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**STANDING COMMITTEE ON AGRICULTURE  
(2007-08)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF AGRICULTURE  
(DEPARTMENT OF AGRICULTURE & COOPERATION)**

**THE CONSTITUTION (ONE HUNDRED AND SIXTH  
AMENDMENT) BILL, 2006**

**THIRTY SECOND REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**AUGUST, 2007/SRAVANA, 1929 (SAKA)**

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**STANDING COMMITTEE ON AGRICULTURE**  
**(2007-08)**  
**(FOURTEENTH LOK SABHA)**  
**MINISTRY OF AGRICULTURE**  
**(DEPARTMENT OF AGRICULTURE & COOPERATION)**  
**THE CONSTITUTION (ONE HUNDRED AND SIXTH**  
**AMENDMENT) BILL, 2006**

Presented to Lok Sabha on \_\_\_\_\_

Laid in Rajya Sabha on \_\_\_\_\_



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

**AUGUST, 2007/SRAVANA, 1929 (SAKA)**

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**COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE**  
**FOR THE YEAR – 2006-07**

**Prof. Ram Gopal Yadav – Chairman**  
**MEMBERS**

**LOK SABHA**

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Manoranjan Bhakta
5. Shri Girdhari Lal Bhargava
6. Shri Kuldeep Bishnoi
7. Shri Khagen Das
8. Shri Dharmendra
9. Shri GadakhTukaram Gangadhar
10. Shri Deepender Singh Hooda
11. Shri Hari Rama Jogaiah
12. Shri Mahendra Prasad Nishad
13. Shri Prabodh Panda
14. Smt. Rupatai Diliprao Patil Nilangekar
15. Shri K.J.S.P. Reddy
16. Shri Y.S. Vivekananda Reddy
17. Shri Chandra Bhushan Singh
18. Shri M.P. Veerendra Kumar
19. Shri Raosaheb Danve Patil
20. Shri Baleshwar Yadav
21. Smt. Kalpana Ramesh Narhire

**RAJYA SABHA**

22. Shri Harish Rawat
23. Dr. M.S.Gill
24. Smt. Mohsina Kidwai
25. Shri Vikram Verma
26. Shri Vinay Katiyar
27. Shri Sk. Khabir Uddin Ahmed
28. Shri Datta Meghe
29. Shri Debobrata Biswas \*
30. Shri Sharad Anantrao Joshi
31. Sh. M. Rajasekara Murthy

**SECRETARIAT**

- |    |                  |   |                  |
|----|------------------|---|------------------|
| 1. | Sh. S.K. Sharma  | - | Addl. Secretary  |
| 2. | Sh. A.K. Singh   | - | Joint Secretary  |
| 3. | Sh. Hardev Singh | - | Director         |
| 4. | Sh. Raj Kumar    | - | Deputy Secretary |
| 5. | Sh. N.S. Hooda   | - | Deputy Secretary |
| 6. | Ms. Amita Walia  | - | Under Secretary  |

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\* Shri Debobrata Biswas ceased to be member of this Committee owing to his nomination to Committee on Chemicals and Fertilizers w.e.f. 3.5.2007

**COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE**  
**FOR THE YEAR – 2007-08**

**Prof. Ram Gopal Yadav – Chairman**  
**MEMBERS**

**LOK SABHA**

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Manoranjan Bhakta
5. Shri Girdhari Lal Bhargava
6. Shri Kuldeep Bishnoi
7. Shri Khagen Das
8. Shri Dharmendra
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28. Shri Datta Meghe
29. Shri Sharad Anantrao Joshi
30. Shri M. Rajasekara Murthy
31. Prof. M.S. Swaminathan

**SECRETARIAT**

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| 2. | Sh. A.K. Singh  | - | Joint Secretary  |
| 3. | Sh. Raj Kumar   | - | Deputy Secretary |
| 4. | Sh. N.S. Hooda  | - | Deputy Secretary |
| 5. | Ms. Amita Walia | - | Under Secretary  |

## INTRODUCTION

I, the Chairman, Standing Committee on Agriculture having been authorized by the Committee to present the report on their behalf, present this Thirty-Second Report (Fourteenth Lok Sabha) on 'The Constitution (One Hundred and Sixth Amendment) Bill 2006' pertaining to the Ministry of Agriculture (Department of Agriculture and Co-operation).

2. One of the functions of the Standing Committee on Agriculture as laid down in Rule 331 E (1) (b) of 'The Rules of Procedure and Conduct of Business in Lok Sabha' is to examine such Bills pertaining to the concerned Ministries/Departments as are referred to the Committee by the Chairman, Rajya Sabha or the Speaker, Lok Sabha, as the case may be, and make Report thereon. In pursuance of this Rule, 'The Constitution (One Hundred and Sixth Amendment) Bill 2006', introduced in Lok Sabha on 22<sup>nd</sup> May 2006, was referred by the Honourable Speaker to this Committee on 25<sup>th</sup> May 2006 for examination and Report. The Committee then decided to know the views of the State Governments/Union Territories and also the experts in the field to enable the Members to have an in-depth knowledge about various clauses of the Bill. Thirteen States and three Union Territories, namely; Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Tamil Nadu, Tripura, Utrakhnad, Uttar Pradesh, West Bengal, Chandigarh, Delhi and Puducherry have forwarded their views/suggestions to the Committee. The Committee also heard the views of State Governments of Uttar Pradesh and Maharashtra in Lucknow and Mumbai respectively, during their study visit in November, 2006 and that of West Bengal and Tamil Nadu in Kolkata and Chennai respectively, in July, 2007.

3. The Committee also heard the views of the representatives of Government of India High Powered Committee on Co-operatives on 15<sup>th</sup> June 2007 and Shri Ram Niwas Mirdha, former Union Minister and Dr.U.S.Awasthi, Managing Director, IFFCO on 18<sup>th</sup> June 2007 and had detailed discussions with them on various provisions of the Bill.

4. The Committee had a briefing from the representatives of the Ministry of Agriculture (Department of Agriculture and Co-operation) on the Bill on 2<sup>nd</sup> November 2006 and took their oral evidence on 18<sup>th</sup> July 2007. In between, the Committee heard the views of the experts and State Governments as mentioned above.

5. The Committee at their internal sitting held on 26<sup>th</sup> July 2007 discussed in detail various clauses of the Bill.
6. The Committee express their thanks to the State Governments and the experts who gave their valuable suggestions/views to enable the Committee to arrive at consensual decision on various clauses of the Bill. The Committee also express their thanks to the officials of the Ministry of Agriculture (Department of Agriculture and Co-operation) for placing before them the material and information desired from time to time in connection with examination of the Bill.
7. The Committee also place on record their appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee in connection with examination of the Bill and drafting of the Report thereon.
8. The Committee (2006-07) considered and adopted the Report at their sitting held on 3<sup>rd</sup> August 2007 and the Committee (2007-08) reconsidered and adopted the Report on 16<sup>th</sup> August 2007.

New Delhi;  
16 August, 2007  
25 Sravana, 1929 (Saka)

PROF. RAM GOPAL YADAV  
Chairman,  
Standing Committee on Agriculture



# **REPORT**

## **PART-I**

### **An Overview**

The emergence of the co-operative societies in India has largely been facilitated by legislative and administrative measures taken over the last 100 years. In pre-Independence era, the policy of the Government by and large was of laissez faire towards the co-operatives and the Government did not play an active role for their promotion and development. These institutions were originally conceived as a means for ameliorating the economic conditions of farmers, particularly, with a view to solving the problem of rural indebtedness. The approach of the Government in framing the cooperative law was that certain broad principles must be laid down and certain precautions must be insisted upon; but within those principles and subject to those precautions, the people must in the main be left to work out their own salvation on their own lines, the functions of government being confined to hearty sympathy, assistance and advice.

2. In 1901, the imperial Government appointed a Law Commission to formulate a blue print for the Co-operative Law. The Co-operative Credit Societies Act, 1904 was enacted to facilitate formation of Primary Cooperative Credit Societies. Subsequently, visualizing the need for the formation of other types of Societies including Federal Societies, the Co-operative Societies Act, 1912 was enacted. The Cooperative Societies Act of 1912 removed many of these shortcomings and served as a model for subsequent Acts passed by various State Governments when 'Cooperative Societies' became a transferred subject under the constitutional reforms of 1919.

3. The Government of India Act, 1919 transferred the subject " Co-operative Societies" to Provincial Governments, and subsequently, Provincial Governments enacted their own Co-operative Societies Acts. The status of "Co-operative

Societies” as a Provincial subject was maintained in the Government of India Act, 1935. However, the Act of 1912 largely remained the basis for Provincial Acts as well the Co-operative Societies Acts enacted by the States after independence.

4. To facilitate the organisation and functioning of the co-operative societies having jurisdiction in more than one Province, the Government of India enacted the Multi-Unit Co-operative Societies Act, 1942. The Act of 1942 was an enabling instrument dealing with the incorporation and winding up of co-operative societies having jurisdiction in more than one Province. With the emergence of National Federations of Co-operative Societies, which were being governed by different laws (Co-operative Societies Acts of the respective States in which the principal place of business of such society was located), the need was felt for a comprehensive central legislation to consolidate the law governing co-operative societies having jurisdiction in more than one State. Parliament therefore, under Entry 44 of the Union List of the Constitution, enacted the Multi-State Co-operative Societies Act, 1984 which has since been replaced by the Multi-State Co-operative Societies Act, 2002.

5. After independence, the advent of planned economic development ushered in a new era for the co-operatives. Co-operation was regarded as a preferred instrument of planned economic development and emerged as a distinct sector of the national economy. The growth of Co-operatives was promoted on a large-scale in the Five Year Plans, as part of the effort for securing social and economic justice and equitable distribution of the fruits of development. As a result, the concept of State Assistance to Co-operatives and Governmental participation in their equity came into being. Co-operative development in the country has thus been, by and large, the result of State Sponsorship and assistance.

6. Co-operative Movement in India has grown significantly and has become the most extensive in the World. Agricultural Co-operative Institutions now provide production, investment credit, agricultural inputs, marketing support for agricultural produce and also fund arrangements for transportation, storage, processing and sale of end products. Contribution of co-operative venture in areas like food processing, horticulture, agro-export, stabilization of domestic

market, urban credit through urban co-operative banks has had its positive impact. Co-operatives are the chief institutional agency under the Public Distribution System (PDS). Co-operative ventures have also had a significant impact in sectors such as dairying, sugar, cotton, oilseeds and Fertilizer production.

7. The Rural Credit Survey Committee, 1954 recommended that promotion of cooperatives be accepted as a part of State policy in the development of various economic activities, particularly in those providing support to agriculture. The policy led to state partnership in the share capital of cooperatives and in their management. Committee on Cooperative law (1955) appointed by the Government of India suggested a number of modifications in the cooperative legislation for giving effect to the concept of the state partnership and accordingly various State Cooperative Societies' Acts were amended which in effect also strengthened the government control on the cooperative institutions.

8. In 1958, the National Development Council adopted a Cooperative Policy Resolution, which inter-alia, also examined the cooperative legislative framework. The Council had observed; "many of the existing procedures impede the development of cooperation as a popular movement in which small groups and communities can function freely and organise their work and activities along cooperative lines without excessive official interference and red tap. The restrictive features of existing cooperative legislation should be removed and both the present cooperative laws and model legislation and rules which have been under consideration of the states should be modified in accordance with the approach outlined in this Resolution".

9. The Committee on Cooperative Administration while examining the role of Registrar Cooperative Societies felt that in order to make cooperative movement peoples' movement in real sense of the term and to foster popular initiative within the cooperative movement, it is necessary that the role of Registrar should be confined to that of a "friend, philosopher and guide" to the cooperative movement and many of the powers which have been concentrated in his hands should be transferred to the federal cooperative organizations. A Committee observed, "each sector of the movement should ultimately have its own federal

arrangements for supervision". It further added, "the work of supervising non-credit type of societies may be transferred from cooperative departments to the federations at the district level and above". Noting that in many of the states the federal cooperative organizations are not strong enough, the Committee recommended that the government by giving catalytic help to the cooperative movement should promote these federal organizations to which ultimately some of the statutory powers of the Registrar Cooperative Societies should be transferred.

10. The Conference of Chief Ministers and State Ministers of Cooperative which met at Madras in 1968 considered certain important aspects of management of cooperatives with a view to stemming the growth of vested interest in cooperatives and to ensure that economic benefits conferred by cooperative flow in a larger measure to the weaker sections of the community. This conference suggested certain legislative measures to be introduced relating to:

- (a) Exclusion of money lenders, etc. from becoming members of cooperatives;
- (b) Reservation of seats on the Board of Management of cooperatives for weaker sections;
- (c) Restriction on holding office for more than the prescribed term;
- (d) Restriction on holding office simultaneously in a number of institutions;
- (e) Regulation of loans to office-bearers;
- (f) Regular election by an independent authority.

11. In view of the increasing demand from co-operatives that they be allowed to function as truly autonomous bodies without undue governmental intervention, the Planning Commission in 1990 appointed a Committee under the Chairmanship of Ch. Brahm Perkash. The Committee examined the provisions of the existing Co-operative Societies Acts and with a view to promoting independent and autonomous functioning of the co-operative societies recommended, inter alia, a 'Model Co-operatives Act' with the aim of giving a genuine co-operative character to co-operative societies with the deletion of

restrictive provisions and to facilitate the building of an integrated co-operative structure.

12. In spite of felt need for amendments in the State Acts, the pace of reforms in Co-operative Legislation by the States is not encouraging. Some of the States such as Andhra Pradesh, Madhya Pradesh, Bihar, Orissa, Jammu & Kashmir, Karnataka, Chattisgarh, Jharkhand and Uttaranchal, have enacted parallel self-reliant co-operatives Acts which are exclusively for the co-operatives without any share holding or financial assistance from the Government. Other States are also considering enacting similar legislations. However, substantive number of co-operatives, particularly those bearing significance on agriculture and allied sectors and implementation of public policies, like; agricultural credit, agricultural marketing and supply of inputs, agro-processing, handloom and handicrafts, labour, consumers etc. are still governed under the provisions of Co-operative Societies Acts. Therefore, one view has emerged for amendment in the constitution to provide protection to co-operatives and to insulate them from unnecessary political and bureaucratic interference. It is the stated policy of the Government of India to regulate the Co-operative law regime with adequate checks to safeguard the interests of members and public at large and also assistance to co-operatives in needy and deserving case.

13. It has been experienced that, in spite of considerable numerical expansion of Co-operatives in different sectors of the rural economy, their performance in qualitative terms has not been up to the desired level. Democratisation and professionalism have not taken roots and there has been excessive dependence on financial support from the Government. Government assistance has led to intervention and, on occasion, to interference. Elections are often postponed indefinitely and nominated office-bearers/administrators take over reducing the accountability of the management to the members. Powerful individuals/groups have monopolized offices in co-operatives creating their vested interests. Unprofessional management has led to poor service and lack of productivity and competitiveness with like enterprises and amongst the Co-operatives. It is felt that the present state of affairs of co-operatives is a result of lack of appropriate legislative and policy framework conducive to the growth of co-operatives

coupled with excessive Government control and unnecessary political interference.

14. "Co-operative Societies" is a State subject (under Entry 32 of the Second List of the 7<sup>th</sup> Schedule of the Constitution of India). Under this entry the State Governments have enacted their respective State Cooperative Societies Acts. However, the functioning of Cooperative Societies with objectives not confined to one State and serving the interests of members in more than one State, comes under the purview of entry 44 of the Union List of the 7<sup>th</sup> Schedule of the Constitution of India. The Parliament, therefore, enacted the Multi-State Cooperative Societies Act, 1984, (No. 51 of 1984), which has since been replaced by the Multi-State Co-operative Societies Act, 2002 (No. 39 of 2002), based on the recommendations of Choudhary Brahm Perkash Committee widely acknowledge by the States.

15. Accordingly, vide 'The Constitution (One Hundred and Sixth Amendment) Bill 2006' as introduced in Lok Sabha on 22-5-2006, it is proposed to add Chapter IX B in Article 243 of the Constitution.

16. The amendment to the Constitution, for the purpose, is limited to ensure the democratic, autonomous and professional functioning of the co-operatives. The co-operatives, however, shall remain a State Subject under List-II of the Seventh Schedule of the Constitution. The issues addressed are:

- (a) Inclusion of co-operative principles;
- (b) Fundamental right to form co-operative societies;
- (c) Timely conduct of elections;
- (d) Maximum time limit for supersession of a managing committee;
- (e) Independent and professional audit;
- (f) Uniform tenure of managing committee;
- (g) Regular and timely conduct of general body meetings;
- (h) Right of a member for access to information;
- (i) Compulsory system of filing returns; and
- (j) Provisions for offences and penalties.

17. To address these issues, provisions have been incorporated in the draft Bill. It is proposed to add Co-operative Principles in article 243 ZI of the draft Bill. It is also proposed that the election should be entirely the responsibility of general body of a co-operative society. This has been proposed in order to protect the autonomy of co-operatives and to ensure member control of co-operatives. Similarly in order to protect the autonomy and member control of co-operatives, the power of State to supersede the elected management have been clearly defined. The State should provide broad parameters for conduct of audit and basically the co-operative societies should be free to cause their accounts to be audited by the auditors, appointed by the general body, and who fulfil the requirements laid down by the State legislature. It is also proposed to include provisions for convening annual general meeting in time, right of member to get information, returns to be filed by every co-operative society in respect of annual reports, statement of audited accounts etc and provisions for offences and penalties. These provisions are proposed to make the management of a co-operative society accountable to members, to prevent misuse of powers by the management and transparency in the functioning of co-operative societies.

18. "Cooperative Societies" is a State subject under Entry 32 of the List II – State List of the Seventh Schedule of the Constitution. The draft Constitution (Amendment) Bill, after having been passed by both the houses of Parliament and before the assent of the President, would require ratification by the Legislatures of not less than one-half of the States by resolutions to this effect. The issue of amendments in the Constitution has been discussed with the States in the Conference of State Cooperative Ministers held on 7-12-2004. The States have agreed for the proposed amendments, in the Constitution. The resolution adopted in the conference is as follows:

**Resolution:** "The conference noted the need for amendment to the constitution to ensure the democratic, autonomous and professional functioning of co-operatives after taking note of the suggestions made on some issues by the States. The Central Government clarified that any assistance or financial package would henceforth be linked to the States undertaking such reform. The amendment to the constitution, for the purpose, may address the key issue of empowerment of the co-operatives through their voluntary formation, autonomous

functioning, democratic control and professional management. The said empowerment of co-operatives shall be ensured by regular and timely conduct of elections of the Board of Directors, general body meetings and professional audit. The question of professional audit is to be decided based on the activities, undertaken by a co-operative society, its level of functioning and quantum of the transaction. The conferees affirmed that "Cooperative societies" shall continue to remain a State subject under the Constitution and that the concern and views of the States would be fully kept in view while finalising the proposal for amendments to the constitution".

19. The Committee before going into detailed examination of the Bill invited views of the all the State Governments and Union Territories on the Bill. Out of the total, only 13 State Governments and three Union Territories responded in writing. The views of the various State Governments/Union Territories have immensely helped the Committee in understanding the issues involved in various clauses of the Bill and in arriving at right conclusions.

20. The Committee have gone through the Bill threadbare and clause-wise comments have been given in Part-II of this Report. Some of the important recommendations of the Committee, which may have far-reaching effects on the implementation of the Bill, have been summarised hereunder:

**21. Article 19(1)(c) of the Constitution says that 'all citizens shall have the right to form associations or unions'. The Committee have been informed that the Department of Legal Affairs of the Ministry of Law and Justice, Government of India is of the opinion that the word 'associations' in Article 19(1)(c) of the Constitution includes the words 'co-operative societies' also. A view has been expressed in the Committee that the word 'associations' does not include 'co-operatives'. The Committee, therefore, recommend that the Government should examine whether the words 'co-operative societies' can be inserted after the word 'associations' in the aforesaid Article.**

**22. The Committee further recommend that a new Article 43 B on**



**Empowerment of Co-operatives may be added in Part-IV of the Constitution that contains Directive Principles of State Policy, which may read as under:**

**“43 B Empowerment of Co-operatives: The State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of the co-operatives”.**

**23. Co-operative Societies is a State subject under Entry 32 of the State List of Seventh Schedule of the Constitution. The Committee are of the firm view that the Central Government should not interfere in the day-to-day affairs of the co-operative societies.**

**24. The Committee are of the unanimous opinion that a comprehensive amendment to the Constitution on co-operatives is not necessary. They, therefore, recommend that ‘The Constitution (One Hundred and Sixth Amendment) Bill 2006’ should be converted into a comprehensive central model law for voluntary formation, autonomous functioning, democratic control and professional management of the co-operatives with certain incentives and disincentives to the States that implement or not implement the model law. The States can enact their own laws on the subject, however, State Laws should be compatible with the Central Model Law.**

**25. The Committee recommend that no person should be allowed to become the office bearer of the co-operative society for more than two consecutive terms. However, he will again be eligible to contest the elections after a gap of full one term.**

**26. The Committee feel that though the co-operative societies are not part of local governance like panchyati raj institutions and municipalities and should be allowed to conduct their own elections, however, they are of the opinion that major ill of co-operative sector is their election process. They, therefore, recommend that the matter should be further examined so as to have free, fair, impartial and timely elections to the co-operative**

societies conducted by the State Election Commission or any other appropriate independent body.

27. The Committee note that in the Bill it is stated that ‘the board of co-operative societies shall not be superseded where there is no government shareholding or loan or financial assistance or any guarantee by the Government’. The Committee note that the shareholding by the Government has not been qualified and even if the Government have one rupee as shareholding, it will have the right to supersede the board of the co-operative society. These unfettered powers to Government as proposed in the Bill will affect the autonomy of the Co-operatives adversely. The Committee are of the opinion that the board of co-operative society should not be superseded where government shareholding is less than 51 per cent.

28. The Committee are of the opinion that there is a need to set up ‘Co-operative Members Grievances Redressal Forum’ to decide all types of disputes arising in respect of constitution, business, management, or any other activity of the co-operative society. This may deliver cheap and quick justice to the members of the co-operatives.

29. The Committee are of the opinion that there is a need to set up a ‘Co-operative Regulatory Commission’ to reduce the interference of the Government as well as the Registrar and to inspect/enquire about the conduct of the Management Committee/Board of Directors of the co-operatives in each State to ensure transparency, neutrality in quick disposal of the cases which will also regulate the statutory aspect of functioning of co-operatives.

30. The Committee observe that the spirit of an independent audit may be diluted if the co-operative society being audited has a hand in the choice and appointment of its auditors. There may be chances that

although officially the general body will appoint the auditors, it is the Board of Directors of the concerned co-operative society, whose choice will actually prevail to the detriment of auditing ethics, given the reality that most of the members of the co-operative society are neither deeply involved nor have the time and information required to make the best choice. The independent audit can be ensured only if audit is carried out by the auditor from the government approved panel of auditors/audit firms or through a separate government organisation say for example Directorate of Audit. The Committee are of the opinion that the Director of Co-operative Audit should be made answerable to the State Legislature.

31. The Committee have considered each clause of the Bill thoroughly and are of the opinion that the clauses, other than those discussed in Part-II of the Report, should be made consistent with the provisions on which amendments/suggestions have been made in the Report.

## **PART-II**

### **CLAUSE -WISE ANALYSIS**

#### **PART IX B**

#### **THE CO-OPERATIVE SOCIETIES**

##### **Clause 243 ZJ (1)**

The Clause read as under:

*“The board shall consist of such number of directors as may be provided by the Legislature of a State, by law:*

*Provided that the maximum number of directors of a co-operative society shall not exceed twenty-one, except in the case of a State level co-operative society”.*

**The Committee note that this Clause specifies that the maximum number of Directors shall not exceed twenty-one except in the case of a State level co-operative society. It has been observed that in many cases there are very large boards and it is very difficult to arrive at reasonable decision. The Committee, therefore, recommend that the maximum number of directors including functional directors should be restricted to twenty-one for all co-operatives irrespective of their sizes. Hence, the words ‘except in case of a State Level co-operative society’ should be deleted from the proviso to Clause 243 ZJ (1).**

##### **Clause 243 ZJ (3)**

The Clause read as under:

*“The Legislature of a State shall, by law, make provisions for co-option of persons to be members of the board having experience in the field of banking, management, finance or specialisation in any other field relating to the objects and activities undertaken by the co-operative society as members of the board of such society:*

*Provided that the number of such co-opted members shall not exceed two in addition to twenty-one directors specified in the proviso to clause (1).  
Provided further that such co-opted members shall not have the right to vote in any election of the co-operative society in their capacity as such*

*member or to be eligible to be elected as Vice-Chairman or Vice-President, Chairman or President of the board.”*

**The Committee recommend that in the second proviso to the Clause 243 ZJ (3) for the words ‘Vice-Chairman or Vice-President, Chairman or President of the board’, the words ‘office bearer of the board’ may be substituted.**

**Clause 243 ZL (1)**

The Clause read as under:

*“Notwithstanding anything contained in any law for the time being in force, no board shall be superseded or kept under suspension for a period exceeding six months:*

*XX XX XX*  
*Provided further that the board of any such co-operative society shall not be superseded where there is no Government shareholding of loan or financial assistance or any guarantee by the Government:*  
*XX XX XX*

**The Committee note that in this clause it is stated that ‘the board of co-operative societies shall not be superseded where there is no government shareholding or loan or financial assistance or any guarantee by the Government’. However, the Committee further note that the shareholding by the Government has not been qualified and even if the Government have one rupee as shareholding, it will have the right to supersede the board of the co-operative society. Giving these unfettered powers to Government as proposed in the Bill, will affect the autonomy of the Co-operatives. The Committee are of the opinion that the board of co-operative society should not be superseded where government shareholding is less than 51 per cent.**

New Delhi;  
16 August, 2007  
25 Sravana, 1929 (Saka)

PROF. RAM GOPAL YADAV  
Chairman,  
Standing Committee on Agriculture

**APPENDIX - I**

**MINUTES OF THE FOURTH SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 2  
NOVEMBER, 2006 AT 1430 HRS. IN COMMITTEE ROOM 'C', GROUND  
FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1430 hrs to 1610 hrs

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS**

**LOK SABHA**

2. Shri Anil Basu
3. Shri Khagen Das
4. Shri GadakhTukaram Gangadhar
5. Shri Mahendra Prasad Nishad
6. Shri Prabodh Panda
7. Shri Baleshwar Yadav

**RAJYA SABHA**

8. Shri Harish Rawat
9. Dr.M.S.Gill
10. Smt. Mohsina Kidwai
11. Shri Vikram Verma
12. Shri Vinay Katiyar
13. Shri Sk. Khabir Uddin Ahmed
14. Shri Sharad Anantrao Joshi
15. Shri M. Rajasekara Murthy

**SECRETARIAT**

- |    |                   |   |                  |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh    | - | Joint Secretary  |
| 2. | Shri Hardev Singh | - | Deputy Secretary |
| 3. | Shri N.S.Hooda    | - | Under Secretary  |

**WITNESSES**

1. Smt. Radha Singh - Secretary (A&C)
2. Shri Karnail Singh - Additional Secretary
3. Shri Satish Chander - Joint Secretary
4. Shri S.D.Indoria - Chief Director (Cooperation)
5. Shri P. Sampath - Director (Cooperation)

At the outset, the Chairman welcomed the representatives of the Ministry of Agriculture (Department of Agriculture and Co-operation), and read out contents of Direction 55 (1) of the 'Directions by the Speaker, Lok Sabha.'

2. After the introductions, the Secretary (Department of Agriculture and Cooperation) briefed the Committee about the history of cooperatives and legislation thereon in India and the need and importance of 'The Constitution (One Hundred and Sixth Amendment) Bill, 2006'. The representatives of the Ministry also replied to the various points raised by the members of the Committee during evidence.

3. In view of the importance of the Bill and its impact on all the State Governments and their existing legislations on Co-operative Sector, the Committee decided to seek the views of all the State Governments in this regard.

4. A verbatim record of the proceeding of the sitting has been kept.

*The witnesses then withdrew.*

*The Committee then adjourned.*



**MINUTES OF THE THIRTEENTH SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON FRIDAY, THE 15  
JUNE, 2007 AT 1500 HRS. IN COMMITTEE ROOM 'D', GROUND  
FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs to 1650 hrs

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS**

**LOK SABHA**

2. Shri Manoranjan Bhakta
3. Shri Deepender Singh Hooda
4. Shri Prabodh Panda
5. Smt. Rupatai D.Patil Nilangekar
6. Shri Chandra Bhushan Singh
7. Shri Raosaheb Danve Patil
8. Shri Baleshwar Yadav
9. Smt. Kalpana Ramesh Narhire

**RAJYA SABHA**

10. Shri Harish Rawat
11. Dr.M.S.Gill
12. Shri Vikram Verma
13. Shri Vinay Katiyar
14. Shri Sk.Khabir Uddin Ahmed
15. Shri Datta Meghe
11. Shri M. Rajasekara Murthy

**SECRETARIAT**

- |    |                 |   |                  |
|----|-----------------|---|------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary  |
| 2. | Shri Rajkumar   | - | Deputy Secretary |
| 3. | Shri N.S. Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary  |

**WITNESSES**

<b>S.NO.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri S.G. Patil	- President, High Power Committee on Cooperatives
2.	Shri H.K. Patil	- Director, National Federation of Urban Cooperative
3.	Dr. R.C. Dwivedi	- Special invitee

At the outset, the Chairman, Standing Committee on Agriculture, welcomed the Members of the Committee and the representatives of the Government of India, High Power Committee on Cooperatives and read out the contents of Direction 55 (1) of the 'Directions by the Speaker, Lok Sabha.'

2. Thereafter, the witnesses were urged to give their suggestions/expert views on various clauses of 'The Constitution (106<sup>th</sup>) Amendment Bill, 2006'. Then the witnesses explained their point of view. The members raised certain clarificatory queries to which the witnesses replied and also promised to send any other information desired by the Committee relating to the Bill.

3. A verbatim record of the proceeding of the sitting has been kept.

*The Committee then adjourned.*

**APPENDIX - III**

**MINUTES OF THE FOURTEENTH SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 28  
JUNE, 2007 AT 1500 HRS. IN COMMITTEE ROOM '139', 1st  
FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs to 1750 hrs

**PRESENT**

**Shri Harish Rawat – In the Chair**

**MEMBERS**

**LOK SABHA**

2. Shri Ranen Barman
3. Shri Manoranjan Bhakta
4. Shri Girdhari Lal Bhargava
5. Shri Khagen Das
6. Shri Hari Rama Jogaiah
7. Shri Mahendra Prasad Nishad
8. Shri Prabodh Panda
9. Shri Raosaheb Danve Patil
10. Shri Baleshwar Yadav
11. Smt. Kalpana Ramesh Narhire

**RAJYA SABHA**

12. Dr.M.S.Gill
13. Smt. Mohsina Kidwai
14. Shri Vinay Katiyar
15. Shri Sk.Khabir Uddin Ahmed
16. Shri Datta Meghe
17. Shri M. Rajasekara Murthy

**SECRETARIAT**

- |    |                 |   |                  |
|----|-----------------|---|------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary  |
| 2. | Shri Rajkumar   | - | Deputy Secretary |
| 3. | Shri N.S. Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary  |

**WITNESSES**

<b>S.No.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri Ram Niwas Mirdha	- Former Union Minister
2.	Dr. U.S. Awasthi	- Managing Director, Indian Farmers Fertilizer Cooperative Ltd. (IFFCO)

In the absence of Chairman, Shri Harish Rawat chaired the sitting of the Committee. He then welcomes the members of the Committee and Shri Ram Niwas Mirdha, former Union Minister. Shri Mirdha briefed the Committee about the views on various clauses of ‘The Constitution (106<sup>th</sup>) Amendment Bill, 2006’ and also replied to the queries raised by the members of the Committee. Shri Mirdha told the Committee that a comprehensive Act should be enacted by the Central Government with certain incentives and disincentives to the States who follow or don’t follow the Act.

2. The Chairperson thanked him for briefing the Committee.

*(Shri Mirdha then withdrew)*

*(tea break)*

3. After the tea break, Dr. U.S. Awasthi, Managing Director, IFFCO was called in and was apprised of the contents of Direction 55 (1) of the ‘Directions by the Speaker, Lok Sabha.’ Dr. Awasthi briefed the Committee about his views on various clauses of ‘The Constitution (106<sup>th</sup>) Amendment Bill, 2006’. He gave certain written suggestions on some of the clauses of the Bill and also replied to the queries raised by the Members.

4. A verbatim record of the proceeding of the sitting has been kept.

*The Committee then adjourned.*

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON WEDNESDAY, THE  
18 JULY, 2007 AT 1500 HRS. IN COMMITTEE ROOM 'C',  
GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs to 1645 hrs

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS**

**LOK SABHA**

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Manoranjan Bhakta
5. Shri Girdhari Lal Bhargava
6. Shri Khagen Das
7. Shri GadakhTukaram Gangadhar
8. Shri Hari Rama Jogaiah
9. Shri Probodh Panda
10. Smt. Rupatai D.Patil Nilangekar
11. Shri K.J.S.P.Reddy
12. Shri Chandra Bhushan Singh
13. Shri M.P.Veerendra Kumar
14. Shri Raosaheb Danve Patil
15. Shri Baleshwar Yadav

**RAJYA SABHA**

16. Shri Harish Rawat
17. Dr.M.S.Gill
18. Shri Vikram Verma
19. Shri Vinay Katiyar
20. Shri Sk.Khabir Uddin Ahmed
21. Shri Datta Meghe
22. Shri Sharad Anantrao Joshi
23. Shri M. Rajasekara Murthy

**SECRETARIAT**

- |    |                 |   |                  |
|----|-----------------|---|------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary  |
| 2. | Shri Rajkumar   | - | Deputy Secretary |
| 3. | Shri N.S. Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary  |

**WITNESSES**

<b>S.NO.</b>	<b>Name</b>		<b>Designation</b>
1.	Dr. P.K. Mishra	-	Secretary (A&C)
2.	Shri Karnail Singh	-	Additional Secretary
3.	Shri Satish Chander	-	Joint Secretary
4.	Shri S.D.Indoria	-	Chief Director (Cooperation)



At the outset, the Chairman, Standing Committee on Agriculture, welcomed the Members of the Committee and the representatives of the Ministry of Agriculture (Department of Agriculture and Co-operation) to the sitting of the Committee and read out the content of Direction 55 (1) of the 'Directions by the Speaker, Lok Sabha.'

2. The representatives of the Ministry briefed the Committee on various clauses of 'The Constitution (106<sup>th</sup>) Amendment Bill, 2006'. Then the Committee took oral evidence of the representatives. The Members raised certain clarificatory queries, some of them were replied and those which could not be replied, they proposed to send the written replies to the Committee at their earliest.
3. A verbatim record of the proceeding of the sitting has been kept.

*The Committee then adjourned.*

**APPENDIX - V**

**MINUTES OF THE SIXTEENTH SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 26  
JULY, 2007 AT 1100 HRS. IN COMMITTEE ROOM 'C', GROUND  
FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1100 hrs to 1230 hrs

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS**

**LOK SABHA**

1. Shri Ranen Barman
2. Shri Anil Basu
3. Shri Manoranjan Bhakta
4. Shri Girdhari Lal Bhargava
5. Shri GadakhTukaram Gangadhar
6. Shri Mahendra Prasad Nishad
7. Shri Prabodh Panda
8. Shri Chandra Bhushan Singh
9. Shri M.P.Veerendra Kumar
10. Shri Baleshwar Yadav

**RAJYA SABHA**

11. Shri Harish Rawat
12. Dr.M.S.Gill
13. Smt. Mohsina Kidwai
14. Shri Vikram Verma
15. Shri Vinay Katiyar
16. Shri Sk.Khabir Uddin Ahmed
17. Shri Datta Meghe
18. Shri Sharad Anantrao Joshi
19. Shri M. Rajasekara Murthy

**SECRETARIAT**

- |    |                 |   |                  |
|----|-----------------|---|------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary  |
| 2. | Shri Rajkumar   | - | Deputy Secretary |
| 3. | Shri N.S. Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary  |

The Chairman welcomed the Members to the sitting of the Committee. The Members were asked to explain their point of view on various clauses of ‘The Constitution (106<sup>th</sup> Amendment) Bill, 2006’ and also to express their view whether the Bill should be treated as Constitution Amendment Bill or a comprehensive law including the various clauses of the Bill should be enacted by Parliament with certain incentives and disincentives to the States.

2. Thereafter, the Members had a detailed discussion on various clauses of the aforesaid Bill. The Committee decided to meet again on 3<sup>rd</sup> August, 2007.
3. A verbatim record of the proceeding of the sitting has been kept.

*The Committee then adjourned.*

**APPENDIX - VI**

**MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON FRIDAY, THE 3  
AUGUST, 2007 AT 1500 HRS. IN COMMITTEE ROOM 'C',  
GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs to 1620 hrs

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS**

**LOK SABHA**

1. Shri Ranen Barman
2. Shri Anil Basu
3. Shri Manoranjan Bhakta
4. Shri Girdhari Lal Bhargava
5. Shri Gadakh Tukaram Gangadhar
6. Shri Mahendra Prasad Nishad
7. Shri Prabodh Panda
8. Smt. Rupatai D.Patil Nilangekar
9. Shri Raosaheb Danve Patil

**RAJYA SABHA**

10. Shri Harish Rawat
11. Dr.M.S.Gill
12. Smt. Mohsina Kidwai
13. Shri Vikram Verma
14. Shri Vinay Katiyar
15. Shri Sk.Khabir Uddin Ahmed
16. Shri Sharad Anantrao Joshi
17. Shri M. Rajasekara Murthy

**SECRETARIAT**

- |    |                 |   |                  |
|----|-----------------|---|------------------|
| 1. | Shri A.K. Singh | - | Joint Secretary  |
| 2. | Shri Rajkumar   | - | Deputy Secretary |
| 3. | Shri N.S. Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary  |

At the outset, the Chairman, Standing Committee on Agriculture, welcomed the Members of the Committee and requested them to consider the Draft Report and give their suggestions if any on various clauses of ‘The Constitution (106<sup>th</sup> Amendment) Bill, 2006’.

2. After a detailed discussion the Draft Report was adopted with certain modifications. The Committee authorised the Chairman to finalize the report and present the same to the Parliament in the ensuing Session.

*The Committee then adjourned.*

**APPENDIX - VII**

**MINUTES OF THE FIRST SITTING OF THE STANDING  
COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 16  
AUGUST, 2007 AT 1500 HRS. IN COMMITTEE ROOM 'D',  
GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs to 1620 hrs

**PRESENT**

Prof. Ram Gopal Yadav – Chairman

**MEMBERS**

**LOK SABHA**

2. Shri Manoranjan Bhakta
3. Shri Girdhari Lal Bhargava
4. Shri Deepender Singh Hooda
5. Shri Prabodh Panda

**RAJYA SABHA**

6. Shri Vinay Katiyar
7. Shri Sk. Khabir Uddin Ahmed
8. Shri Datta Meghe
9. Shri Sharad Anantrao Joshi
10. Shri M. Rajasekara Murthy
11. Prof. M.S.Swaminathan

**SECRETARIAT**

- |                    |   |                  |
|--------------------|---|------------------|
| 1. Shri A.K. Singh | - | Joint Secretary  |
| 2. Shri Rajkumar   | - | Deputy Secretary |
| 3. Shri N.S. Hooda | - | Deputy Secretary |
| 4. Ms. Amita Walia | - | Under Secretary  |

At the outset, the Chairman, Standing Committee on Agriculture, welcomed the Members of the reconstituted Committee to its first sitting. Thereafter, the Chairman requested the Members to reconsider the draft Report on ‘The Constitution (106<sup>th</sup> Amendment) Bill, 2006’ which was adopted by the previous Committee (2006-07) on 3<sup>rd</sup> August, 2007 and could not be presented as the tenure of the Committee expired on 4<sup>th</sup> August, 2007. The Committee then adopted the report unanimously without any change/modification.

2. The Committee authorised the Chairman to finalize the report and present the same to the Parliament.

X X X X X X X X X X X X X X X X

*The Committee then adjourned.*

**STANDING COMMITTEE ON AGRICULTURE**

The Draft Report on 'The Constitution (One Hundred and Sixth Amendment) Bill, 2006 is put up for approval please.