

for "Authority"
substitute "arbitrator" (21)

page 36, line 45,--

for "Authority"
substitute "arbitrator" (22)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 103, as amendment, stand part of the Bill"

The motion was adopted.

Clause 103, as amended, was added to the Bill.

Clauses 104 to 111 were added to the Bill.

Clause 112

Amendments made: Executive of decisions etc.

Page 39, line 37,--

omit "or the Authority" (23)

Page 39, line 47,--

omit "or the Authority" (24)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 112, as amendment, stand part of the Bill"

The motion was adopted.

Clause 112, as amended, was added to the Bill.

Clause 113 was added to the Bill.

Clause 114

Amendments made: Attachment before award

page 40, line 9,--

for "Authority"
substitute "arbitrator" (25)

page 40, line 14,--

for "Authority"
substitute "arbitrator" (26)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 114, as amended, stand part of the Bill"

The motion was adopted.

Clause 114, as amended, was added to the Bill.

Clause 115

Amendments made: Central Registrar or Authority or person authorised to be civil Court for certain purposes.

page 40--

for line 19, substitute—

"115. The Central Registrar or the arbitrator or any person authorised by him in" (27)

Page 40, line 22.--

omit "or it" (28)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is: .

"That clause 115, as amended, stand part of the Bill"

The motion was adopted.

Clause 115, as amended, was added to the Bill.

Clauses 116 to 135 were added to the Bill.

Clause 136

Amendments made: Indemnity

page 46, line 40,--

omit "Authority or" (29)

page 46, line 41,--

omit "its or" (30)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 136, as amended, stand part of the Bill"

The motion was adopted.

Clause 136, as amended, was added to the Bill.

Clauses 137 to 140 were added to the Bill

Clause 141

Amendments made: Supersession of board of Specified multi state Cooperative society

page 47, line 33,--

for "141" substitute "140" (31)

page 47, line 38,--

for "one year"

substitute "six months" (32)

page 47, line 40,--

for "two years"

substitute "one year" (33)

Page 47, after line 40, insert--

"Provided that in the case of a cooperative bank, the provisions of this sub-section shall have effect as if for the words "one year", the words "two years" had been substituted." (34)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 141, as amended, stand part of the Bill"

The motion was adopted.

Clause 141, as amended, was added to the Bill.

Clause 142

Amendments made: Power to make rules

Page 48, line 39,--

for "section 139"

substitute "section 39" (35)

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That clause 142, as amended, stand part of the Bill"

The motion was adopted.

Clause 142, as amended, was added to the Bill.

Clauses 143 and 144 were added to the Bill.

The First Schedule and the Second Schedule were added to the Bill.

Clause 1

Amendments made: Short title, extent and Commencement.

Page 1, line 4,--

for "2000"

substitute "2002" (3)

(Shri Ajit Singh)

20.00 hrs.

MR. CHAIRMAN : The question is:

"That clause 1, as amended, stand part of the Bill"

*The motion was adopted.**Clause 1, as amended, was added to the Bill.***Enacting Formula***Amendments made:* *Enacting Formula*

Page 1, line 1.--

*for "Fifty-first Year"**substitute "Fifty-third Year" (2)*

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That the Enacting Formula, as amended, stand part of the Bill"

*The motion was adopted.**The Enacting Formula, as amended, was added to the Bill.***Long Title***Amendments made:* *Long Title*

That in the Long Title,--

*for "social betterment"**Substitute "Social betterment and to provide functional autonomy". (1)*

(Shri Ajit Singh)

MR. CHAIRMAN : The question is:

"That the Long Title, as amended, stand part of the Bill"

*The motion was adopted.**The Long Title, as amended, was added to the Bill.*

SHRI AJIT SINGH : Sir, I beg to move:

"That the Bill, as amended, be passed."

MR. CHAIRMAN : The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.**[English]*

MR. CHAIRMAN : Now, shall we take up item no 12?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN) Mr. Chairman, Sir, the Opposition has cooperated with us to pass this Bill today itself. So, I leave it to them.

SHRI SHIVRAJ V. PATIL (Latur) : Mr. Chairman, Sir, we can take it up tomorrow.

MR. CHAIRMAN : All right. We will take it up tomorrow.

20.02 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, May 7, 2002/
Vaisakha 17, 1924 (Saka)*