

45

COMMITTEE ON AGRICULTURE
(2012-2013)

FIFTEENTH LOK SABHA

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND COOPERATION)

**'THE NATIONAL COOPERATIVE DEVELOPMENT
CORPORATION (AMENDMENT) BILL, 2012'**

FORTY FIFTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

MARCH, 2013 / CHAITRA, 1935 (Saka)

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CORPORATION (AMENDMENT) BILL, 2012'**

Presented to Lok Sabha on 22.03.2013

Laid on the Table of Rajya Sabha on 22.03.2013



**LOK SABHA SECRETARIAT
NEW DELHI**

MARCH, 2013 / CHAITRA, 1935 (Saka)

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COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2012-13)

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

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RAJYA SABHA

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30. **Shri S. Thangavelu**
31. **Shri Darshan Singh Yadav**

COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2011-12)

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

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25. **Shri A. Elavarasan**
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27. **Shri Mohd. Ali Khan**
28. **Shri Upendra Kushwaha**
29. **Shri Bharatsinh Prabhatsinh Parmar**
30. **Shri Rajpal Singh Saini**
31. **Shri S. Thangavelu**

* Nominated to the Committee on 04.05.2012.

INTRODUCTION

I, the Chairman, Committee on Agriculture having been authorized by the Committee to present the Report on their behalf, present this Forty-fifth Report on 'The National Cooperative Development Corporation (Amendment) Bill, 2012'.

2. 'The National Cooperative Development Corporation (Amendment) Bill, 2012' was introduced in Lok Sabha on 17 May, 2012. The Speaker under Rule 331E (1) (b) of the Rules of Procedure and Conduct of Business in Lok Sabha referred the Bill to the Committee on 25 May, 2012 for examination and Report.

3. With a view to complete their examination of the Bill, the Committee sought two extensions from Hon'ble Speaker, Lok Sabha for presentation of their Report. The first extension was upto the end of the Winter Session, 2012. The second extension was upto the first half of the Budget Session, 2013.

4. The Committee were briefed by the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) and National Cooperative Development Corporation on 27 June, 2012. To gain the holistic view of the 'producer companies', the Committee had a Sitting with Ministry of Corporation Affairs on 13 July, 2012 and with Department of Agriculture and Cooperation, Ministry of Corporation Affairs, Ministry of Law and Justice (Legislative Department) and National Cooperative Development Corporation on 09 August, 2012. The Committee took the oral evidence of Prof. Y.K. Alagh who chaired the 'High Powered Committee for Formation and Conversion of Cooperative Business into Companies' on 15 January, 2013. Finally, the representatives of Department of Agriculture and Cooperation, Ministry of Corporate Affairs and National Cooperative Development Corporation appeared before the Committee on 22 January, 2013.

5. The Committee at their Sitting held on 20 March, 2013 considered and adopted the Report.

6. The Committee wish to express their thanks to the Officers of the Ministry of Agriculture (Department of Agriculture and Cooperation), Ministry of Corporate Affairs and Ministry of Law and Justice (Legislative Department) for placing before them the material and information in connection with examination of the Bill.

7. For facility of reference, the Observations/Recommendations of the Committee have been printed in bold at the end the Report.

NEW DELHI;
20 March, 2013
29 Phalgun, 1934 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture.

REPORT

INTRODUCTION

The National Cooperative Development Corporation (Amendment) Bill, 2012 was referred to the Standing Committee on Agriculture by Hon'ble Speaker, Lok Sabha on 25 May, 2012 for examination and Report. The text of the Bill is at

Annexure – I.

1.2 The Committee have been informed that the National Cooperative Development Corporation Act, 1962 provides for the incorporation and regulation of a corporation for the purpose of planning and promoting programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, industrial goods, livestock, and other commodities and services on co-operative principles and for related matters.

1.3 The Committee have also noted that Section 9 of the National Cooperative Development Corporation Act, 1962 provides for the functions of National Cooperative Development Corporation (NCDC). It *inter alia* states as follows:

(1) Subject to the provisions of this Act, the functions of the Corporation shall be to plan, promote and finance programmes through co-operatives societies, for -

(a) the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs, poultry feed and notified commodities;

(b) the collection, processing, marketing, storage and export of minor forest produce.

(2) In particular and without prejudice to the generality of the foregoing provision, the Corporation may –

(a) advance loans or grant subsidies to State Governments for financing co-operatives society and for employment of staff for implementing programmes of cooperative development;

(b) provide funds to State Government for financing co-operative societies for the purchase of agricultural produce, foodstuffs, livestock, poultry feed, industrial goods, notified commodities and notified services on behalf of the Central Government.

(c) plan and promote programmes through co-operative societies for the supply of seeds, manures, fertilizers, agricultural implements and other articles for the development of agricultural produce.

(d) provide loans and grants directly to the national level co-operative societies and other co-operative societies having objects extending beyond one State;

(e) provide loans to co-operatives societies on the guarantee of State Governments or in the case of co-operative societies in the Union territories, on the guarantee of Central Government;

Provided that no such guarantee shall be required in cases in which security to the satisfaction of the Corporation is furnished by the borrowing co-operative society;

- (f) participate in the share capital of the national level co-operative societies and other co-operative societies having objects extending beyond one State.
- (3) The Corporation shall so exercise its functions under this section as not to interfere with the activities of the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956.

AMENDMENTS PROPOSED

- 1.4 The major amendments proposed in the said Amendment Bill relate to:
- (i) Include producer company in the definition of 'Cooperative Society' under 'The National Cooperative Development Corporation Act, 1962'. [Section 2(c)]
 - (ii) Empowering NCDL to provide loans and grants to the producer companies and the cooperative societies engaged in notified services and trading in notified commodities. [Section 9(2)(dd)]
 - (iii) Advancing loans and granting subsidies from the National Cooperative Development Fund to State Governments to enable them to subscribe to the share capital of cooperative societies or otherwise financing them only in such manner and to such extent as the Central Government may, by notification in the Official Gazette, specify. [Section 13(2)(a)]

JUSTIFICATION

1.5 The Statement of Objects and Reasons appended to the Bill states that the producer companies can play a major role in improving the livelihood of primary producers and boosting growth of rural economy. However, the major impediment being faced by the producer companies in their expansion and

growth is the lack of availability of institutional support and lending. Thus, it is proposed to include them in the definition of cooperative societies so that they can get financial assistance through NCDC.

1.6 It has been further stated that the proposed amendment to bring the producer companies in the definition of the cooperative societies as notified in clause (c) of section 2 of National Cooperative Development Corporation Act, 1962 would provide an additional source of credit and financial support through NCDC to the producer companies, which mostly comprise of small and marginal farmers. The proposed amendment would enable the NCDC to plan, promote and finance programmes for the benefit of the producers through cooperative societies including producer companies. Clause (a) of sub-section (2) of section 13 of the National Cooperative Development Corporation Act, 1962 provides that NCDC shall maintain a Fund. The said Fund shall, *inter alia*, be applied for advancing loans and granting subsidies to State governments on such terms and conditions as the corporations may deem fit for the purpose of enabling State Government to subscribe to the share capital of cooperation societies or for otherwise financing cooperative societies. It is also proposed to amend said clause (a) to provide that such advancing of loans and granting of subsidies shall be in such manner and to such extent as may be specified by the Central Government by notification in Official Gazette.

1.7 During the Sitting of the Committee on 27 June, 2012, Secretary, Department of Agriculture and Cooperation gave the following justification for the inclusion of producer companies in the definition of cooperative societies:

“...the main idea behind the NCDC is not merely to develop cooperatives but through the cooperatives to promote people forming those cooperatives. Cooperatives are just the nomenclature given for a grouping of people. We thought that if the grouping of people is more comfortable under the nomenclature of a company, then the assistance of NCDC should not be denied to them. So, the whole idea was to provide the small farmer interest groups, the small self help groups, joint liability groups of farmers into viable commercial enterprises that would be able to access credit and we thought that the best means to do so would be through an institution which is directly reportable to our Ministry rather than to the Ministry of Finance where all the other commercial and the rural banks work. That is one part of it. Secondly, by this step of providing a larger market through the NCDC, we would also be strengthening the capacity of it. We will be increasing the turnover of NCDC and we would be hopefully also be increasing the profits of NCDC and that would enable the NCDC to grow to an extent that it can cater more effectively through larger funding programmes for this sector”.

1.8 Dwelling upon further on this aspect during the Oral Evidence on 09 August, 2012 the witness further added:

“We find that the gap between the farm gate price and retail price is immense. This is where I think the producer companies can step in, have the conglomeration of farmers, not only provide all the facilities but also provide them with necessary support services for marketing and value addition and thereafter retail. I think in the agricultural sector the role of the small producer companies would be extremely necessary for the

development of this sector because try as we might we may not be in a position to reach to the cooperatives of every nook and corner of the country”.

1.9 On the aspect of expanding the portfolio of NCDC, the Secretary, Department of Agriculture and Cooperation, replied:

“By expanding portfolio of National Cooperative Development Corporation, we can increase our turnover so that we can expand our business, as we are drawing the Capital from market. There is a slight difference on rate of interest of 1.5 to 2 percent. The cooperative societies are getting lending at higher rate of interest.”

1.10 When queried as to why the Government then took ten long years to bring the proposed amendment now when the producer companies were included in the Companies Act, 1956 in 2002, the witness clarified:

“...for the last more than 10 years or so we have been trying to constitute groups of farmers through structural arrangements like ATMA. The idea is to have a group of farmers, farmers’ interest groups, they would be able to with the help of the Government and through development of backward and forward linkages not only address their needs for various kinds of inputs including credit inputs but also linkages to the market thereby realise better returns for their produce. While we were doing this activity, we found that once after the development of the farmers’ interest groups the next step, that is to form either joint liability groups which can access the loan from commercial institutions used to become difficult to operationalise because of the inherent weaknesses in the banking system to be able to reach out to the last mile. In most areas of the country where the cooperative credit institutions are strong the last mile coverage is done by the cooperative sector. The Committee is aware that in large parts of the country the cooperative sector is beset with problems and sometimes

credit is not available due to variety of reasons like lack of finance, lack of governance issues, lack of even professional management capacity”.

PRODUCER COMPANIES

(a) Evolution

1.11 From the material furnished to the Committee, they observed that producer companies derive sustenance from the Companies Act, 1956. Tracking the evolution of producer companies, the Committee noted that the Ministry of Corporate Affairs had set-up a High Powered Committee for Formation and Conversion of Cooperative Business in Companies under the Chairmanship of Prof. Y.K. Alagh. The Committee submitted its report in 2000. The Companies Act, 1956 was, thereafter, amended in 2002 so as to treat the producer companies as companies. With a view to get a holistic understanding of the finer points pertaining to producer companies, the Committee also took the Oral Evidence of the Ministry of Corporate Affairs on 13 July, 2012.

1.12 When the Secretary of the Ministry of Corporate Affairs was asked about the reasons necessitating amendments in the Companies Act, 1956 to include the producer companies, he was unable to throw any light in the matter and stated:

“I must be quite frank in this Committee that the proposal to include producer companies or to include this new concept of producer companies as company law did not emanate from the then Ministry of Company Affairs. From the records, what we find is that the decision to have the High Powered Committee under this Ministry, that is, the present Ministry of Corporate Affairs, which was then the Ministry of Company Affairs, was taken by the Prime Minister’s Office”.

1.13 When the Committee put the same question to Secretary, Department of Agriculture and Cooperation and also desired to know further from him about the initial communication of Prime Minister's Office with regard to producer companies, he testified:

“Many things came up when the Hon'ble Committee took the evidence of the Secretary, MCA. In order to corroborate with the facts when they enquired in their Ministry, they could not get it. They enquired with us, but we also couldn't locate it, It was not traceable in Prime Minister's Office also.”

1.14 Both the Ministry of Agriculture and Ministry of Corporate Affairs were asked to locate the relevant papers and submit them subsequently to the Committee. However, in a written submission they informed that the letter of the Prime Minister's Office (PMO), from which the idea of the producer company originated was not traceable at their and as also in PMO. Keeping these developments in view, the Committee then decided to seek the views of Prof. Y.K. Algh, presently Chancellor, Gujarat Central University who had headed the Committee set-up in the context of producer companies so as to have a better appreciation of the matter.

1.15 Prof. Y.K. Algh appeared before the Committee on 15 January, 2013. He discussed the 'equity' and 'efficiency' principles enshrined in the concept of producer companies which is based on “one vote, one share” principle of cooperatives. Clarifying further on the equity principle and financial inclusion for the benefit of the agriculture and allied sectors he stated:

“One vote, one share principle means that in the governance structure of the producer company, a small farmer will be there. That has to be there even when the producer company interacts with the big corporate or with NABARD. If that is there, then it is good; that is a structure-question. That is why, it has very correctly been put up to you, because structure can only be decided by the laws of the land, by the Parliament, not by saying that the small farmers are not a part of the corporate, that is not the issue. So, in the legislation, in the governing structure, both of the company itself, the small man and the small woman has to be represented. Also, this is a question which is to be addressed by the Department of Agriculture and the Ministry of Corporate Affairs, what was originally intended was that if they have strategic alliances with other big groups, then they should be there in the governance structure. That is the surety so that this does not become a way of big companies exploiting the small men. The NCDC does not have the freedom that a producer company can be lashed on to anybody without the necessary safeguards, or the Department of Agriculture and Cooperation”.

1.16 He also brought to the notice of the Committee the uncertainty over the producer companies in the Companies Act, 1956, as there are demands for fresh legislation. He stated:

“we should try and strengthen the producer companies legislation in the Companies Act. Any attempt to belittle it should be avoided”.

(b) Legal Position

1.17 As stated previously in this Report, the producer companies were included in the Companies Act, 1956 in 2002 on the basis of the report of the High Powered Committee for Formation and Conversion of Cooperative Business into Companies. As of now, the producer companies are governed by Section 581A and 581B of the Companies Act, 1956. The National Cooperative Development Corporation (Amendment) Bill, 2012 was referred to the Committee in May, 2012.

In between, however, the Government appointed a Committee under the Chairmanship of Dr. J.J. Irani in 2005 to look into the entire gamut of company laws. The said Committee in its report recommended exclusion of producer companies from Companies Act. The Companies Act (Amendment) Bill, 2012 as passed by Lok Sabha on 18 December, 2012 does not contain the specific provisions relating to producer companies. When the Committee desired to know as to what would be the legal status of producer companies after the enactment of the Companies Act (Amendment) Bill, 2012, Secretary, Department of Agriculture and Cooperation during the oral evidence before the Committee on 22 January, 2013 stated:

“Whether or not Producer Companies form a part of the Companies Act or not is not relevant to the amendment we have proposed in NCDC Act. Firstly, even in regard to the Companies Act, Clause 465 provides that till a separate law is enacted for Producer Companies, the existing provisions of the existing Companies Act would continue to apply. So, as of now, the Producer Companies are covered under the Companies Act. But be that as it may, Sir, the amendment that we have proposed to the NCDC Act is merely to increase the portfolio of financing of NCDC so that Producer Companies also come within the ambit of the organizations which are eligible to receive funding from NCDC. That is the limited purpose of the amendment that we have proposed”.

1.18 When the Committee sought the response of Secretary, Ministry of Corporate Affairs in the matter, he stated during the Oral Evidence on 13 July, 2012:

“As you are aware, there is a Companies Bill which is currently under the consideration of the Parliament. In this Bill, there is provision which repeals the earlier Companies Act of which the 'producer companies' is a part. It says that for the purpose of 'producer companies', the old Companies Act will continue to

operate till such time a separate law on 'producer companies' is enacted. Now we have written to the Ministry of Agriculture pointing out to them this particular provision in the proposed Companies Bill and saying that they should take a view about enactment of a separate law or continuance on the 'producer companies'.

Secondly, I must also mention that the Companies Bill is based primarily on the recommendations of the J.J. Irani Committee. That Committee also recommended that 'producer companies' should be out of the purview of the Companies Bill. I may mention this fact because there are different views on the subject and I must also admit my inability to very clearly say what led to the origination of the idea.”

(c) Evaluation

1.19 The Statement of Objects and Reasons, appended to the text of the Bill mentions the lack of availability of institutional support and credit as a major impediment in expansion and growth of producer companies. The Committee desired to know the basis of such a finding and the result, thereof. The Department of Agriculture and Cooperation furnished the Study, 'Integration of small producers into Producer Companies' by NABARD Consultancy Services (NABCONS), on 27 February, 2013, which has surmised that “Low equity capital base is a problem of producer companies, as the members being small and marginal, find it difficult to subscribe to higher levels of equity.”

1.20 The NABCONS study reveals that even though the producer company legislation was expected to facilitate transformation of well-functioning

cooperatives into producer companies, very few cooperatives have exercised this option. Out of the nine producer companies under study, only one producer company showed positive indicators for business viability.

1.21 However, the NABCONS study affirms that the integration of small producers into producer company may not generally be a viable proposition, unless these organisations attains financial and management viability. NABCONS has further observed in the said report that the small and marginal producers have benefitted in term of better price realizations, alternate employment opportunities and better payment, in almost nine producer companies studied, though the extent of such benefits realized, varied from case to case and remained closely linked to the financial performance of the producer company.

The major recommendations of the study by NABCONS are:

- a) Inability to mobilize start-up capital.
- b) Primary members are not the direct members of the producer company.
- c) Absence of wealth accumulation.
- d) Weak balance sheet, making difficult to access capital from market.
- e) Although, the Directors are primary producers, their role in understanding the business and taking important decision is minimal.
- f) Absence of long-term Business Development Plan.

1.22 During the course of briefing, the Department of Agriculture and Cooperation provided a list of 139 producer companies in the Country, out of which, only a few were related with the agricultural activities, and others were

related with services and marketing. The Secretary, Department of Agriculture and Cooperation when asked how this has happened when the producer companies are to consist of the primary producers only, stated during the briefing on 27 June, 2012:

“...these are 139 producer companies in the country. A large number of them are outside the agricultural field. They are not covered under the NCDC Act because they are mandated to the Government”.

1.23 Further, clarifying in the matter, the representative of Ministry of Corporate Affairs, during the Oral Evidence on 9 August, 2012 stated:

“...as on date the producer companies in the entire country, as registered, is 337. Out of these 63 companies are such which are not producer companies. They were wrongly entered and were taken out. So, factually the number of producer companies is 274”.

1.24 On being asked about such low number of producer companies, the representative of Ministry of Law and Justice (Legislative Department) stated during the Oral Evidence on 9 August , 2012:

“As on today, though the Companies Act provide for and make enabling provision for registration or incorporation of producer company but I think because of the reason that the producer companies - when they are formed they have to work on their own – may be for this reason during the last one decade only a few hundred companies could be formed. Once, this company is brought within the ambit of the definition of cooperative societies under the NCDC Act, then it will be attractive provision for the producer companies to form such producer companies and take the benefit from the NCDC”.

IMPACT ON COOPERATIVE SECTOR FUNDING

1.25 The Committee have also been informed that with the passage of time and developments in the cooperative movement in the Country, certain difficulties have been experienced by the cooperative societies. One of the basic such problem is the lack of institutional lending to the cooperative societies, which hampers their growth.

1.26 When asked about the possible misuse of NCDC funds by big players in the garb of producer companies, the Secretary, Ministry of Corporate Affairs stated:

“Sir, I cannot say that, that apprehension is incorrect, but I can only share with you some data as of now. Currently there are 308 companies. Out of those 308 companies, as many as 96%, i.e., roughly 285-290 companies have an authorised capital or either Rs. 50 lakh or less. Further, out of that, 93% have a paid up capital which is not exceeding Rs. 10 lakh. Today the position is this. I cannot say that the apprehension is correct because I do not have that information. I cannot give such an opinion, but the point is that at this stage, currently, almost every producer company is, if I may say so, smaller than an ordinary partnership. That is today the position. If the producer companies continue, what may be the position tomorrow, of course, that is something which I cannot rule out that there might be misuse or some very big players come in. That apprehension, of course, may or may not be well founded”.

1.27 When queried about varied and uneven development of agricultural cooperative sector in the various States, and the impact of introduction of producer companies in these States, DAC in a written reply furnished on 27 February, 2013 stated that NCDC, in consultation with Planning Commission,

classifies the States as Cooperatively Developed, Cooperatively Under-Developed and Cooperatively Least Developed States based on the broad parameters, viz., level of Agriculture Development, Agricultural Infrastructure and Inputs, Institutional credit and Cooperative Development of the State. For the purpose of funding by NCDC, the Planning Commission, in November, 2004, categorized 11 States as cooperatively least-developed and 10 States and 2 UTs as cooperatively under-developed States. Since inception, overall assistance of Rs.16223.98 crore has been provided for the development of Cooperatives in cooperatively under-developed/ least-developed states under various schemes of the Corporation which is about 45.39% of the overall total assistance of Rs.35745.18 crore released by the Corporation till 31 March, 2012.

1.28 To a specific query about the registration of the new cooperative societies, year-wise, Department of Agriculture and Cooperation furnished the following information:

No. of MSCS as on 19.8.2002	314
2002 (after 19.8.2002)	06
2003	17
2004	35
2005	29
2006	15
2007	17
2008	32
2009	26
2010	57
2011	95
2012	247

1.29 There are several reports about lending by the commercial banks meant for the agriculture sector generally going to the rich farmers and the people involved in agri-business activities. The Committee, therefore, enquired about the provisions in the Bill so that big producers will not be able to corner the funding facility of the NCDC. Secretary, Department of Agriculture and Cooperation during the course of Briefing on 27 June, 2012 stated:

“we do not directly have a provision of exclusion of large producer companies. What we do have is, an amendment that allows the Central Government to direct NCDC to finance the cooperative societies in a particular manner and to a particular extent. But we do not have, as of now, a provision through which to exclude certain sections of the producer companies to the best of my knowledge. We do not have exclusion criterion”.

1.30 On the apprehension of the Committee regarding indirect benefit to the large agri-business companies, Secretary, Department of Agriculture and Cooperation further testified:

“That (proposed amendment) does not prohibit large conglomerates to also be constituents of a producer company. That can well happen. But the experience is that generally it is the agglomeration of small producers, the individual producers who get together and form a producer company. That is the general experience. However, you can have larger people as components of a producer company.”

1.31 On being apprised of the Committee’s apprehension regarding the misuse of National Cooperative Development Corporation funds by the big agri-business or corporate houses, Prof. Alagh stated during the Oral Evidence on 15 January, 2013:

“Simply referring to the US or Australia to weakening those safeguards would be wrong because they do not have the kind of agriculture that we have. The first is that in a producer company, there is a one vote, one share principle which goes back to the heart of the cooperative movement in India”.

1.32 To a pointed query regarding the future of producer companies and cooperatives, Prof. Alagh clarified:

“I think, the more we introduce transparency in elections, the better it is. Two things are important as Dr. V. Kurien used to say. One is election, second it is audit. These are both required under the Companies Act. We should do it in cooperatives also. You are right. If we have good work culture in cooperatives, there is no reason why it should not be there? Why not have more than one? Why are we scared of? You cannot make this as a vehicle for exploitation by the big fishes, in the sector. There should be an explicit provision for that. There should be adequate safeguards”.

1.33 About the definition of individual producer and an owner of a producer company, Secretary, Department of Agriculture and Cooperation clarified during the Oral Evidence:

“...if I may clarify, it is not for NCDC to determine who is a producer company or not. That will be decided by the Registrar of the Companies and the producer company has to be registered as such by the Registrar of Companies. It is only then that it becomes a producer company. Before registering, the Registrar of Companies has to satisfy himself or herself regarding the fulfilment of certain criteria. To say that an individual producer automatically becomes a producer company is not correct. They are two separate entities”.

1.34 On the question of safeguarding the interest of small and marginal farmers from the agri-business corporate houses, the Secretary, Department of Agriculture and Cooperation shared the apprehension on the Committee and assured during the Oral Evidence on 22 January, 2013:

“It is our endeavour to see that NCDC services all the eligible applications that it receives from the cooperative sector. It is also the endeavour of the NCDC to expand its portfolio to increase its turnover like any other financial institution should do”.

1.35 Further, when queried about the safeguards for the primary producers belonging to agriculture sector, the witness affirmed:

“...the NCDC Rules provide us with the scope to cap funding to any sector. So, if the proposed amendments pass through, we will legitimately be within our rights to cap the assistance given to producer companies. The NCDC may provide funds to the producer companies either by way of proportion of their total lending or even on a case by case basis by putting a cap on that”.

1.36 The advent of cooperative societies/movements has empowered the small and marginal farmers but a lot is yet to be done. The marginalized sections, which includes Scheduled Castes, Scheduled Tribes and Women constitute a majority of these groups. When queried about the safeguards for these weaker sections from the negative impact of the companies based on profitability, the Department in a written reply stated formation of companies including producer companies is a voluntary process and therefore allotment of this nature cannot be provided under the law. However, it is open for a producer company to make suitable provisions on this line in its Articles of Association. NCDC may,

however, consider making suitable provisions in the schemes to be floated by NCDC once the Amendment Bill goes through.

1.37 Regarding shift of focus of funding of NCDC from areas outside the cooperative sector, the Secretary, DAC stated that they can be capped either sector-wise or in respect of assistance given to each company. When queried about inclusion of producer companies which dealt only in agriculture and allied sector, to be eligible to get benefit from the NCDC funds, he opined that:

“...the Committee can recommend this and we will accept it. National Cooperative Development Corporation cannot refuse to provide funds to any cooperative, which is eligible. If the Hon’ble Committee desires that the scope of producer companies be limited to the agriculture and allied sector only, that is fine by us, and we would welcome it. It is the proposal of the Government so I am duty bound to propose, propound and explain”

1.38 The Companies Act, 1956 provides for the producer companies whose areas of operation include transport, travel, tourism, hospitals and health etc. When an explanation was sought in regard to dilute the mandate and scope of the cooperative societies by including producer companies operating in these areas, the Secretary, Department of Agriculture and Cooperation during the Sitting of 27 June, 2012 assured that the financing of the producer companies will remain confined to the areas of interest to the Ministry of Agriculture and will serve its interest and the primary mandate of NCDC will remain financing of cooperatives. Further, when queried about the technical and consultancy services, insurance, power distribution, transmission and generation as sectors of producer companies are also eligible for the funding by the NCDC, the Secretary, Department of Agriculture and Cooperation, clarified:

“There can be sectors far outside agriculture and rural development which are also cooperatives. But NCDC is not allowed to fund that. So, producer companies can also exist outside the agriculture and rural development sector but that will not necessarily bring them under the ambit and the scope of this provision. So, while the scope and the definition of a producer company will be defined by the Companies Act, it is only the component relating to the agriculture and the sectors which NCDC is entitled by law to provide assistance to, it is only those that will be taken into NCDC”.

1.39 However, the Secretary, Department of Agriculture and Cooperation could not defend the non-agriculture sectors in the ambit of definition of producer companies, NCDC has been allowed to provide assistance to the cooperative sector in other six sectors in 2010. On considering tourism as one of the sector of the producer companies he admitted:

“I actually honestly cannot think of a producer company concept in the tourism sector, but I can think of it in the power sector. So, the worst case scenario, you can have a producer company in the power sector; you can have it, but the way to address the issue that the efforts of NCDC do not automatically focus on such kind of companies or sectors is by providing a cap on assistance to those companies and sectors”.

1.40 About the inclusion of tourism, hospitality and transport, electricity & power and rural housing as areas of operation of the co-operatives, the Department furnished a written replied on 27 June, 2012 that the Secretary, Planning Commission, in October, 1999, advised that

(i) NCDC should act as a financial Institution with equity base and mobilize

resources through leverage as this would give operational freedom and (ii) provide adequate resources to NCDC for expanding its activities. The Department also stated that in view of the potential for development and demand from cooperatives in some other sectors, DAC, on the request of NCDC, permitted Tourism, Hospitality and Transport, Electricity & Power and Rural Housing as 'Notified Services' vide notification dated 18 May, 2010 in terms of section 2(ea) of NCDC Act 1962 (26 of 1962) for funding by NCDC. Subsequently, vide notification dated 19 August, 2010, services like Hospital, Healthcare and Education Cooperatives were also brought under the purview of NCDC by prescribing an overall ceiling of 25% of annual budget of NCDC for financing such notified services.

1.41 About the apprehensions of the Committee regarding inclusion of non-agriculture sectors, e.g. tourism and hospitality, transport, electricity, energy etc. in the mandate of areas of operation of NCDC, Secretary, Department of Agriculture and Cooperation stated during the Briefing on 27 June, 2012:

“The NCDC is a cooperative development corporation. It is not an agricultural cooperative development corporation. Its mandate stands to all cooperatives across sectors. That is one. The activities which you mentioned were specially notified and the NCDC was allowed to extend its credit in these cooperatives also. There is no participation of the farmers”.

1.42 The National Co-operative Development Corporation (Amendment) Bill, 2012 was referred to the Committee by Speaker, Lok Sabha on 25 May, 2012 for examination and Report. The Committee during the course of their examination noted that the National Co-operative Development Corporation Act, 1962 in its present form provides for the incorporation and regulation of a corporation for the purpose of planning and promoting programmes for production, processing, marketing, storage, export and import, livestock and other commodities and services on co-operative principles and for related matters. The Committee further note that for this purpose the Corporation advances loans and subsidies to State Governments for financing co-operative societies and for employment of staff for implementing programmes for co-operative development. It also provides funds to State Governments for financing co-operative societies for purchase of agricultural produce, foodstuffs, livestock, poultry feed, industrial goods, notified commodities and notified services on behalf of the Central Government. The Corporation also provides loans and grants directly to national level co-operative societies and other co-operative societies having objects extending beyond one State as also it participates in the share capital of such societies. The Committee also note that through the Amendment Bill the main purpose of the Government is to bring the producer companies, which are presently governed by the Companies Act 1956, under the ambit of NCDC Act, 1962 and at par with the co-operative societies; providing loans and grants to the producer companies and the co-operative societies engaged in notified services and

trading in notified commodities; and regulating the advancing of loans and granting of subsidies by the Corporation from the National Co-operative Development Fund to the State Governments in such a manner and to such extent as the Central Government may by notification in the official gazette specify.

1.43 The intent behind the amendments is twofold. One, inclusion of producer companies as eligible entities for financial assistance from NCDC with a view to improving the livelihoods of primary producers and boosting growth of rural economy and providing a much needed additional source of credit and financial support to these companies which mostly comprise of small and marginal farmers; and two by this step the Government intend to create a larger market for NCDC for increasing the turnover of NCDC and its products as well.

1.44 The Committee find that while the concept of producer companies was formalized through an amendment in the Companies Act, 1956 in 2002, the present piece of legislation to amend the NCDC Act, 1962 with a view to assign some role to the Corporation in the financial matters of the producer companies has been mooted ten years later in 2012. The Government's has contended that the intervening ten years or so have been spent by them in making various efforts to create backward and forward linkages to address the needs of stakeholders including farmers, markets, farmers' groups, etc. However, since access to the loans from market institutions was proved difficult in the absence of last mile reach of the banking

system. The last mile coverage by the co-operative sector was thought prudent. Irrespective of the merits of inclusion of Producer Companies in the ambit of NCDC Act, 1956, the Committee feel that the Government as the subsequent narration will bear out has attended to this matter in a casual and piecemeal manner. There has been a strong disconnect between the various arms of the Government when dealing with this issue over the years. Resultantly, while the intention of Department of Agriculture and Corporation in moving this Amendment Bill may be laudable, the inordinate delay in deciding about bringing this amendment in NCDC Act, 1962 needs to be frowned upon as several events have overtaken this proposed piece of legislation, thereby raising a few question marks about the efficacy and the implementation of the proposed amendment.

1.45 During the course of this examination, the Committee gathered a distinct impression that the concept of producer company has not been handled properly by the Government. The crucial documentation pertaining to how the producer companies came into being is untraceable in Prime Minister's Office, Department of Agriculture and Corporation and Ministry of Corporate Affairs, the three entities who have been concerned with the conceptualization, creation and propagation of producer companies at varying points of time. The Committee, however found out that on a reference from the Prime Minister Office, which was in pursuance of the initiative taken by Prof. Y.K. Alagh with then Prime Minister, a High Powered Committee for Formation and Conversion of Co-operative

Business into Companies was constituted by the Ministry of Corporate Affairs (then known as Ministry of Company Affairs). The High Powered Committee submitted its report in 2000 and necessary amendments to treat the Producer Companies as companies were carried out in Companies Act, 1956 in 2002. However, within a span of three years inexplicably another Committee was appointed by the Ministry of Corporate Affairs in 2005 to review the Companies Act recommended the exclusion of the provisions pertaining to the producer companies viz. 581A and 581B from the Companies Act. In fact in the Companies Act (Amendment) Bill, 2012 which was passed by the Lok Sabha on 18 December, 2012 and which is pending with the Rajya Sabha now, the Producer Companies simply derive their existence from a residuary clause viz. Clause 465, which provides that till a suitable law is enacted for producer companies, the existing provisions of the Companies Act would continue to apply.

1.46 The Committee note this apparent dichotomy in the perception of the various agencies of the Government. The Department of Agriculture and Corporation and even the Ministry of Corporate Affairs, a few years back, have been the strongest votaries of according prominence and better assistance to the producer companies through legal measures as well as through hand-holding. However, there has been a change of mind within a short span of three years and the producer companies find themselves regulated to a residuary clause of the Companies (Amendment) Bill, 2012 which has already be passed by Lok Sabha. The Committee don't find it a happy augury. If the Government is confident that given the not so

encouraging performance of co-operative sector, producer companies need to be encouraged in the interest of the rural population, rural economy and the rural enterprise then the fate of producer companies should not be kept hanging in balance under a residuary clause. There should be a clear cut law specifying their aims, objectives and all other attributes in a crystal clear manner so that groups of producers, who are mostly small and marginal farmers or other underprivileged sections of the society are aware of the legal and other ramifications before they launching their venture.

1.47 The Committee tend to agree with the opinion tendered by the Ministry of Corporate Affairs before them that the Department of Agriculture and Corporation, keeping in view its immense stake in the matter, should immediately work out a legislation for the producer companies so that the present Bill and related matters fit into a broader picture, seamlessly and at the earliest.

1.48 The Committee during the course of the examination of the Bill also had the opportunity to evaluate the producer companies in their extant form. Varying figures were provided to the Committee about the number of producer companies in India. The Department of Agriculture and Co-operation had furnished details of 139 producer companies out of which most were not active in agricultural related sectors. The Ministry of Corporate Affairs conveyed their number as 337 but in the very next breath, hastened to add that 63 of these companies were not producer companies and were wrongly entered. So according to them factually the number of

producer companies was 274. They also gave another figure of 308 in another context. Given the fact that the producer companies are being propagated as best option for boosting the sagging co-operative sector in the Country, giving a fillip to the rural economy, small and marginal farmers and producers and the rural enterprise in general, the Committee find these numbers, which are the culmination of a decade or so of the existence and furtherance of the producer companies, very disappointing. Although non-availability of finances from financial institutions and banks could be a reason for such less number of producer companies in the Country, the ground reality of these minimal numbers of producer companies conclusively proves that all is not well with the way the producer companies have been conceptualized and developed. To begin with, the basic surmise that even ten producers could form a producer company implies that the concept of producer companies will only flourish and deliver when it has the advantage of sheer numbers. Unfortunately, the number of producer companies in existence proves it has not happened that way in the past decade or so. The Committee's conclusions are further cemented by the study conducted by NABARD Consultancy Services (NABCONS) on 'Integration of Small Producers into Producer Companies'. The study reveals that even though the producer company legislation was expected to facilitate transformation of well functioning cooperatives into producer companies very few cooperative have opted for the same. Out of 9 producer companies studied by them only one showed positive indicators for business viability. The study also affirms that the

integration of small producers into producer companies may not generally be a viable proposition unless these organizations attain financial and management viability. Some major shortcomings pointed out in the study include, inability to mobilize startup capital; primary members not being the direct members of the producer company; absence of wealth accumulation; weak balance sheets; in spite of directors being primary producers their role in understanding the business and taking important decisions is minimal; absence of long term business development plan, etc. In such a depressing scenario, the Committee wonders as to whether the toe-hold being provided to the producer companies for access to finances from NCDC Fund through this Amendment would be of much help. There is all likelihood of financial assistance from NCDC Fund being availed by well established big companies for whom registering a producer company would not be a difficult task. Thus, there is a strong possibility of the financial assistance from NCDC Fund being availed by corporate houses and agri-business houses almost akin to the agri-credit sector. The Committee, therefore, recommends that NCDC Act 1962 and the rules and guidelines framed thereunder, should be so modified as to ensure that the funds of NCDC do not land into the hands of undeserving because in that eventuality the very purpose of setting up of the Corporation will be defeated. The Committee also strongly feels that the compulsion of the Government to enhance the profile and products of the Corporation with a view to improving its profitability should not be the sole guiding criteria in the matter.

1.49 The Committee are of the view that empowerment of small and marginal farmers is one of the important plank of cooperative movement. The marginalized sections, including Scheduled Castes, Scheduled Tribes and Women constitute a majority of these groups. The Committee have learnt that since formation of producer company is a voluntary process, no law or mechanism exist at present to safeguard the interest of these marginal sections from negative impact of companies which are primarily based on the concept of profitability. However, it is open to producer company for compulsorily allotment for weaker sections in the management of producer companies and amend for their Articles of Association accordingly. The Committee desire that for protecting the interest of marginalized sections, NCDC should make similar provisions in their schemes.

1.50 The Committee further note that non agriculture sector such as tourism and hospitality, transport, electricity are some of the new services admissible for concessional NCDC funding. As the primary mandate of NCDC is financing of agriculture related activities, it should channelize its energy and attention towards farm related portfolio, rather than frittering away their resources for services other than agriculture.

1.51 The Committee expect that the concerns voiced on the various issues involved and the suggestions contained in this Report would get the fullest attention of the Government.

NEW DELHI;
20 March, 2013
29 Phalgun, 1934 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture

**COMMITTEE ON AGRICULTURE
(2011-12)**

MINUTES OF THE THIRTY-SEVENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 27th June, 2012 from 1500 hours to 1645 hours in Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Basudeb Acharia - *Chairman*

MEMBERS

Lok Sabha

2. Shri Narayansingh Amlabe
3. Shri K.C. Singh 'Baba'
4. Smt. Shruti Choudhary
5. Smt Ashwamedh Devi
6. Shri Biren Singh Engti
7. Shri Anant Kumar Hegde
8. Shri Sk. Nurul Islam
9. Shri Naranbhai Kachhadia
10. Shri Premdas
11. Shri Surendra Singh Nagar
12. Shri Nripendra Nath Roy
13. Shri Jagdish Thakor

Rajya Sabha

14. Shri Shashi Bhusan Behera
15. Shri Narendra Budania
16. Shri A. Elavarasan
17. Shri Mohd. Ali Khan
18. Shri Upendra Kushwaha
19. Shri Rajpal Singh Saini
20. Shri S. Thangavelu

SECRETARIAT

Shri Deepak Mahna - Joint Secretary
Shri P.C. Koul - Additional Director

WITNESSES

MINISTRY OF AGRICULTURE **(DEPARTMENT OF AGRICULTURE AND CO-OPERATION)**

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Shri Ashish Bahuguna	Secretary (A&C)
2.	Shri Anup Kumar Thakur	Additional Secretary
3.	Shri Rajendra Kumar Tiwari	Joint Secretary

NATIONAL COOPERATIVE DEVELOPMENT CORPORATION (NCDC)

1.	Shri C.B. Paliwal	MD, NCDC
2.	Shri P.K. Chaudhuri	Chief Director, NCDC

2. At the outset, the Chairman welcomed the members to the Sitting. The Committee, thereafter, deliberated for a while on the subject before them. The Chairman, then directed the witnesses be ushered in.

(At about 1505 hrs. the witnesses were ushered in).

3. The Chairman welcomed the witnesses and asked them to introduce themselves. The Secretary of the Ministry and other witnesses briefed the Committee on the various aspects regarding the 'National Co-operative Development Corporation (Amendment) Bill, 2012 through an audio-visual presentation. Thereafter, the members sought several clarifications pertaining to the above said Bill including ramifications of some of the proposed clauses and the witnesses responded to them.

4. Before the Sitting concluded, the Chairman thanked the witnesses for appearing before the Committee and sharing their views on the subject.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

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**COMMITTEE ON AGRICULTURE
(2011-12)**

MINUTES OF THE THIRTY-NINTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 13th July, 2012 from 1500 hours to 1620 hours in Committee Room 'C' Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - *Chairman*

MEMBERS

Lok Sabha

2. Shri Narayansingh Amlabe
3. Smt. Shruti Choudhary
4. Smt Ashwamedh Devi
5. Shri Biren Singh Engti
6. Shri Anant Kumar Hegde
7. Shri Deepender Singh Hooda
8. Shri Sk. Nurul Islam
9. Shri Naranbhai Kachhadia
10. Shri Premdas
11. Shri Devji M. Patel
12. Shri Nripendra Nath Roy
13. Shri Jagdish Thakor
14. Shri Hukmadeo Narayan Yadav
15. Shri Ramakant Yadav

Rajya Sabha

16. Shri Shashi Bhusan Behera
17. Shri Narendra Budania
18. Shri A. Elavarasan
19. Shri Vinay Katiyar
20. Shri Mohd. Ali Khan
21. Shri Upendra Kushwaha

22. Shri Rajpal Singh Saini

23. Shri S. Thangavelu

SECRETARIAT

Shri P.C. Koul - Additional Director

WITNESSES

MINISTRY OF CORPORATE AFFAIRS

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Shri Naved Masood	Secretary
2.	Smt. Renuka Kumar	Joint Secretary

2. At the outset, the Chairman welcomed the members to the Sitting. He then directed the witnesses be ushered in.

3. The Chairman welcomed the witnesses and asked them to introduce themselves. The Secretary of the Ministry of Corporate Affairs briefed the Committee on the various aspects related to the 'producer companies', their inclusion in the Companies Act, the present views of the Ministry on the producer companies and the ramification of the 'National Co-operative Development Corporation (Amendment) Bill, 2012. Thereafter, the members sought several clarifications pertaining to the above said Bill and its various implications and the witness responded to them.

4. Before the Sitting concluded, the Chairman thanked the witnesses for appearing before the Committee and sharing their views on the subject. He also directed them to furnish to the Secretariat of the Committee information on various points raised by members during the Sitting immediately.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

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**COMMITTEE ON AGRICULTURE
(2011-12)**

MINUTES OF THE FORTY-THIRD SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 9th August, 2012 from 1530 hours to 1700 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

Lok Sabha

2. Shri Narayansingh Amlabe
3. Shri Thangso Baite
4. Smt. Shruti Choudhary
5. Shri Premdas
6. Shri Hukmadeo Narayan Yadav

Rajya Sabha

7. Shri Narendra Budania
8. Shri Vinay Katiyar
9. Shri Mohd. Ali Khan

SECRETARIAT

Shri P.C. Koul - Additional Director

WITNESSES

**MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND CO-OPERATION)**

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Shri Ashish Bahuguna	Secretary (A&C)
2.	Shri Anup Kumar Thakur	Additional Secretary
3.	Shri Rajendra Kumar Tiwari	Joint Secretary

COMMITTEE ON AGRICULTURE

(2011-12)

MINUTES OF THE FORTY-FOURTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 28 August, 2012 from 1000 hours to 1025 hours in Committee Room No. 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Shashi Bhusan Behera - Chairman

MEMBERS

LOKSABHA

2. Shri Narayansingh Amlabe
3. Shri Thangso Baite
4. Smt. Ashwamedh Devi
5. Shri Naranbhai Kachhadia
6. Shri Devji M. Patel
7. Shri Vitthalbhai Hansrajbhai Radadiya
8. Shri Hukmadeo Narayan Yadav

RAJYA SABHA

9. Shri Vinay Katiyar
10. Shri Mohd. Ali Khan
11. Shri Upendra Kushwaha
12. Shri Bharatsinh Prabhatsinh Parmar
13. Shri Rajpal Singh Saini
14. Shri S. Thangavelu

SECRETARIAT

1. Shri K. Vijaykrishnan - Joint Secretary
2. Shri P.C. Koul - Additional Director
3. Shri C. Vanlalruata - Deputy Secretary

2. At the outset, the Joint Secretary, Lok Sabha Secretariat informed the Committee that as the Chairman was admitted in All India Institute of Medical Sciences, it would not be possible for him to Chair the Sitting. Therefore, the Committee chose Shri Shashi Bhusan Behera, MP (Rajya Sabha) to act as Chairman for the Sitting under Rule 258 (3) of the Rules and Procedure and Conduct of Business in Lok Sabha.

3. Hon'ble Chairman welcomed the members to the Sitting of the Committee. The Committee then took up Memorandum No. 09 regarding extension of time for examination and report on "The National Cooperative Development Corporation (Amendment) Bill, 2012".

4. After some deliberations, the Committee decided to seek extension of time from Hon'ble Speaker, Lok Sabha for examination and Report on the said Bill upto the end of Winter Session, 2012. The Committee authorized the Chairman to request Hon'ble Speaker, Lok Sabha accordingly for extension of time.

*5. XXX XXX XXX XXX

*6. XXX XXX XXX XXX

The Committee then adjourned.

*Matter not related with this Report

COMMITTEE ON AGRICULTURE

(2012-13)

MINUTES OF THE TENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 19 December, 2012 from 1000 hours to 1030 hours in Committee Room 'B' (G/F), Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOKSABHA

2. Shri Narayansingh Amlabe
3. Shri Sanjay Singh Chauhan
4. Smt. Paramjit Kaur Gulshan
5. Shri Premdas Katheria
6. Shri P. Kumar
7. Sardar Sukhdev Singh Libra
8. Dr. Jyoti Mirdha
9. Shri Devji M. Patel
10. Smt. Bhavana Gawali (Patil)
11. Shri Rajaiah Siricilla
12. Shri Hukamdeo Narayan Yadav

RAJYA SABHA

13. Shri Satyavrat Chaturvedi
14. Shri Parshottam Khodabhai Rupala
15. Shri Rajpal Singh Saini
16. Shri Shivanand Tiwari
17. Shri S. Thangavelu

SECRETARIAT

1. Shri R.S. Kambo - Joint Secretary
2. Shri P.C. Koul - Additional Director
3. Shri C. Vanlalruata - Deputy Secretary

*2. At the outset, the Chairman welcomed the Members to the Sitting of the Committee. XXX XXX XXX XXX

*3. XXX XXX XXX XXX

4. The Committee then took up Memorandum No.05 regarding extension of time for examination and report on “The National Cooperative Development Corporation (Amendment) Bill, 2012”.

5. After some deliberations, the Committee decided to seek extension of time from Hon’ble Speaker, Lok Sabha for examination and Report on the said Bill upto the first week of Budget Session, 2013. The Committee authorized the Chairman to request Hon’ble Speaker, Lok Sabha accordingly for extension of time.

*6. XXX XXX XXX XXX

The Committee then adjourned.

*Matter not related with this Report

**COMMITTEE ON AGRICULTURE
(2012-13)**

MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 15th January, 2013, from 1645 hours to 1735 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri H.D. Devegowda
4. Smt. Paramjit Kaur Gulshan
5. Shri P. Kumar
6. Sardar Sukhdev Singh Libra
7. Shri Naranbhai Kachhadia
8. Shri Devji M. Patel
9. Shri Rajaiah Siricilla
10. Shri Hukamdeo Narayan Yadav

RAJYA SABHA

11. Smt. Mohsina Kidwai
12. Shri Dharmendra Pradhan
13. Shri Parshottam Khodabhai Rupala
14. Shri Rajpal Singh Saini
15. Shri Shivanand Tiwari

SECRETARIAT

1. Shri R.S. Kambo - Joint Secretary
2. Shri P.C. Koul - Additional Director
3. Shri C. Vanlalruata - Deputy Secretary

WITNESS

NAME OF THE OFFICER

DESIGNATION

Dr. Y.K. Alagh

- Chancellor, Gujarat Central University

2. At the outset, the Chairman welcomed the members and the witness to the Sitting.

3. The witness, thereafter, introduced himself and proceeded to brief the Committee on the various aspects related to the 'producer companies', their inclusion in the Companies Act, his views on the producer companies and their convergence with the cooperative sector and the need for a comprehensive legislation to safeguard the interests of the farmers. The members sought several clarifications pertaining to the producer companies and its various implications on the National Co-operative Development Corporation (Amendment) Bill, 2012 presently being examined by them and the witness responded to their queries.

4. Before the Sitting concluded, the Chairman thanked the witness for appearing before the Committee and sharing his views on the Subject.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

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**COMMITTEE ON AGRICULTURE
(2012-13)**

MINUTES OF THE FIFTEENTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 22nd January, 2013, from 1500 hours to 1645 hours in Room No. 62 (F/F), Parliament House, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Sanjay Singh Chauhan
4. Shri H.D. Devegowda
5. Smt. Ashwamedh Devi
6. Shri L. Raja Gopal
7. Shri Premdas Katheria
8. Shri P. Kumar
9. Dr. (Smt.) Botcha Jhansi Lakshmi
10. Sardar Sukhdev Singh Libra
11. Dr. Jyoti Mirdha
12. Smt. Bhavana Gawali (Patil)
13. Shri Rajaiah Siricilla
14. Dr. Vinay Kumar Pandey 'Vinnu'
15. Shri Hukamdeo Narayan Yadav

RAJYA SABHA

16. Shri A. Elavarasan
17. Smt. Mohsina Kidwai
18. Shri Dharmendra Pradhan
19. Dr. K.V.P. Ramachandra Rao
20. Shri Parshottam Khodabhai Rupala
21. Shri Rajpal Singh Saini
22. Shri Shivanand Tiwari
23. Shri S. Thangavelu

SECRETARIAT

1. Shri R.S. Kambo - Joint Secretary
2. Shri P.C. Koul - Additional Director

WITNESSES

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
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1.	Shri Ashish Bahuguna	Secretary (A&C)
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NATIONAL COOPERATIVE DEVELOPMENT CORPORATION (NCDC)

Shri C.B. Paliwal

Managing Director

MINISTRY OF CORPORATE AFFAIRS

Smt. Renuka Kumar

Joint Secretary

*2. At the outset, the Chairman welcomed the members to the Sitting of the Committee. XXX XXX XXX XXX XXX.

*3. XXX XXX XXX XXX.

The Chairman then directed that the witness be ushered in.

(At about 1510 hrs., the witnesses took their seats in the Committee Room).

4. The Chairman welcomed the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation), Ministry of Corporate Affairs and National Cooperative Development Corporation to the Sitting. After the customary introduction, the Members sought several clarifications on various aspects of the National Cooperative Development Corporation (Amendment) Bill, 2012, to which the witness responded.

5. The Chairman, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing valuable information on the Subject. He also directed them to send the replies to the queries which could not be clarified by them during the Sitting to the Committee Secretariat by 30 January, 2013.

The witnesses then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

*Matter not related with this Report.

COMMITTEE ON AGRICULTURE

(2012-13)

MINUTES OF THE NINETEENTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 05 March, 2013 from 1500 hours to 1540 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Sanjay Singh Chauhan
4. Shri H.D. Devegowda
5. Smt. Ashwamedh Devi
6. Smt. Paramjit Kaur Gulshan
7. Dr. (Smt.) Botcha Jhansi Lakshmi
8. Sardar Sukhdev Singh Libra
9. Dr. Jyoti Mirdha
10. Shri Naranbhai Kachhadia
11. Shri Rajaiah Siricilla
12. Shri Patel Kishanbhai V.
13. Shri Hukamdeo Narayan Yadav

RAJYA SABHA

14. Shri Satyavrat Chaturvedi
15. Dr. K.V.P. Ramachandra Rao
16. Shri S. Thangavelu

SECRETARIAT

1. Shri R.S. Kambo - Joint Secretary
2. Shri P.C. Koul - Director

*2. At the outset the Chairman welcomed the members to the Sitting of the Committee. XXX XXX XXX XXX XXX.

*3. XXX XXX XXX XXX.

4. The Chairman then informed the Members that out of three Bills referred to the Committee, the Committee had already presented their Report on 'The Multi-State Cooperative Societies (Amendment) Bill, 2010' and the examination of the remaining two Bills viz. 'The National Cooperatives Development Corporation (Amendment) Bill, 2012 and 'The Rani Lakshmi Bai Central Agricultural University Bill, 2012 was almost nearing completion. He felt that some more time will be required to present Reports on these two Bills.

5. The Committee, therefore, decided to seek extension of time from Speaker, Lok Sabha for examination and Report on 'The National Cooperatives Development Corporation (Amendment) Bill, 2012 and 'The Rani Lakshmi Bai Central Agricultural University Bill, 2012 upto the end of the first half of the ongoing Budget Session and authorized the Chairman to request the Speaker, Lok Sabha accordingly.

The Committee then adjourned.

***Matter not related with this Report.**

COMMITTEE ON AGRICULTURE
(2012-13)

MINUTES OF THE TWENTIETH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 20 March, 2013 from 1500 hours to 1515 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Sanjay Singh Chauhan
4. Smt. Ashwamedh Devi
5. Smt. Paramjit Kaur Gulshan
6. Shri Premdas Katheria
7. Shri P.Kumar
8. Dr. (Smt.) Botcha Jhansi Lakshmi
9. Sardar Sukhdev Singh Libra
10. Shri Rajaiah Siricilla
11. Shri Hukamdeo Narayan Yadav

RAJYA SABHA

12. Shri Satyavrat Chaturvedi
13. Shri Dharmendra Pradhan
14. Shri S. Thangavelu

SECRETARIAT

1. Shri R.S. Kambo - Joint Secretary
2. Shri C. Vanlalruata - Deputy Secretary

2. At the outset the Chairman welcomed the members to the Sitting of the Committee. The Committee, then, took up the draft Report on 'The National Cooperatives Development Corporation (Amendment) Bill, 2012'.

3. After some deliberations, the Committee adopted the draft Report without any modifications, and authorized the Chairman to present it after getting it factually verified from the concerned Department.

The Committee then adjourned.